



19 May 2023

Inquiry into South Australian housing availability

Submission to the Economic and Finance Committee

The Business Council of Co-operatives and Mutuals (BCCM) is grateful for the opportunity to provide input for the Inquiry into South Australian Housing Availability. We commend the Committee for their interest in better housing outcomes for South Australians.

With increasing cohorts of the community locked out of the housing market, a housing strategy that aims to widen the opportunities for more people to experience housing security is becoming more important day by day.

The BCCM is the peak body for member-owned businesses across all sectors. Eight in 10 Australians are members of a co-op or mutually owned organisation. In South Australia, these organisations include RAA, Beyond Bank Australia, Master Butchers Co-op, Almondco and Common Equity Housing South Australia. Co-operatives and mutuals provided essential services and affordable pricing to their members across the economy from banking, insurance and superannuation to retail, agriculture and housing.

Housing co-operatives are an innovative model of tenure that can bring housing security and agency to more South Australians. Because co-ops remove the incentive to profiteer from housing, it leads to long term housing affordability. Housing co-ops also encourage residents to be active participants in their housing management. As such, co-ops provide unique opportunities for housing provision to be inclusive of diverse groups of people.

In many jurisdictions, housing co-operatives are a significant percentage of total housing, and the co-operative sector is an important developer of new housing stock. In Europe and New York City where there are high proportions of renters, housing is managed as long-term rental rather than a speculative investment vehicle. These jurisdictions have large housing co-operative sectors as a vital component of housing diversity and choice, providing secure and affordable long-term housing.

In Sweden, 22 per cent of housing stock is co-operative and is largely private market based. The housing co-operative sector has a range of institutions focused on supporting existing co-operatives and developing new housing stock on a not-for-profit basis. In Norway, 15 per cent of housing stock is co-operative, where co-operative federations that serve the sector return all surpluses back into new housing co-operative developments.

In Austria, 18 per cent of housing stock is through co-operatives. Both rental and limited equity models are used. Austrian housing policy is supply-focused, with new co-operative housing construction largely driven through public financing mechanisms.

Australia's co-op housing sector is small but shows opportunities for growth. South Australia has a proven track record in rental housing co-operatives through Common Equity Housing SA, which is a Tier 2 Community Housing Provider collaborating with 11 housing co-operatives to provide secure affordable housing.

South Australia used to have one of the largest housing co-operative sectors in Australia. While the sector continues to grow in other states, particularly NSW and Victoria, we believe there are several government mechanisms currently impeding the growth of this valuable model in SA. These include:

- the indexed annual payment to SAHT. These payments are markedly higher than comparable payments in other states and reduce the capacity of the sector to grow.

- Common Equity Housing SA will pay \$701,150 to the government in 2022–23. This money would be better invested in providing more social and affordable housing and growing the co-operative housing sector in SA.
- Common Equity Housing SA has not yet achieved the size required to generate self-sustaining growth as is the case in Victoria.

The BCCM recommends the government commit to addressing these matters.

On the particular terms of reference of the Inquiry, the BCCM would like to comment on the following.

The decreasing availability of affordable housing for both purchase and rental

The capital gains accrued on residential housing makes multiple property ownership attractive as an investment. This creates demand and increases housing prices, resulting in a market failure for the provision of affordable housing. Many of the mechanisms to control this lie outside of state government.

State governments should prioritise investing in housing that will be permanently affordable, rather than subsidising housing that will return to market value and contribute to more investor housing. Housing co-operatives are permanently affordable because the houses are owned by the co-operative and its members. The purpose of the co-operative is to provide affordable housing on a sustainable basis, there is no incentive to sell houses for the capital gains or to rent for the highest possible price.

Government programs which seek to support residents into home ownership should include the option of co-operative ownership. Where the government enters into shared equity with a homeowner, the program should include the option of shared equity with co-operative ownership.

Shared equity models of housing co-ops address the need for people who can afford some equity but not enough to own. There are people likely to rent for a lifetime without being able to buy, including older women, low-income workers and others. They are likely to be in housing that is insecure and unaffordable.

There continues to be considerable development of high-density apartment dwellings in the Adelaide CBD, including the planned redevelopment of the former bus depot in Franklin Street. Shared equity housing co-operatives provide a real and sustainable alternative to community corporations and are accessible to a greater diversity of South Australians. Common Equity Housing SA has the knowledge and expertise to develop and support shared equity housing co-operatives.

A shared equity housing co-operative gives residents a say in the management of their housing, and the security and affordability of home ownership. Shared equity co-ops are prevalent in places like Zurich and New York. In a shared equity housing co-op, a resident contributes equity through a share in the co-operative which entitles them to long term use of the dwelling. This increases the role of private investment in housing provision through the equity invested by the resident.

Housing needs relative to the demand from marginalised groups including those with low income, serious health and disability challenges, and older people – especially older women – with limited private resources.

The Australian Housing and Urban Research Institute (AHURI) 2022 Report *Housing aspirations of precariously housed older Australians* found that when provided with information about housing options, precariously housed older Australians preferred 1) shared equity home ownership and 2) co-operative housing.

We recommend that the SA government prioritise investment in rental housing co-operatives and shared equity housing co-operatives.

Different housing options required by, and suitable for, marginalised groups in our community.

The co-operative model can be adapted for various groups and current examples exist in Australia for migrant groups ([Van Lang Housing Co-op](#)), students ([Canberra Student Housing Co-op](#)), Aboriginal people ([Girudala Co-operative](#)) and people with disabilities ([Supported Independent Living Co-op](#)). What they all have in common is the shared ownership of the co-op by residents, resulting in security and a voice in decisions that affect their housing.

The necessary policy settings – at all levels of government – required to deliver suitable housing outcomes.

All types of housing support programs should recognise the unique value of the co-operative model in making the benefits of home ownership accessible to people otherwise locked out of home ownership. Growth in housing co-operatives in Australia was historically initiated with a funding program specifically for housing co-operatives. This was paused before the co-op sectors reached a size to be self-sustaining in all states except Victoria. The SA government should work with Common Equity Housing SA to grow the housing co-operative sector in SA.

Innovations in housing that can lower costs, expedite new supply, and deliver a greater diversity of housing options to meet current and emerging trends.

Shared equity housing co-operatives that leverage home owner's ability to make a contribution to the cost of their housing lowers costs in providing affordable housing.

New approaches to financing and tenure options that increase supply and security of tenure.

It is important to have a diversity of tenure models to suit the range of needs of housing residents. Co-operatives provide a model of home ownership that can be designed to provide the required level of affordability for a range of cohorts from those with no equity to those who can make a contribution. There should also be diversity of ownership in rental accommodation, and the co-op members being the owners of the co-op business that owns their home is a form of ownership that should be encouraged to generate security, affordability, wellbeing and stability.

For further information on housing co-operatives please see other recent BCCM submissions:

- [Housing supply diversity and affordability](#)

- [Tasmanian Housing Strategy Discussion Paper](#)
- [Housing affordability and supply in Australia](#)
- [Inquiry into Home Ownership](#)

About the BCCM

The BCCM is the national industry peak body for co-operatives and mutuals, working with governments, regulators and policymakers to ensure the Australian economic landscape is fully able to benefit from a competitive co-op and mutual movement.

Through its member co-ops and mutuals, the BCCM represents 11 million individuals and 160,000 businesses.

The BCCM has supported new co-operatives and mutuals to form in a range of sectors and is a member of the International Co-operative Alliance (ICA) with access to world-wide networks.

The BCCM works to increase access to education, information and resources on co-operative housing through its network of co-operatives housing members. The BCCM coordinates international engagement with the global co-operative housing movement through its membership of the International Co-operative Housing Association.

In 2023, the BCCM will lead a study tour of four European capital cities which have mature co-operative housing markets: [BCCM European Co-op Housing Study Tour 2023](#)

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