



27 June 2023

Response to the Tasmanian Housing Strategy Exposure Draft

Submission to Homes Tasmania

The Business Council of Co-operatives and Mutuals (BCCM) welcomes the opportunity to make this submission to Homes Tasmania on the development of a Tasmanian Housing Strategy. We commend the Government's focus on addressing the need for housing in Tasmania.

The BCCM is the national peak body for Australian co-operatives and mutuals. Co-operatives and mutuals provide essential services and affordable pricing to their members across the economy from banking, insurance and superannuation to retail, agriculture, health, social care and housing. Serving eight in every 10 Australians, co-operatives and mutuals are private sector, member-owned and operated corporations regulated under the harmonised state and territory Co-operatives National Law or under the Corporations Act (Mutual Companies).

The BCCM provides leadership to the Australian housing cooperative sector as the national member of Cooperative Housing International, the housing division of the International Cooperative Alliance. The BCCM also provides Secretariat support to the Australian Co-operative Housing Alliance – an alliance of Registered Community Housing Providers that deliver cooperative housing. The BCCM will be leading a study tour to Europe in early 2024 to learn from other jurisdictions which are more advanced in their use of rental and limited equity housing co-operative models.

With an increasing number of Tasmanians being impacted by either their own or someone else's housing insecurity it is time to look at models which create permanent affordability. The BCCM would like to engage with the Tasmanian Government to explore how co-operatives can help provide more secure, affordable housing in Tasmania.

Response to the Tasmanian Housing Strategy Exposure Draft

Question 1: 'Our way forward' identifies several levers for achieving a more equitable housing system for all Tasmanians. Are there additional or alternative more important levers that you believe should be addressed?

'New housing models' should include co-operatives as a fit for purpose model for build-to-rent, key worker accommodation and cohousing. See further information below.

Question 2: Theme one identifies the need for 'more homes, built faster'. Are there additional or alternative objectives you recommend for consideration?

Consideration should be given to a state-owned construction company to focus on housing construction.

Question 3: Theme two centres on 'affordability in the private market'. Are there additional or alternative objectives you recommend for consideration?

The earlier section on 'Reducing rental vulnerability' discusses a number of options such as addressing national taxation settings (in partnership with Australian Government) and strengthening the rights of tenants. These are options that make private investment in rental less attractive. The feedback on the Discussion Paper (*What we heard from the Discussion Paper*, April 2023) also identifies that investment in housing for profit was contributing to affordability issues.

Therefore, the strategy needs to consider alternative forms of affordable housing than the private market. The strategy mentions “Investigating new ways to increase affordable rental opportunities, whilst continuing to help Tasmanians in rental stress, and regularly monitoring effectiveness.”

The BCCM recommends limited profit housing ownership be investigated as a new way to increase affordable rental opportunities. There are models across Europe and the US that support private investment in affordable housing, in return limitations on the profit drawn from the housing to ensure affordability.

The best example of this is the limited equity housing co-operative. In summary, government support is provided to the co-operative in terms of land and/or a favourable loan. Co-op members are also required to contribute an affordable share purchase price to assist with the cost. The co-operative builds or buys the housing. This can be done through an organisation established to develop housing co-operatives such as the Urban Homesteading Assistance Board in the US or Common Equity Housing Ltd in Victoria.

The loan from government and the ongoing costs of operating the housing, are paid through rents. In effect the same money is being exchanged – the resident members pay rent; the finance to buy or construct the building/s is repaid with the rental income and ongoing costs of providing the housing are paid for with the rental income. What is different is the ownership. Traditionally an investor engages with a government program to provide affordable housing for the period of the program and then the housing reverts to market rate (eg NRAS). When the owner is a limited equity housing co-operative the housing remains permanently affordable because it is always run ‘at cost’ rather than for a profit.

The BCCM would be happy to work with the Tasmanian government on strategies to encourage the development of a range and types of limited equity housing co-operatives which can share ownership with resident members. The models are particularly appropriate for older people who cannot qualify for a mortgage, low waged workers and anyone seeking to combine renting with housing security.

Question 4: Theme three places ‘people at the centre’ of the draft Strategy. Are there additional or alternative objectives you recommend for consideration?

A 2022 AHURI report *Housing aspirations of precariously housed older Australians* showed that shared equity and co-operative housing were the top two preferred models chosen by respondents to best meet the needs of “precariously housed older Australians”. The BCCM recommends that rental housing co-operatives and shared equity housing co-operative targets are included in funding for social housing.

Appendix

More information can be found in:

2023 Inquiry into South Australian housing availability

<https://bccm.coop/wp-content/uploads/2023/05/BCCM-2023-Inquiry-into-SA-housing-availability.pdf>

2023 Housing Legislative Package submission

<https://bccm.coop/wp-content/uploads/2023/01/BCCM-Submission-responding-to-the-Housing-Legislative-Package.pdf>

2022 Six Cities Regional Discussion Paper Submission

<https://bccm.coop/wp-content/uploads/2022/10/Six-Cities-Region-Discussion-Paper-Submission-BCCM.pdf>

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.

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