



# **Response to the Inquiry into the Allocation of Social Housing**

***To The Committee Manager  
Public Bodies Review Committee  
Parliament House, Macquarie Street,  
Sydney, NSW***

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## **Summary of Recommendations**

### **Recommendation 1:**

*That the NSW Government facilitate growth in the supply side of Community Housing and aim to have the community housing sub-sector's share of the state social housing stock increase from about 10% to 30% over the next 10 years, as a realistic and achievable target.*

### **Recommendation 2:**

*That the Committee support Transfer of Title from the Land and Housing Corporation to Community Housing, to maximise the possibilities for growth of the social housing sector, at the same time encouraging the growth of the co-operative housing sector, and enhancing the viability and sustainability of existing housing co-operatives, with consideration given to new "common equity" and "mixed equity" models.*

### **Recommendation 3:**

*That the Committee support the NSW Office of Community Housing (OCH) to work with the co-operative housing sector and other potential partners (such as local government) to source funds supplementary to CSHA funds to create new affordable housing based on the co-operative form. Further, that such partnerships take into account the impact of title and equity arrangements on the co-operative sector's capacity to develop in the long term (recommended by ACCORD in 2002:1).*

### **Recommendation 4:**

*That housing co-operatives continue to maintain their autonomy in selecting new applicants where considerations of compatibility are balanced against Legislative requirements and Housing Standards, but also importantly, against the co-operative's human capacity and organisational flexibility, to remain sustainable in the long term.*

### **Recommendation 5:**

*That an allocations system be developed by the Office of Community Housing in partnership with the Community Housing Sector to co-manage a 'Common Register' for Community Housing that more effectively streamlines applications so as to enhance a fair and equitable process that responds to the range of applicants' housing needs and steers them to appropriate points of entry.*

### **Recommendation 6:**

*That such points of entry highlight different sub-sectors of a multi-provider, Community Housing system and offer a capacity to match needs according to the nature and complexity of supports, the resources of the provider to meet such needs and the applicant's preferred choice of management model, geographic and spatial location.*

### **Recommendation 7:**

*That applicants have access to clear educational information on co-ops and other models, to choose the management model they wish to be housed in, in the geographic location of their choice – reflecting differing local housing markets, and an awareness of the opportunities for tenant participation.*

**Recommendation 8:**

*That a "Community Housing Register" allow for social mapping to 'filter' applicants towards appropriate agencies that correspond to the levels of specialisation and/or the targeting requirements of both the provider and applicant, for example matching: cultural identity; age and disability factors; level of access to supportive infrastructure available; specialisation and expertise in dealing with levels of complexity; dwelling configurations and adaptability, locational links to specific communities and other factors that might allow for positive integration and avoid marginalisation.*

**Recommendation 9:**

*That ARCH, as a peak body be funded to manage the entry point of a Centralised Co-ops Register for social housing applicants interested in the Co-operative Housing Model.*

**Recommendation 10:**

*That 'Tenant Allocation and Selection Policies and procedures' continue on a provider basis as currently stands (See Appendix 1) for co-ops, retaining the capacity to supplement their selection of members with applicants from their own waiting lists, to complement their criteria for financial sustainability, and to ensure that the co-operative is in a position to exercise social mix in order to cover its overheads and generate income for future asset management planning and meeting the lifecycle costs of the properties it manages.*

# 1. Introduction

## 1.1 About ARCH

The Association to Resource Co-operative Housing (ARCH) is the peak body for the co-operative housing sector in NSW and was established in June 1989. It is an important tenant-led body of member co-operatives from across NSW, funded by the NSW Department of Housing through the Office of Community Housing.

ARCH has worked effectively in building a diverse and independent sector with a capacity for long term sustainability.

Our organisation operates within a positive learning environment founded on principles of mutual respect and cooperation.

### 1.1.1. Our Vision

Our vision is to develop sustainable communities through the growth and strengthening of a voluntary tenant-led co-operative housing movement in NSW.

### 1.1.2. Our Values

#### **People**

ARCH supports people from diverse backgrounds, encouraging them to greater empowerment.

#### **Housing**

ARCH is progressive in our approach when ensuring members/tenants have access to safe, affordable and secure accommodation.

#### **Sustainable Communities**

ARCH promotes active participation by volunteer members and co-operation in the development of self-managing and sustainable communities for people in housing need.

### 1.1.3. Our Services

Our services have been developed to encourage greater tenant control. The work we do is to:

- ❖ Act as a catalyst for co-operative housing growth
- ❖ Deliver training that will assist co-ops to strengthen key housing management competencies for co-operative members and provide opportunities for skills development (including TAFE Accredited Training as of 2006) and training for Performance Based Registration
- ❖ Represent our members.
- ❖ Support and resource present and future members.
- ❖ Promote and advocate on behalf of the co-operative housing sector.
- ❖ Provide information and advice.
- ❖ Produce training and educational resource materials.
- ❖ Establish partnerships and linkages with other housing agents

### **1.1.4. Our Members**

At the end of 2005, ARCH had 44 member co-ops representing a diversity of backgrounds and cultures, from low to moderate incomes, from both metropolitan and non-metropolitan regions:

- ❖ 53% are female 38% males (others not stated)
- ❖ 25% are 55 years and over
- ❖ 40% are less than 25 years old
- ❖ 56 % of members in Co-ops are overseas born 51% from NESB
- ❖ 11 % have identified disabilities (of which 54% are physical, 11% multiple; 20% psychiatric; 4% intellectual and 10% sensory)
- ❖ 38% are single people, 27% sole parents with children
- ❖ 59% of co-op tenants are identified as having special needs
- ❖ 4% are from Aboriginal and Torres Strait (ATSI) backgrounds
- ❖ 61% are on pension and benefits, 31% on wages/salaries, with 42% of those working, earning between \$200 to \$399 per week

### **1.1.5. Our Structure**

ARCH is a non-profit co-operative association with a Board elected from its members (housing co-operatives).

A State Council, consisting of co-op nominated representatives, provides strategic advice to the Board on sector issues, planning and policy development.

The Board is the legally responsible management entity under the Co-operatives Act (1994) and is responsible for the overall management.

## **1.2 The Community Housing Model**

Co-operative Housing is part of the Community Housing sector, operating within a multi-provider framework that complements other parts of the Social Housing system.

Community housing is defined as:

*good quality, affordable housing in which affordable rents are paid at around seventy-five percent below market value. It represents one percent of total housing stock, integrated and indistinguishable, dotted throughout our suburbs. ... The objective is simply the provision of affordable, long-term housing. The landlords are charitable housing organisations that manage properties often in association with community partners, local councils, and state governments which may contribute land or capital. The community housing organisation collects the rent, maintains the property and carries out all management tasks.*

*Steve Bevington, Chair of the Community Housing Federation of Australia (CHFA), (ABC Radio 13.02.06)*

## 1.2.1. Co-operative Housing

A key identifying feature of Co-operative Housing is that it is a form of tenant controlled, self-managed social housing, delivering shelter and non-shelter benefits to its tenants and the broader community.

The Australian Centre for Co-operative Research and Development (ACCORD), (2002), defines a housing co-operative as "a jointly owned and democratically controlled enterprise formed to meet the housing needs of its members".

*In simple terms, a housing co-operative is a housing provider formed, controlled, and managed democratically, by its tenant members, on the basis of 'one member one vote'.*

In NSW, the co-operative housing model is a consumer based, participatory model, consisting of groups of self-selected tenant members willing to invest voluntary time and effort in the management life of the co-operative. Under the terms of the funding program, co-operatives must have a minimum of 65% of members eligible for public housing. Government, at the time of funding approval, must approve all members.

The co-operative model, designed to reflect democratic organisation, provides tenant members with maximum levels of participation and control. It relies significantly on members' willingness for ongoing participation, and co-operatives support this through processes and programs for *capacity building* within the co-operatives.

It is a model that combines minimum Government funded administration with a high level of accountability to Government.

*Importantly, housing co-operatives in NSW do not receive recurrent government funding and are capable of generating surplus monies directly as a result of the unpaid voluntary time and labour that is given by tenant member directors in collecting the rents, maintaining the properties and carrying out all management tasks. In addition, social mix allows up to 35% of non-DoH eligible tenant members, to actively cross-subsidise within this model.*

### 1.2.1.1. Key Points about Co-ops

- ❖ Rent is 25% of gross income or up to a ceiling of market rent.
- ❖ All rent is managed by the co-operative to cover administration and all outgoings, including rates, maintenance (long-term and short), insurances, financial systems, training etc.
- ❖ The model differs significantly from other models in that it is **fully tenant controlled and managed** involving a high level of participation and voluntary effort.
- ❖ Tenants make all the decisions and **control the assets and the finances, within a framework of accountability to Government.**
- ❖ It is **closest to home ownership.** However members are accountable to Government.
- ❖ All co-op stock is DOH **capital owned stock** (except for STUCCO which is part owned by the university, the co-op and the Land and Housing Corporation), head

leased to the Co-op and sub leased to the tenant. Dwelling units vary from freestanding detached houses to townhouse blocks villas or older blocks of flats. Some are re-development sites. Only older co-ops have special purpose design or co-ops specifically designed for people with physical disabilities.

- ❖ Co-op surpluses are earmarked for expansion of the co-op.
- ❖ Co-ops look to utilising surplus monies to purchase common equity with Government (an option within their head-lease Agreement and Guidelines).

This non-equity form of collective management offers resident members security of tenure and greater control than the private rental market, through tenant member involvement in the democratic decision-making processes of self-management.

- ❖ Members take full responsibility for management decisions and up-keep of dwellings.
- ❖ The co-operative body leases on a long-term basis, from the State and then sub-leases to the members.
- ❖ It is not subject to the same pressure of inflation as the private market.
- ❖ Members pay 25% of income or up to ceiling market rent (the lesser of the two). It therefore remains affordable and secure.

## **1.2.1.2. Co-op Management Responsibilities**

### **Tenancy and Property Management**

- ◆ Selecting tenants
- ◆ Collecting rent
- ◆ Repairs and maintenance

### **Financial management**

- ◆ Budgeting and appropriate spending and maintaining accountabilities in line with the National Accounting Framework

### **Organisational management**

- ◆ Planning
- ◆ Developing Policies
- ◆ Reporting to Government Agencies
- ◆ Resolving Conflicts

### **Asset management**

Asset planning, budgeting and ongoing maintenance of buildings

### **Risk Management**

Risk Management Planning and Strategy development to deal with foreseeable risks

All ARCH Training addresses the key areas of Management Responsibility and Accountability to Government.

## **1.2.1.3. Co-op Development Process**

This generally takes 1-3 years for a new group to prepare themselves to apply for housing. During that time they have to:



- ◆ Develop as a legally binding group
- ◆ Develop training skills in co-op housing management
- ◆ Prepare management plans, including policies and a budget
- ◆ Develop a viable project proposal

### **1.2.1.4. Co-op Accountability**

- ❖ The Office of Community housing (OCH) within the Department of Housing administers the co-operative housing sector.
- ❖ Housing co-operatives operate under the 1998 Operational Guidelines issued by the Office requiring the preparation of business plans, annual reports, annual audit financial statements, the development of tenancy allocation policies and property maintenance policies.
- ❖ In order to ensure an acceptable standard of service is provided, the Office has established a Performance Based Registration system (PBRS) and an accreditation system for community housing organisations. The (PBRS) measures 8 key outcomes for co-ops who fall into the Type 3 Category (specialising in one area of business activity only). Registration is compulsory.
- ❖ Accreditation assesses a co-operative's competencies in organisational, financial, tenancy and asset management, and the level of quality improvement. Accreditation is a voluntary process.
- ❖ Formal accreditation allows for recognition of good practice
- ❖ Co-operatives are also accountable to the Department of Fair Trading under the Co-ops Act and the Residential Tenancies Act as well as to their own members.

### **1.2.1.5. Advantages of Co-op Housing**

The sector is characterised by committed, involved and diverse co-op housing tenants who are keen to achieve a broad range of quality outcomes. A number of positive attributes are summarised below and are discussed more fully in the body of this submission.

#### ***Responsive to local housing needs***

Co-ops help build community support for responding to local housing needs within identified communities.

#### ***Strong Tenant Participation and High levels of Satisfaction***

Tenant members elect directors who directly manage their housing co-operative. They provide input into the way management services are delivered and generally have high levels of tenant satisfaction.

#### ***Co-ops Generate Surpluses***

Co-ops are run on voluntary time and labour without recurrent Government funding, and, in many instances are able to generate surpluses. Such monies can contribute significantly to making Government dollars go further. They capture Commonwealth Rent Assistance and could further capture other Commonwealth Tax Benefits that are unavailable to State Housing Authorities.

Co-ops (like STUCCO, a joint venturer with Sydney University) can generate debt equity, and can form partnerships with other joint venturers and help reduce the cost to Government of producing affordable housing.

### **Able to mobilise Social Capital**

Co-operative housing is able to mobilise social capital. Social capital is generated when people participate actively in their community and society, and is most likely to be achieved when it is initiated from the bottom up rather than the top down.

### **Empowering Residents**

Empowering residents allows for empowering communities. Democratic processes such as participation and a sense of strong community are valued and can lead to long lasting, sustainable communities.

### **Improved Quality of Life**

Effective resident managed communities have the capacity to improve quality of life for tenants and generate positive linkages to health, employment and other factors of well-being, integrating well within the broader community. Surveys and research findings suggest that Co-operative housing helps improve such quality of life which acts as preventative to disease and degeneration, particularly amongst older communities.

### **Accommodating high needs while maintaining a good social mix**

Housing co-operatives have attracted people from both moderate and low income brackets. This diversity has allowed for models of cross-subsidisation that provide distinct benefits for those in housing need and to the Governments that fund them with no recurrent funding.

### **Contribute to CSHA**

Co-ops contribute significantly to the diversity of objectives under the CSHA as outlined within this submission

## **2. The Context for ARCH's Response**

### **2.1 The Terms of Reference of this Inquiry**

This submission responds to the following terms of reference:

- ❖ Current levels of funding for the development of new housing stock
- ❖ The effectiveness and appropriateness of housing allocations
- ❖ The Role of Community Housing, (with a focus on Co-operative Housing) in meeting the demand for social housing;
- ❖ Other related Matters

The first part of ARCH's response to the Inquiry on Allocations is to identify the broad range and extent of housing need impacting on a limited social housing system.

The second part of our response looks at the role Community Housing does and can play more fully in its capacity to maximise government dollars, work in partnership with private and public stakeholders and provide a diverse range of housing responses that will increase the efficiency and responsiveness of the social housing system, through a multi-provider framework. This part of our submission responds to the question of "how current levels of funding might be used to maximise the development of new stock".

The third part of ARCH's response is to give consideration to what an effective and appropriate Allocations System might look like, given the extent of need, the desirability of a sustainable system and the capacity of the sector to generate and manage a range of innovative and economically viable solutions that maximise stakeholder inputs and

increase effectiveness on broad ranging target populations, impacted by the severity of the housing affordability crisis.

Finally, ARCH's response will be to outline what public policy might address and the considerations whereby individual providers can continue to act responsibly, in appropriately addressing the housing needs within their local communities, balanced against the requirements of remaining sustainable and viable human institutions and autonomous business organisations.

Throughout, the submission suggests a collaborative approach whereby the Government can form strategic partnerships with the Community and Co-operative Housing sector to effectively address housing needs in NSW and arrive at a comprehensive approach to how a fair and equitable "Allocations System" might operate and, at the same time, be able to consolidate a viable and sustainable social housing system.

### **2.1.1. Current Levels of Funding for the Development of New Housing Stock**

In the context of the Commonwealth/State Bilateral Agreements on Housing 2003 - 2008, *most of the CSHA funding is allocated to public and community housing*; whilst the strategic directions for housing assistance are subject to Australian Government agreement, the management of housing assistance services and programs and meeting agreed outcomes, is the responsibility of individual state or territory governments. The Bi-lateral agreements focus on assistance to people on low incomes in urgent housing need, including those who are at risk of homelessness, in crisis, or otherwise unable to obtain appropriate housing in the rental market.

Of equal importance, the Bi-laterals contain four key themes:

- ❖ To better align social housing to meet current and future client needs, with emphasis on the progressive realignment in stock portfolios and reconfiguring the geographic spread of social housing.
- ❖ To improve Indigenous people's access to mainstream housing assistance and improve appropriateness and responsiveness of mainstream service provision to the needs of Indigenous clients.
- ❖ To implement a range of strategies to reduce workforce disincentives and facilitate social and economic participation for social housing tenants, including trial ling alternative rent setting models in affordable housing pilots, and creating training and employment opportunities for social housing tenants.
- ❖ To attract additional resources and expertise from the non-government and local government sectors through partnerships and joint ventures with the for-profit sector.

*(NCHF, Forum Newsletter, January 2005)*

The 2003-8 Bilateral Commonwealth-State Housing Agreement (CHSA) reflects an understanding of the increasing complexity of shelter and non-shelter needs of social housing eligible tenants.

An ageing population, changing patterns of support for people with disabilities, increasing competitiveness of the private rental market and spatial concentrations of socio-economic

disadvantage are all factors influencing demand for community and co-operative housing, and determining the range of needs which must be met. Yet, current levels of funding and initiatives in national policy do not go far enough in recognising the extent of the problem and the resources required to offer a comprehensive approach that will significantly provide more appropriate solutions in addressing widespread housing need.

Over the last two decades, funding allocated under the CSHA has progressively and most substantially decreased in real terms, with increased Commonwealth financial assistance going to undifferentiated home-ownership needs and to private rental market subsidies, for those increasingly experiencing housing stress.

State allocations to the CSHA have increased but have largely been absorbed in debt repayments to the Commonwealth and in the massive asset maintenance backlog inherited over decades throughout ageing public estates<sup>1</sup>.

As a result, traditional social housing in NSW, which was once an effective safety net for hundreds of thousands of households, has now become residually targeted to those most in need.

Within the limitations of provision that exist today, there are a growing number of households impacted by housing affordability who are not in receipt of Government housing assistance and who experience high levels of housing stress as recognised in much of the current literature.

Dr. Vivienne Milligan, for the Australian Housing and Urban Research Institute (AHURI), has recognised that,

*Among the very low, low and some middle income households (up to 120% of median household income) there is a growing group who cannot access affordable and appropriate housing in their local/regional area because of factors including insufficient income (for the cost of housing) local housing shortages, discrimination or special needs. The group includes many young people entering training or the labour market for the first time; single parents and single people on low incomes; people with special needs arising from disability, ill health, injury or frailty; retired households who do not own their own home; indigenous families and lower paid workers whose jobs are located in high cost cities or major resource areas. Across these household types...large numbers are affected by affordability stress (Gabriel and Yates, 2005 in Milligan:2005)*

1. Refer to *The Response to the Inquiry into Supply and Allocation by Shelter NSW, 2006* who have undertaken a full and detailed statistical analysis into Commonwealth and State Allocations and their Impacts on Social Housing Supply over the past decades

Similarly, Professor Terry Bourke, in association with Robin Zakharov and Carol Neske for AHURI, (April 2005), succinctly defines the dilemma and the debate that has ensued:

*State Housing Authorities are operating public housing at a loss (Hall and Berry, 2004), arising from a combination of increasing subsidies to tenants, deteriorating assets, declining incomes of target market and increasing cost to service delivery to a more complex and needy target group.*

*For community managed social housing sector, while benefiting from growth through targeting funding through the 1990's, in many places funding has slowed considerably or ceased, providing limited opportunities for growth and prompting calls for gearing against the asset base to bring new funds into social housing.*

*However the major discussion at present is all around alternative forms of 'affordable housing' with attendant features of mixed public and private finance, delivery generally outside of government (typically through the community sector or a specialist private company), wider targeting of services to achieve a greater mix of tenancies and improved rental revenue and more flexible (compared with public housing) approaches to allocations, rent setting, tenancy management and property development (Bourke et al 2005:59).*

Current research findings corroborate the practical experience of community housing providers in identifying a far more endemic crisis in housing affordability, calling for a partnership approach to address the full extent of housing need and the degree of hardship experienced across the housing system, but most severely in the Sydney metropolitan area and surrounding regional areas including Newcastle and Wollongong but also the Northern Eastern Region of NSW.

A key problem is the supply side of social housing which must be addressed, but through more innovative means as advocated by academic policy analyst, Prof. Bourke,

*On the topic of housing assistance it is very easy to get caught up in the seemingly immutable situation that presently exists, with national policy settings that are widely claimed to be unhelpful for resolving Australia's housing problem. With very little apparent interest from government nationally to to acknowledge problems, let alone consider policy changes, we might seem locked into a rather pessimistic future, where social housing stock is reduced and increasingly marginalised, and there is a low level of activity in 'affordable housing'.*

*However, if we focus on government policy as one key uncertainty (certainly not fixed) along with the nature of income and wealth distribution in the future, we can start to see that alternative futures can be drawn out". (Bourke, 2005:59)*

In looking towards a more comprehensive approach Community Housing has the capacity to offer leadership in innovative housing solutions that add value to the current crisis in the social housing dollar and to help expand the supply side.

According to the CHFA Chair, Mr. Steve Bevington (2006, ABC Radio),

*about one and a half times more housing - can be developed for the public dollar through community housing, as compared to other housing options. In addition, the government can hand over responsibility for the maintenance and management of the property for the long term to housing experts.*

*Community housing organisations make the public dollar go further by matching public funds with a combination of other capital, such as private finance, community donations, and local councils making land available.*

Importantly, there is scope for community housing playing a far more pivotal role in social housing provision, facilitated by Government, to become an innovative vehicle of growth by:

- ❖ Using tax advantages to expand social stock;
- ❖ Capturing a range of contributions that the State is unable to access;
- ❖ Reducing over-dependency on market-based solutions;
- ❖ Building social housing expertise and capacity;
- ❖ Avoiding public risk and privatisation of profit;

A recent publication by the National Community Housing Forum (NCHF) highlights the potential capacity *"to leverage considerable additional housing from Government capital investment...and to start with a few standardised Australian financing products, such as an affordable loan for not for profits (Dec.2005:6)".*

The forum advocated for,

*a broad, inclusive view of low and moderate income target groups to be matched by a range of products", adding that, "Affordable housing should be provided through active and sustainable partnerships that add value to help to balance goals of private investors and social policy (Dec.2005:6).*

Community housing looks to meeting local community needs, in a way that is congruent with the community it serves and with the organisation's strategic vision and housing objectives, and it is through CHO's partnerships with local government, churches, their members voluntary effort and the community that contributes to the capital, operational and support costs of providing social housing. Without these layers of support, community housing would not be as viable.

*Importantly, Community Housing has the capacity to provide a nexus for growth through partnerships with the private sector that will draw in resources and help leverage the value of limited Government dollars and community housing assets.*

Within a context that looks to the potential for future growth and the transfer of title to community housing, this submission argues for an Allocations Strategy that can effectively and efficiently impact on the range and severity of the housing affordability crisis through an extensive broad based approach that looks to alleviating need and sustaining dynamic solutions through a multi-provider social housing system.

## **2.1.2. The Role of Community Housing in Meeting the demand for Social Housing**

Co-operative Housing as part of Community Housing has a critical role to play in contributing to the social housing system working effectively by providing a wide range of housing solutions to the diversity of housing needs and in its role of maximising the use of public funding.

Like other arms of Community Housing, Co-operatives in NSW serve a broad spectrum of tenants with diverse shelter and non-shelter needs. They also respond to the following key principles of the CSHA:

*To maintain a core Social Housing sector to assist people unable to access alternative suitable housing options.*

*To develop and deliver appropriate, flexible and diverse housing assistance responses that provide people with choice and are tailored to their needs, local conditions and opportunities*

*To provide assistance in a manner that is non-discriminatory and has regard to consumer rights and responsibilities, including consumer participation*

*To commit to improving housing outcomes for indigenous people*

*To ensure that housing access supports access to employment and promotes social and economic participation*

*To establish greater consistency between housing assistance provision and outcomes, and other social and economic welfare reform objectives of government, such as welfare reform, urban re-generation, and community capacity building*

*To undertake efficient and cost effective management which provides best value to Governments*

*To adopt creative partnerships with all levels of government towards creating a more sustainable and more certain future for housing assistance*

*To promote an integrated long term vision for affordable housing...*

*(CSHA, 2003 Housing Assistance Determination p.4 Special Gazette 5)*

Co-operative housing, as part of Community Housing, has consistently and successfully targeted a diversity of housing need and affordability, broadening the scope of available housing options. *However, in order to sustain any level of effectiveness, the supply side must grow and these options now need to be expanded through more innovative means.*

### **2.1.2.1. Sustaining a Diverse and Responsive Multi-provider System**

Community housing generally, is well placed to respond effectively to all key themes and principles (above) identified within the Bi-lateral Agreement between the Commonwealth and the State. But it also has the capacity to go well beyond the CSHA in offering innovative and dynamic solutions.

Whilst it is understood that there is a current lack of initiative in National housing policies, there is also clear evidence that a good housing system provides appropriate levels of support for diverse needs and “*that tightly targeted public housing systems hinder rather than support communities*” (Prof. Bourke, 2005:74)

A key approach to understanding the complexity of a well considered ‘Allocations approach’ is in recognising the scope of the social housing system and the role of Community housing as multi-dimensional: “*inclusive rather than exclusive, diverse rather than a one-dimensional system... keeping communities together rather than marginalizing low income earners*” (Bevington, 2006, ABC Radio), allowing for communities of social mix, that nurture a capacity for informal supports and help create the fabric of “neighbourliness” that is characteristic of well functioning communities.

This submission highlights some underlying principles for supporting a strategic allocations approach under a diverse Multi-provider social housing system:

#### **A. Commitment to Growth and Efficiency**

There is an accepted commitment to the efficient use of public and community resources that can simplify client access to ensure social housing is well targeted to the broad spectrum of housing needs.

A strategy of commitment to efficiency in meeting broad housing needs at the same time requires commitment to significant growth in the supply of social and affordable housing responses alongside a range of Government interventions.

For the Co-operative Housing Sector, the term coined as ‘normalisation’ (Bourke:2005) is paramount to their survival as functioning communities, and they are able to add value to the social housing system. Growth of the sector however is a critical issue of consideration, particularly in looking at how the sector can function most efficiently.

ARCH fully supports the view of Shelter NSW (2006:26-27), that Community Housing must grow its supply-side capacity through voluntary stock transfers as well as joint venture partnerships:

- ❖ to respond to special needs and, in particular, where there are high complex needs this should be done through “*fewer but more specialist housing agencies... with more skilled workers*” whose sole role would be to manage complex needs (Bourke, Oct.2005:13)
- ❖ respond to customers in low-moderate income groups *without* specialist needs (Shelter NSW, 2006:26 - recognising that, “*other parts of the community housing sector have traditional roles, eg. co-operatives with a focus on tenant participation and empowerment, and importantly, in the emergent affordable housing role*” (Bourke, Oct.2005:13; and Milligan et al. 2004 as quoted in Bourke)



**Recommendation 1:**

*Accordingly, ARCH recommends that the NSW Government facilitate growth in the supply side of Community Housing and aim to have the community housing sub-sector's share of the state social housing stock increase from about 10% to 30% over the next 10 years, as a realistic and achievable target.*

The Community Housing Sector's capacity for growth however, is significantly predicated on its capacity to lever the value of its asset holdings so as to raise private finance that will allow for expansion and better capacity to meet the demand.

In concurring with the position of Shelter NSW, and the Forum (NCHF):

*Who holds title to Community Housing is the single most important issue whose resolution will determine how community housing can contribute to the overall expansion of the social housing sector (described by Yates as "market supplementation") Shelter NSW (2006:29).*

**Recommendation 2:**

*That the Committee support Transfer of Title from the Land and Housing Corporation to Community Housing, to maximise the possibilities for growth of the social housing sector, at the same time, encouraging the growth to the co-operative housing sector, and enhancing the viability and sustainability of existing co-operatives, with consideration given new common and mixed equity models*

**Recommendation 3:**

*That the Committee support the NSW Office of Community Housing (OCH) to work with the co-operative housing sector and other potential partners (such as local government) to source funds supplementary to CSHA funds to create new affordable housing based on the co-operative form. Further, that such partnerships take into account the impact of title and equity arrangements on the co-operative sector's capacity to develop in the long term (recommended by ACCORD in 2002:1).*

**B. A Partnership Approach**

Across Northern Europe and in advanced national economies of the world, there is a positive trend towards community based housing solutions that are significantly supported by Government. There is widespread recognition that the most beneficial social housing outcomes are achieved through Government's role in facilitating strategic relationships rather than through programmatic approaches.

There is now an opportunity for the NSW Government to strengthen and revitalise its relationship with the Community Housing Sector in forging a partnership that identifies a range of successful housing outcomes, including a comprehensive allocations strategy that recognises the diversity and benefits of a multi-provider system. The role and nature of such partnership is to address the broad gamut of housing needs through a range of responses and a sense of shared ownership and responsibility between Government, the community sector and private enterprise in creating a stronger sector to meet current and future challenges.

Diversity is identified as the cornerstone of a healthy community housing sector that needs to be supported and promoted as a key asset to the social housing system and its capacity to respond to housing need.

In order to ensure effective partnerships with Government there is a need for identifying and negotiating common outcomes, as well as recognising rights, roles and responsibilities, including those of volunteers who form the heartland of Governance and management decisions through the co-operative and community housing sector.

According to AHURI research findings (Milligan:2006), the need for assistance of Low Income Households with Multiple Disadvantage is likely to be significant and ongoing.

*“Whatever housing is offered has to be effectively linked to support services and community networks. ...An expansion of long term community based housing (delivered by specialised community housing providers or other accredited housing providers in partnership with support agencies) will add to the choices of this group and promote further innovative responses to their need.”*

Similarly, Professor Bourke, (2005:74) alludes to the advantages of a “*whole of government focus on supporting complex needs*” with “*funding support for joint housing management and support arrangements operating through service partnerships*”.

### **C. Valuing Sector Diversity – Co-operative Housing**

The NSW social housing system has been developed as Multi-provider system to respond to broad ranged needs.

Co-operative housing provides a very small proportion of social housing but has a capacity to play a far stronger role. Less than 5% of community housing stock is managed under the co-operative housing model compared to Canada where co-ops predominate as the main form of social housing.

As noted in by the findings of ACCORD:

*Increasingly, there has been a noticeable trend within the NSW co-operative housing movement being initiated to meet special needs, including the housing needs of people with a disability and people from culturally diverse backgrounds. ACCORD (2002)*

Co-operatives in NSW play a vital role in targeting a specific niche in broad housing need, with over 50% identifying as Culturally and Linguistically Diverse (CALD) and 11% with physical disabilities, a high proportion of single people (38%), mostly women, sole parents with children (27%); and 25% over the age of 55.

Importantly, co-ops are targeting people with high to moderate housing need whose circumstances are impacted not only by affordability but also by issues of access and inequality that compound their difficulties within the private market (age, gender, race and ethnicity, household size, particularly where there are many children; challenges of physical immobility and sometimes mental health).

Co-ops represent a broad range of self-selected, targeted communities aiming at healthy, well-integrated and supportive communities, a number coming from countries of upheaval, some being victims of political, religious and racial intolerance (former Yugoslavia, Uruguay, Argentina, Macedonia, Latin America, Sri Lanka, India, Vietnam), others suffering from social dislocation and exclusion within our own communities of polarisation and exclusion (eg people with disabilities, sole parents and singles).

Co-operative housing members have shown their commitment to a well regulated, community housing system that guarantees fairness, equity and greater transparency, with the sector currently engaged in a Performance Based Registration System that so far, demonstrates a very good track record in terms of performance (50% of co-ops to date have had all "A's" only one co-op has a "C" grade).

Importantly, members have chosen the model that offers tenant members the highest levels of control and participation in the decision-making processes concerning their housing environment. A key element of control and management includes maintaining a waiting list and the selection of new tenants when vacancies occur, ensuring positive discrimination to match specific co-operative targeted communities. (It should be noted however, that this sector has minimal turnover, especially when compared to other community and social housing).

The financial viability and ongoing sustainability of a co-operative housing community is dependent on the mix of capacities, social skills and financial injection that members are able to bring to the community, taking into account also that consideration must be given to maintaining the balance of 65% DOH eligible.

The research findings highlight that co-operative living renders high levels of tenant satisfaction, and builds the social capital necessary to combat socio-economic exclusion.

In 2002, ACCORD conducted a small survey of members of six NSW housing co-operatives, generally representative of all co-ops in the programme, including older and new co-operatives, rural and urban co-operatives, and general and 'special needs' co-operatives. The key benefits of co-operative housing reported by respondents were:

- ❖ control over housing management and maintenance;
- ❖ affordability of housing;
- ❖ individual empowerment and confidence building as a result of participating in co-operative management;
- ❖ improved social networks and a sense of community; and
- ❖ development of personal business and management skills.

Similarly, A Case Study on a Tongan Housing Co-operative in Sydney (Shellshear, 2001) found that co-operative housing produces a range of benefits.

The benefits reported by respondents included:

- ❖ Greater affordability and security of tenure than the private rental market;
- ❖ Choice of environment in close proximity to relevant infrastructure in an area of cultural significance to members;
- ❖ Autonomy over housing management that supports cultural and kinship networks
- ❖ Significant benefits to the broader community, with co-op members reporting a high level of voluntary activity in the community, including: assisting other co-operatives to form; supporting local school activities, active involvement in local elder-care and in Local Government greening projects (Shellshear, 2001: 91).

While the results of the case study cannot be generalised to the whole NSW co-operative sector, according to the work identified by ACCORD (2002), they reflect the findings of Elton and Associates (1995) and anecdotal information from other culturally oriented co-operatives.

The co-operative housing model is predicated upon the principle of tenant control. As such, within a context where there are high levels of control by tenants over the management of their housing, it follows that they are generally satisfied with the responsiveness of housing management to their needs<sup>Note:</sup>.

*As such any allocations system must take into account the specific social benefits that accrue from a well functioning model and balance these within a broad framework of Government policy directions, as are currently steered through the Performance Based Regulation System (PBRs) and the National Community Housing Standards, each pointing to the requirement that tenants and prospective tenants be treated in a way that ensures fairness and equity to all applicants.*

*Whilst giving consideration to the broad policy framework that takes into account issues of social justice, co-ops must maintain control of the decisions relating to the housing allocations impacting on their communities, ensuring that there is a capacity for organisations to balance needs and sustain an environment that is non harmful to its tenant members, allowing communities to thrive and extend their services to appropriate needs targeting, supportable to a voluntary tenant community.*

### **2.1.2.2. Sub-sector Requirements for A Comprehensive Allocations Strategy**

If the NSW Social Housing System is to maintain a diverse and responsive Community Housing Sector, there is a need for recognition of allocations procedures that fit into a broad housing policy framework and, at the same time, responds to community and organisational needs.

At the provider level, assessment procedures for allocations undertaken by housing co-ops are finely tuned to take into account not only relevant and appropriate targets but also a matching of compatibilities which helps ensure congruence in mapping specialisation targets, as well as a capacity for participation in volunteer activities which, as recognised under the Co-op's Act (1992) form the spine to co-operative's operational sustainability and survival.

Co-operative Housing organisations must maintain their control over selection and allocation processes – this is imperative to their future viability and survival. However, they are required to conform to State Policy objectives of fairness, transparency and equity of access that also form the basis of their own policies and practices, whilst simultaneously balancing the requirements of the Co-op's Act to maintain a membership of 'active participation' and allow for sufficient inputs into the financial viability of the organisation and the skills base for voluntary self-management, and hence sustainability.

Note: The benefits identified in the three studies above are consistent with the body of rigorously developed international research (see Clapham et al, 2000; Clapham et al, 1996; Clapham and Kintrea, 1994; Saegert & Winkel, 1998; Rohe, 1995; Price Waterhouse, 1995) which has found that, in a range of contexts, co-operative housing provides greater levels of tenant satisfaction, particularly with regard to property maintenance and security, than other types of social housing provision (ACCORD, 2002).

As such any requirements for compliance with policies required by State Housing must be cognisant of the impact of other State Legislation, and the organisation's own dynamic structures, in particular, the compliances required of co-operative housing under the Co-op's Act. A selection and allocations policy and its application, for co-ops, must contain elements of compatibility that allow it to conform with the objectives of sustainability under the Co-operatives Act (1992), and its own organisational objectives.

In considering a co-op of ten units (average size), for example, the members could not consider allocating five of those units to people with high complex needs as the co-op would rapidly lose its capacity for participatory processes and to being viable and self-sustaining in the future as required by Co-ops Legislation. Mudgee Housing Co-op with a pre-dominance of high complex needs and many early youth co-ops have been wound down as co-ops due to the vulnerability of members, tipping the balance required for self-management to a point of no return, where the essential sustainability was lost. For this reason, communities must maintain control over their allocations.

A co-op is reliant on having a sufficient proportion of members, with a capacity to become skilled, to undertake the essential responsibilities of management, book-keeping, minute-taking, record-keeping, policy development, planning and asset maintenance required of them to maintain a sustainable organisation and comply to Government requirement of accountability.

As such, each co-op must maintain its autonomy to select tenants, able to connect with the co-op community objectives and be able to meet compatibility requirements for future sustainability. A co-op must balance the needs of applicants, fellow tenants, neighbours and the wider community as well as considering its own organisational capacity. This must be carefully considered under any broad Allocations strategy.

Each co-op must look to the support and resources it has at its disposal before making a life-time commitment to housing any applicant within the co-operative community, in particular where there are specialist care requirements or complex needs that ordinary tenant members are unable to meet within their normal capacities and voluntary contributions.

Considerations of compatibility are balanced against Legislative requirements and Housing Standards, but also importantly, against the co-operative's human capacity and organisational flexibility to remain sustainable in the long term. It is therefore recommended:

**Recommendation 4:**

*That co-ops continue to maintain their autonomy in selecting new applicants where considerations of compatibility are balanced against Legislative requirements and Housing "Standards", but also importantly against the Co-operative's human capacity and organisational flexibility, to remain sustainable in the long term*

### **2.1.2.3. Managing A More Equitable Housing Allocations System**

ARCH recommends that tenant *selection procedures should always remain the responsibility of individual providers* (who are legally responsible and accountable for their choices), however, consideration may be given to means of streamlining applications by way of a 'Common Register' with different sets of entry points (including one for the Co-operative Housing model), that allows organisations to respond more effectively to different levels of need.

**Recommendation 5:**

*That an allocations system be developed by the Office of Community Housing in partnership with the Community Housing Sector to co-manage a 'Common Register' for Community Housing that more effectively streamlines applications so as to enhance a fair and equitable process that responds to the range of applicants' housing needs and steers them to appropriate points of entry.*

**Recommendation 6:**

*That such points of entry highlight different sub-sectors of a multi-provider, Community Housing system and offer a capacity to match needs according to the nature and complexity of supports, the resources of the provider to meet such needs and the applicant's preferred choice of management model, geographic and spatial location.*

**Recommendation 7:**

*That applicants have access to clear educational information on co-ops and other models, to choose the management model they wish to be housed in, in the geographic location of their choice - reflecting differing local housing markets, and an awareness of the opportunities for tenant participation.*

**Recommendation 8:**

*That a common "Community Housing Register" allow for social mapping to 'filter' applicants towards appropriate agencies that correspond to the levels of specialisation and/or the targeting requirements of both the provider and applicant, for example matching: cultural identity; age and disability factors; level of access to supportive infrastructure available; specialisation and expertise in dealing with levels of complexity; dwelling configurations and adaptability, locational links to specific communities and other factors that might allow for positive integration and avoid marginalisation.*

Importantly, a co-operatively managed allocations system, between Government and the community sector could help strengthen the multi-provider system and facilitate access and assessment through a broad selection of providers funded at various levels to respond to a range of support and non-support needs.

ARCH therefore recommends that Co-operative Housing has its own register of applicants via a data base that is readily available to individual co-ops indicating applicant's preferences for the co-op model, ensuring applicants are well informed of the nature of high participation (and training for self-management), required under legislation,

that the choice of this model entails, at the same time allowing for streamlining demand in such a way that avoids duplication.

**Recommendation 9:**

***That ARCH, as a peak body be funded to manage the entry point of a Centralised Co-ops Register for social housing applicants interested in the Co-operative Housing Model.***

**Recommendation 10:**

***That 'Tenant Allocation and Selection Policies and procedures' continue on a provider basis as currently stands (See Appendix 1) for co-ops, retaining the capacity to supplement their selection of members with applicants from their own waiting lists, to complement their criteria for financial sustainability, and to ensure that the co-operative is in a position to exercise social mix in order to cover its overheads and generate income for future asset management planning and meeting the lifecycle costs of the properties it manages.***

Similarly, other arms of Community Housing may wish to manage specific entry points relevant to their areas of specialisation and expertise; social and geographic targets as well as levels of need.

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## **Appendix 1**

### **Tenant Selection and Allocation Policy**

#### **Purpose:**

This policy provides a guide to the xxx selection and allocation of property to new applicants.

Housing Co-operative for the

#### **Policy Statement**

The xxx Housing Co-operative will make fair and consistent decisions about selection and allocations in line with requirements of:

- NSW Co-operative Housing Program Operational Guidelines:
- Anti Discrimination Act:
- National Community Housing Standards

#### **The xxx Housing Co-operative will ensure the following, that:**

- Vacancies are filled as quickly and efficiently as possible to ensure housing is fully occupied.
- The co-op's eligibility criteria will be promoted to target groups identified in the co-op's planning processes and will include information on eligibility criteria; including skills and understanding of the co-op model and a willingness and ability to participate; and compatibility with other members. It will also include information on the expectation of members to attend general meetings and training sessions
- The Co-op will have a written tenant/member selection procedure
- The Co-op will ensure, when taking in new members that if there are more than 35% of existing tenants whose income is above the Department of Housing income eligibility criteria, that new tenants are eligible for public housing
- Housing need is a key consideration.
- Factors such as matching bedrooms, the dwelling size and household size will be taken into consideration
- Selection is fair, transparent and equitable and determined on the basis of set eligibility, selection and ranking criteria
- The Co-op will use a standard application form to determine eligibility.
- Applicants will be given assistance to complete the form and given a copy of their application.
- All applicants should be personally interviewed and use interpreters if needed.
- The Co-op will have a system for recording, updating and retaining applications.
- Applicants' housing preferences are considered and met as far as possible when there are choices available
- Privacy and confidentiality is respected at all times
- The Tenant Selection Committee members do not have conflict of interest
- Applicants who are dissatisfied with the co-op's decisions are given the opportunity to request an internal review and if necessary, an external review

- The xxx Housing Co-operative will ensure equitable access regardless of people's: cultural identity, gender, disability, sexual orientation, age and household composition, unless the Co-op has an approved positive discrimination policy.
- Applicants are given information about the co-op, including information about: the assessment process, when they will get a decision, and how long they can realistically expect to wait for housing.
- An applicant will be properly notified of an offer and given adequate opportunity to make an informed choice about whether to accept it.
- Applicants will be given the opportunity to ask any questions, visit the property, refuse the offer, or request modifications and repairs to the property.
- Applicants are informed about other housing options.
- The Co-op will have clear policies on withdrawal and refusal of housing offers, which include the grounds for refusal/withdrawal, and implications of refusal/withdrawal.
- Applicants who are unsuccessful will be told of the decision in writing and have an opportunity to discuss with a member of the selection panel why they were not successful.

***Eligibility criteria used by the co-op are:***

- ☑ Be a citizen or permanent resident of Australia
- ☑ Have a demonstrated housing need
- ☑ Be 18 years or over
- ☑ Meets the income requirements (to ensure the 35/65% mix is met) so that the co-op can meet its long-term financial obligations.
- ☑ Demonstrates skills and understanding of the co-operative model and a willingness and ability to actively participate.
- ☑ Is a member of the target group
- ☑ Is aware of the responsibilities of co-operative membership including regular attendance at General Meetings
- ☑ Is willing to attend training and education workshops for co-ops

***Selection criteria used by the co-op are:***

- ☑ Selection is based on meeting the above specified eligibility criteria, taking into account the needs of the applicant and the current needs of the Co-op at the time of the allocation and its ongoing capacity to meet the requirements of Registration.

## Appendix 1

# Tenant Selection and Allocation Policy

### Purpose:

This policy provides a guide to the xxx selection and allocation of property to new applicants.

Housing Co-operative for the

### Policy Statement

The xxx Housing Co-operative will make fair and consistent decisions about selection and allocations in line with requirements of:

- NSW Co-operative Housing Program Operational Guidelines:
- Anti Discrimination Act:
- National Community Housing Standards

### The xxx \_\_\_\_\_ Housing Co-operative will ensure the following, that:

- Vacancies are filled as quickly and efficiently as possible to ensure housing is fully occupied.
- The co-op's eligibility criteria will be promoted to target groups identified in the co-op's planning processes and will include information on eligibility criteria, including skills and understanding of the co-op model and willingness to participate and compatibility with other members. It will also include information on the expectation of members in attending general meetings, training and education sessions
- Prospective tenants will be given an information package about the Co-op
- The Co-op will have a written tenant/member selection procedure
- The Co-op will ensure, when taking in new members that if there are more than 35% of existing tenants whose income is above the Department of Housing income eligibility criteria, that new tenants are eligible for public housing
- Housing need is a major consideration.
- Factors such as matching bedrooms, the dwelling size and household size will be taken into consideration
- Selection is fair, transparent and equitable and determined on the basis of set eligibility, selection and ranking criteria
- The Co-op will use a standard application form to determine eligibility.
- The application form will be easy to use
- Applicants will be given assistance to complete the form and given a copy of their application.
- All applicants should be personally interviewed where possible and use Interpreters if be needed.
- The Co-op will have a system for recording, updating and retaining applications.
- Applicants' housing preferences are considered and met as far as possible when there are choices available
- Privacy and confidentiality is respected at all times
- The Tenant Selection Committee members do not have conflict of interest
- Applicants who are dissatisfied with the co-op's decisions are given the opportunity to request an internal review and if necessary, an external review

- The ~~xxx~~ Housing Co-operative will ensure equitable access regardless of people's: cultural identity, gender, disability, sexual orientation, age and household composition.
- Applicants are given information about the co-op and about: the assessment process, when they will get a decision, and how long they can realistically expect to wait for housing.
- An applicant will be properly notified of an offer and given adequate opportunity to make an informed choice about whether to accept it.
- Applicants will be given the opportunity to ask any questions, visit the property, refuse the offer, or request modifications and repairs to the property.
- Applicants are informed about other housing options.
- The Co-op will have clear policies on withdrawal and refusal of housing offers which include the grounds for refusal/withdrawal and implications of refusal/withdrawal.
- Applicants who are unsuccessful will be told of the decision in writing and have an opportunity to discuss with a member of the selection panel why they were not successful.
- Applicants will be referred to other options

### ***Eligibility criteria used by the co-op are:***

- ☑ Be a citizen of Australia
- ☑ Have a demonstrated housing need
- ☑ Be older than 18 years
- ☑ meets the income requirements (to ensure the 35/65% mix is met and that the co-op can meet its financial obligations).
- ☑ Demonstrates skills and understanding of the co-operative model and a willingness to actively participate.
- ☑ Be a member of the target group
- ☑ wants to live in the dwelling type and location offered
- ☑ Be aware of the responsibilities of co-operative membership including regular attendance at General Meetings
- ☑ Be willing to attend training and education workshops for co-ops

### ***Selection criteria used by the co-op are:***

- ☑ Selection is based on meeting the above specified eligibility criteria

## **Appendix 1**

### **Tenant Selection and Allocation Policy**

#### **Purpose:**

This policy provides a guide to the xxx Housing Co-operative for the selection and allocation of property to new applicants.

#### **Policy Statement**

The xxx Housing Co-operative will make fair and consistent decisions about selection and allocations in line with requirements of:

- NSW Co-operative Housing Program Operational Guidelines:
- Anti Discrimination Act:
- National Community Housing Standards

#### **The xxx \_\_\_\_\_ Housing Co-operative will ensure the following, that:**

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- The Co-op will have a system for recording, updating and retaining applications.
- Applicants' housing preferences are considered and met as far as possible when there are choices available
- Privacy and confidentiality is respected at all times
- The Tenant Selection Committee members do not have conflict of interest
- Applicants who are dissatisfied with the co-op's decisions are given the opportunity to request an internal review and if necessary, an external review