Housing Cooperatives: The lived experience in an alternative tenure

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ABSTRACT

This main purpose of the thesis is to investigate the lived experiences of residents in eight housing co-operatives, four in Australia, two in the United States and two in Canada. The thesis gives the primary voice to the residents which enable them to convey their experiences as consumers of housing through their narratives. The secondary aim of the thesis is to ask how, and by what means, can housing cooperatives in Australia become more widespread and contribute to the country's affordable housing stock?

Affordable housing has been the subject of much public and policy debate in Australia. Housing cooperatives are an extremely small contributor in the low to moderate income housing sector in Australia and are usually associated with the public housing sector. Research was also undertaken in the United States and Canada because these countries have long-established housing cooperative sectors which may provide valuable lessons, transferable models and suggestions for alternative methods of funding.

The thesis findings are presented through the lens of self-selection, residential satisfaction, quality of life, social capital, and physical and ontological security. Barriers to the formation of housing cooperatives in Australia are identified. The overseas research suggests the possibility of transferable financial models. Alternative forms of housing cooperatives situated outside of the public housing realm are proposed in order to grow the sector and make this type of affordable housing more widely available to Australians.

DECLARATION

I certify that this thesis does not incorporate without any acknowledgement any material previously submitted for a degree or diploma in any university; and that to the best of my knowledge and belief it does not contain any material previously published or written by any other person except where due reference is made in the text.

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Chapter One

Thesis purpose and introduction to housing cooperatives

1.1　Introduction

The purpose of this thesis is to investigate the lived experience of housing cooperative residents by asking them about their experiences as consumers of their housing. Residents' assessments of their housing are expressed through their self-selection into housing cooperatives, levels of residential satisfaction and quality of life, social capital and ontological and physical security. If residents' assessments are positive, a secondary aim of the thesis is to ask how, and by what means, can housing cooperatives in Australia become more widespread and contribute to the country's affordable housing stock? At present, there are fewer than 5,000 housing cooperative dwellings in Australia, almost all within the public housing system.

Few Australian studies have conducted overseas comparative housing research by interviewing the consumers of housing and comparatively little research has been undertaken on housing cooperatives. This thesis aims to make a contribution to the filling of these gaps by examining the experience of residents living in eight housing cooperatives in three countries, Australia, the United States and Canada. All the dwellings in each cooperative are clustered together on the one site to form an intentional community. It is intended that the thesis will help to inform governments, policy makers and the general public and encourage debate on the merits of housing cooperatives as an additional source of affordable housing in Australia.

Australia, the United States and Canada have many similarities. Their geographical sizes are similar, they are immigrant societies, and they possess a state or province and federal

form of government (Lawson 1995; Lawson & Milligan 2007). Since World War II, federal government housing policies in the three countries has sought to promote home ownership and supported it through taxation policies favouring the tenure. As a result, they have high levels of owner-occupation, comparatively large private rental sectors and small public housing systems and have often been compared in terms of housing policies (see for example Lawson 1995; Lawson & Milligan 2007; Gurran, Milligan, Baker, Bugg & Christensen 2008; Dalton 2009).

International housing research has the potential to provide a wider perspective and greater insights into other countries' housing markets (Berry 2002; 2003; Gabriel, Jacobs, Arthurson, Burke, & Yates 2005; Yates & Milligan 2007; Milligan, Gurran, Lawson, Phibbs, & Phillips 2009). Furthermore, countries with similar histories are more likely to borrow ideas from each other (May 1997; Berry *et al.* 2004; Lawson & Milligan 2007; Gurran *et al.* 2008). Overall, the housing literature indicates that the advantages of undertaking cross-national and multi-disciplinary case studies outweigh any perceived drawbacks (Hakim 2000, p.209). Indeed, Graham observes that:

> policies in different contexts can be a stimulus to our imaginations … looking
> at one country from the perspective of another may suggest possibilities that
> would not otherwise have been considered. (cited in Hallett 1993, preface)

In terms of the thesis, the United States and Canada have a longer history of housing cooperatives than Australia and from these valuable lessons may be learned (Sazama 1996; 2000, Cole 2008). The (mostly) common language of the three countries reduces the possibility for verbal misunderstandings or mistranslations of documents (Hakim 2000, p.207). However, it is acknowledged that there are limitations in undertaking international

housing research as it is not possible to fully understand another country's culture and housing history (Hakim 2000, p.204).

One way to measure the effectiveness of non-profit housing organisations, such as cooperatives, is by the achievement of a desired impact for their residents and society (Gilmour 2009, p.113). The thesis gives the primary voice to the residents interviewed in the selected housing cooperatives and it is from analysis of their narratives that information on self-selection, resident satisfaction; social capital and quality of life are obtained. In addition, interviews with key informants in the housing and financial fields may suggest valuable lessons and potential transferable models. However, it is necessary for governments, policy makers and planners to be made aware of alternative housing developments, models of provision and evidenced-based outcomes - and then be willing to pursue them.

Chapter One provides a background and context to the thesis. It first discusses the vexed question as to whether there is a 'right' to housing. It then establishes that there is a demand for affordable housing and defines that concept. The chapter next discusses neo-liberalism and suggests that neo-liberalist housing policies since the mid-1990s have had a negative impact on the development of housing cooperatives in Australia. This discussion is followed by a review of the origins, principles and theories of cooperatives and places them in a social and political context. The chapter discusses the development of housing cooperatives in England, five selected European countries and Australia. Finally, the chapter outlines the structure of the thesis.

1.2   Background and context

The Australian federal government has called for more innovative affordable housing models (Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) 2010).   State and territory governments' housing policies in the 2000s has been to encourage the not-for-profit sector to increase affordable housing opportunities to people unable to access housing through the private market or public housing, and to diversify tenure options (Gurran *et al.* 2008; Gilmour 2009; Milligan *et al.* 2009; Government of South Australia 2010).   These policies have provided a window of opportunity for housing cooperatives to expand the supply of affordable housing.

In 2010, the then Australian Labor Party (ALP) Minister for Housing, Tanya Plibersek, noted that "[t]here is no issue more important to Australians and their families than having a safe and secure home" (quoted in FaHCSIA 2010 foreword).   A permanent home is important because, as Paris points out, *being at home* with a secure rental tenure is just as significant as being the *owner* of the dwelling (1993, p.5, emphasis added).   Sewell (1994, p.58) lends support to this view and states that control is more important than ownership. McKay also noted that "the real magic is in *secure housing* whether it's owned or not" (quoted in Healey 2009, p.27 emphasis added).   Thus, it is not the type of tenure of the housing that is important but rather its permanency and affordability.

Policy makers often believe that increased regulation will force amalgamations among community housing organisations which will lead to greater capacity and scale, heighten private investor confidence, improve access to capital funding and minimise risk (FaHCSIA 2010; Travers, Gilmour, Jacobs, Milligan & Phillips 2011).   Small organisations frequently do not have sufficient staff or financial resources for effective operation and

often incur operating deficits (Hall & Berry 2010). Financial institutions are often more willing to lend to the non-profit sector when they are assured of regulatory oversight which tends to be more thorough in larger organisations (Sazama 1996, p.10).

Following the oil and other economic shocks of the mid-1970s, economic restructuring in Australia in the 1980s led to higher unemployment, fewer manufacturing jobs, recession and inflation. High mortgage interest rates and increasing house prices resulted in the disenfranchisement of many lower income households from the housing market (Haughton 1990; McLeay 1990; Paris 1993; Yates 2002a). This trend was exacerbated by neo-liberalist policies and globalisation and, since the late 1990s, has been characterised by escalating land values and rapidly rising house prices (Berry 2003; Beer, Kearins & Pieters 2007 Flood & Baker 2010). This has coincided with diminished government and public support for public housing (Wilkinson 2005) and its increasing stigmatisation (Arthurson 2010; Jacobs Arthurson, Cica, Greenwood & Hastings 2011).

Financial deregulation in the 1980s led to an expansion of credit but also to the demise of many traditional home lenders such as state banks and building societies. Deregulation, labour market income inequality and rapidly increasing house prices resulted in a lack of housing affordability for many low to moderate income Australians (Yates & Gabriel 2006). Globalisation also contributed to structural changes particularly in traditional labour intensive manufacturing industries as many enterprises moved offshore or imported product to remain competitive with resulting increases in unemployment or under-employment (McLeay 2000).

1.3.   Is there a right to housing?

A widely held view in Anglophone countries such as Australia, the United States and Canada is that there is a 'right' to decent housing, that it is a societal 'norm' and should be available and affordable to everyone (Miron 1993; Badcock & Beer 2000; Sazama 2000; Bratt, Stone & Hartman 2006).   A substantial body of the housing literature regards affordable housing as a social justice and equity issue and argues that all citizens should be entitled to a reasonable standard of housing within their capacity to pay (see for example Stretton 1974; Hartman 1983; Watson & Austerberry 1986; Berry 2002; Arthurson & Jacobs 2003; Disney 2006a; Hulse, Spinney & Kolar 2010).

Housing cannot be seen in isolation as it is dependent on, and affected by, a myriad of other policies and issues.   These include federal, state and territory governments' housing policies, structural provision, interest rates, economic conditions, employment levels, land-use planning, and consumer sentiment.   However, it has been questioned why there should be any government intervention or subsidy for housing because a dwelling is a personal consumer good and it has been argued that the private market is the most efficient way to supply it (Friedman 1980; King 1998).   However, there is a two-fold problem.   First, there is the failure of the free enterprise private market to supply lower priced housing for purchase or rent that all households can afford.   Second, the lack of personal financial resources prevents many consumers from being able to compete effectively in an unequal housing market (Burkett & Drew 2008).

Some housing theorists believe that planning plays a central role in capitalist democracies and that it can be adjusted to better serve the public interest (Paris 1982).   In the United States they suggest the unfairness of the housing market can be overcome by reforming

planning policies, instigating inclusionary zoning and creating diverse neighbourhoods (Campbell & Fainstein 1996). Schwartz (2006) states there should be greater regulatory powers to intervene in zoning in order to increase the supply of affordable housing and Downs (1994) presents a new vision of metropolitan America through reforms to land use planning and exclusionary zoning. Downs (1994) argues that large-scale unregulated suburban growth inhibits effective public policy responses and results in inequality.

1.4   Defining affordable housing

Governments tend to be reluctant to apply particular benchmarks and definitions of 'affordable housing' as the term is wide-ranging and alters over time (Berry 2004; Gabriel *et al*. 2005). Most governments subscribe to the ideal of affordable housing in theory, if not in practice. The South Australian government's *Strategic Plan* (2011), for example, states that everyone should be able to afford to rent or buy a home. Affordable housing is defined in the thesis as housing which is affordable to households on low to moderate incomes and within their capacity to pay while still leaving them with sufficient disposable income for other essential costs of living. The housing should also be of an appropriate standard commensurate with the needs of individuals and families and be available in locations with good amenities and employment opportunities. The housing literature, however, confirms a lack of affordable housing options, both for purchase and rental, available to many people in lower income groups (see for example Seelig & Phibbs 2006; Yates & Gabriel 2006; Yates & Milligan 2007; Senate Committee Report 2008).

The National Housing Strategy (quoted in Berry, Whitehead, Williams & Yates 2004, p.1) in the early 1990s provided this definition of affordable housing:

> The term 'affordable' housing conveys the notion of reasonable housing costs in relation to income: that is, housing costs that leave households with sufficient income to meet other basic needs.

More recently the National Forum on Affordable Housing (2006) offered this definition:

> Affordable housing is housing which is reasonably adequate in standard and location for a lower-or middle income household; and does not cost so much that such a household is unlikely to be able to meet other basic living costs on a sustainable basis. (cited in Flanagan 2007, p.5)

The origins of the term 'affordable housing' have been traced to the early 1970s in the United Kingdom when it referred to "a decent home for every family at a price within their means" (Berry *et al*. 2004, p.10). However, according to Cowan and McDermott, in the United Kingdom the term was used in housing policy debate in the late 1980s only to justify subsidy systems borne out of the failure of the market to provide affordable homes (2006, pp.82, 85). In Australia the link can be traced back to the 1975 Henderson *Inquiry into Poverty* (King 1994, pp.30-32), but it is claimed that affordable housing was not used in policy discourse until the late 1980s (Gabriel *et al.* 2005, p.4). By 2000, however, the term no longer meant home ownership for *every* household but rather "for people who aspire to home ownership but can only afford properties in lower price ranges" (Berry *et al*. 2004, p.10).

There are different interpretations of the terms 'affordable housing' and 'housing affordability'. Gabriel *et al*. (2005, p.8) state that the former is a generic term referring to low cost housing of any tenure that meets agreed affordability benchmarks, while the latter refers to the maximum amount of income that households should be expected to pay for housing. Another explanation has been forwarded which defines the difference as affordable housing being a "specific segment of housing supply that is affordable to people

on low and moderate incomes" whereas housing affordability is "a sufficient supply of appropriate housing in desired locations, of a design and cost that is consistent with populations' needs" (Gurran *et al.* 2008, p.16).

Conceptualising affordable housing is an ambiguous task because it tends to focus on the relationship between household income and housing expenditure (Gabriel *et al.* 2005, p.6). Applied as a tenure neutral term, Gabriel *et al.* (2005) argue that affordable housing is the proportion of household income devoted to housing costs for rent or mortgage repayments that will leave an adequate amount to pay for essentials such as food and utilities. On the other hand, Lawson and Milligan (2007, p.75) state that affordable housing is "a tenure neutral term to describe housing that is priced to be accessible to low-to-moderate income households". Berry *et al.* (2004, p.1) claim that "'affordable housing' refers to new and existing dwellings consumed by low-to-moderate income households … without suffering housing stress". They identify the affordability problem as being particularly concentrated in the intermediate market of people classified as the working poor "who can neither access public housing or obtain owner-occupied housing" (2004, p.1). Another interpretation is that affordable housing means subsidised housing and "has become a synonym for housing provided at sub-market prices to households on low incomes" (Oxley 2004, p.151). Affordable housing, therefore, is an increasingly difficult term to define as government policies, economic conditions and interpretations are continually evolving (Berry *et al.* 2004; Beer *et al.* 2007; Lawson & Milligan 2007).

1.5   Neo-liberalism

The rise of neo-liberalist principles began in the 1980s in Australia and asserts the need for smaller government and the primacy of the private sector and free market mechanisms on

the premise of providing greater freedoms of choice and placing more responsibility on individuals to care for their own needs (Beer, Clower, Haughton & Maude 2005; Beer *et al.* 2007). Neo-liberalism is symbolised by a belief that private enterprise will meet supply and demand and the confidence that the free market will adequately supply public goods and services which will result in the need for less government intervention in the economy and regulatory spheres. Such a proposition is argued against by Hutton (2010) on the grounds that it leads to a divided and unjust society and in the housing realm it has resulted in market failure. Dalton (2009) points out that there were other factors that contributed to a changed housing policy environment beginning in the 1980s. For example, he cites the lack of Keynesian theory on housing, few high status state ministries to drive housing policy-making and the absence of powerful civil agencies such as tenants' associations and the student and labour movements to demand change in the way affordable housing is delivered. Moreover,

> the seeming impossibility of using of Keynesian economic ideas to deal
> with changing economic conditions, particularly high and persistent rates
> of inflation and unemployment, established a context for a paradigm shift
> in economic thinking. (Dalton 2009, p72)

'Workfare' policies mandated compulsory work as a mutual obligation to counter welfare dependency while at the same time government expenditures on social and other services were reduced. A revised welfare ideology imposed tougher eligibility criteria on recipients through more stringent criteria eligibility and blamed and stigmatised victims for their economic predicament (Peck 2001). As a result of economic restructuring and societal changes during the 1980s and 1990s, many people were unable to purchase a home in the private market, or obtain public housing. According to Flood and Baker (2010) the longer term impact of this could result in special assistance packages being required for such people in retirement. Neo-liberalist ideologies drove large reductions in government

funding for public housing construction, which led to a declining and ageing stock and place-based disadvantage (Arthurson 2010). The assumption that the private housing market would respond to the demand for rental housing remains unfulfilled, despite the introduction of Commonwealth Rental Assistance (CRA), (Yates & Wulff 2000; Randolph & Holloway 2007).

Government focus in Australia in the 1980s and 1990s changed from Keynesianism to neo-liberalism and it also framed housing policy (Dalton 2009). As indicated, public housing became a casualty of neo-liberalism and by association, housing cooperatives because they are publicly funded in Australia. Public housing suffered disinvestment and has been increasingly targeted to tenants with complex social needs (Atkinson & Jacobs 2008). Consequently, neo-liberalist policies have contributed to the residualisation and stigmatisation of public housing and to the social exclusion and marginalisation of vulnerable low income groups (Arthurson & Jacobs 2003; Jacobs *et al.* 2011).

1.6   Introduction to housing cooperatives

Internationally, a housing cooperative is defined as "a legal association formed for the purpose of providing housing to its members on a continuing basis" (International Cooperative Alliance (ICA) 2012). In Australia definitions of a housing cooperative include "rental housing for people on low to moderate incomes where members select tenants, manage and maintain the housing" (Common Equity Housing Limited [Victoria] (CEHL) 2009) and "not-for-profit member managed associations [which] provide secure, affordable, quality housing which is designed and managed by co-op members" (Federation of Housing Collectives [Western Australia] (FOHCOL) undated). Common Equity New South Wales (CENSW) (2011) states that it is:

> A legally registered organization which collectively manages a dwelling or group
> of dwellings in which its members live ... it gives tenants greater control over
> their housing and how it is maintained.

Early principles of cooperation included open membership, democratic control (one person, one vote), political and religious neutrality and the promotion of education. New principles that have been added over time are autonomy and independence; cooperation among cooperatives and concern for the community. These principles of cooperation were reaffirmed by the ICA in 1995. They serve as core elements of housing cooperatives and their governance structures still retain the traditional office bearer titles of President, Treasurer and Secretary (Rajogopalan 2007, p.8). Shared values and goals in housing cooperatives stem from a commitment to cooperative behaviour, consensus decision-making, volunteerism, mutual aid and participatory democracy (Read 1985; Birchall 1988; Cooper & Rodman 1992; Gilmour 2012).

There are three main types of housing cooperative:

- *Non-equity.* There is no financial interest in the property and no capital gain accrues to the resident. This is the archetypal model in Australia.
- *Part-equity.* This allows for limited capital gain through a formula such as shares in the cooperative adjusted by the Consumer Price Index; the value of the loan principal paid down; or the land being owned by the cooperative and the dwelling owned by the resident.
- *Full-equity.* These cooperatives are fully funded by their members. The value of a dwelling is determined by the free market and any capital gain (or loss) accrues to the owner. They are not discussed further here as the emphasis of the thesis is on affordable housing.

Currently the archetypal non-equity housing cooperative model in Australia is associated with public housing (Kilner 2002; Cheong 2011). Housing cooperative advocates claim

that various societal benefits may be derived from cooperatives (Cooper & Rodman 1992; Kilner 2002; Cole 2008; Gilmour 2012). Cheon, for example, said:

> the mutual self-help associated with tenant management in housing cooperatives provides so much opportunity for personal development, skills acquisition and connectedness to neighbours and the wider community (personal communication 24 Aug 2011).

Conversely, the validity of such statements has been challenged on the grounds of lack of empirical evidence to support the claims (Arthurson, Ziersch & Carson 2004; Arthurson, Ziersch & Long 2006).

1.7   Operational theory of housing cooperatives

Welsh social reformer and industrialist Robert Owen, who envisioned in 1813 groups of integrated villages with houses built around a courtyard, is regarded as the first cooperative theorist (Birchall 1988, pp.34, 92). Birchall (1988, pp.2, 3) describes four competing world views affecting housing cooperatives: the competitive individualists where cooperatives cannot survive; the pluralists where society can evolve to incorporate small organisations like cooperatives; the collectivists where human nature gravitates to the dominant mode; and the communitarians where humans are inherently cooperative and people can run housing cooperatives successfully. The latter illustrates Owen's vision and emphasises the importance of being linked to groups of like-minded people because "a group of individuals working together can achieve a common interest virtually unobtainable by the actions of a single person" (Merrett & Walzer 2004, p.53).

The universality principle of cooperatives is embraced through "people find[ing] their greatest enrichment in group effort in pursuit of goals of mutual value" (Lewis 1992, p.236). Trust within a group is critical and usually enables problems to be resolved. In a

business setting, trust is conceptualised as having confidence in others' integrity and reliability (Morgan & Hunt 1994, p.23). Trading cooperative theory also contains relevant principles for housing cooperatives including the development of strategic plans, the necessity of financial reserves to provide for building maintenance and repairs, and paying down debt (Hartstone in Hulchanski & Shapcott 2004, p.264).

The changing composition of housing cooperatives' members and general changes in society has caused some structural elements of cooperation theory to be modified to incorporate additional values such as local connectivity and community development (Merrett & Walzer 2004). In some cooperatives there is also an adherence to environmental sustainability principles, permaculture and suburban ecologies (Crabtree 2005, 2006). Goldsmith states that, "in cooperation theory, non-stationarity is important when defining the diversity of a co-op's membership" (quoted in Merrett & Walzer 2004, p.166).

1.8   Development of housing cooperatives in England

Producer and consumer cooperatives began in England in the early 1800s as a response to capitalist monopolies and unfair market structures (Rajogopalan 2007, p.18). These early cooperatives created a business development structure that was eventually implemented more successfully by the Rochdale Equitable Pioneers in 1844 (Gregg 1971, pp.321-325). The Rochdale Pioneers model is now recognised as the beginning of the modern cooperative movement (Lewis 1992; Merrett & Walzer 2004). The Pioneers supplied clothing and other essential items to workers at fair prices and was envisaged as a step toward a fairer and more just society (Lewis 1992, Thompson 1994; Sazama 2000; Altman 2010; ICA 2012).

Following early successes, a subsequent objective of the Rochdale Pioneers, as distinct from their trading cooperative origins, was "to purchase and assist with the erection of houses for members on a mutual self-help basis" (Lewis 1992, p.xvii). The low wage working classes in the 19th century struggled to find decent and affordable housing in the new industrial order and rapid urban growth (Gregg 1971; Cannon 1975; Briggs 1996). Housing, however, was a much more difficult and complex area to develop than retail cooperatives and several attempts at communal-type housing during the first half of the 19th century failed (Lewis 1992).

Notwithstanding early setbacks in housing development, the Rochdale Pioneer Land and Building Company and a loans society were formed in 1861. In 1867 an 84 dwelling housing cooperative estate was built in Rochdale and appropriately named Equitable and Pioneer Streets (Thompson 1994, following p.86; ICA 2012, p.80). Although this development was successful, it did not immediately lead to further housing cooperative ventures. The reasons for this may be found in the absence of several factors commensurate to the advancement of housing cooperatives as propounded by Birchall (1988, p.89). These five necessary pre-requisites to enable housing cooperatives to take root are: housing not being met in other ways; cooperative structures that work in practice; charismatic promoters; a favourable legal and financial environment; and a favourable psychological climate.

One of the major problems that beset the establishment of cooperative housing construction during the late 19th century was that they were too large an undertaking for local trading cooperatives and were replaced mainly by government and building society programs (Thompson 1994, p.121). The Co-operative Permanent Building Society was established in

1884 and was successful as a loan provider. By the end of the 19th century 24,000 mortgages had been granted to members, 8,000 houses had been built for rent and 5,000 houses sold to members (Birchall 1988, p.93; Thompson 1994, p.118). In 1887 Tenant Co-operators Ltd, was formed in London. Tenants bought a nominal one pound shareholding with the balance of the amount required being supplied by an institutional loan and from small investors. However, progress was slow with only 210 dwellings being built on five sites by 1909 (Birchall 1988 pp.94-96; Thompson 1994, p.121).

Financial structures had been established and another of Birchall's pre-requisites, charismatic promoters, came to the fore. This next stage of cooperative housing development, in the early 20th century, included several prominent backers such as the political leaders of the Labour Party and the founder of the Garden City movement, Ebenezer Howard. Housing cooperatives were also linked to town planning concepts, for example Brentham Garden Estate in 1901 and others at Leicester and Sevenoaks (Tarn 1973, p.178). Powerful friends were advantageous and several members of the aristocracy, and even the monarch on one occasion, accepted invitations to visit or open new developments and thereby aided public awareness and provided legitimacy to the developments (Thompson 1994).

The structure of the next stage of housing cooperative development was little different from the original concept but the share price increased to 50 pounds payable by instalments. An umbrella, or mother society, Co-partnership Tenants Ltd, was formed in 1905 as the central developer for 15 daughter societies and professionally trained staff was employed (Birchall 1988, p.96, 97; ICA 2012). By 1912, 6,600 houses had been built but the outbreak of World War I in 1914 brought development to a halt from which it never recovered. Despite

these initial successes the cooperative co-partnership model was subsequently unsuccessful due to non-resident investors creating pressure for the sale of cooperative homes together "with some asset stripping along the way" (ICA 2012, p.80).

After World War I, government housing policy in the United Kingdom was to encourage home ownership and for local authorities to build public housing through central government funding for the working classes. The housing cooperative movement was eligible to apply for funds but decided not to do so. The demolition of over 250,000 slum dwellings and the mass building of local authority-owned council houses overcame the worst excesses of 19th century working class housing (British Council 1942; Gregg 1971; Briggs 1996). Between 1919 and 1939 over one million local authority council houses were built and another one and a half million received some form of government subsidy. A further two and a half million dwellings were privately built, partly as a result of government home ownership policies (British Council 1942 p.204). Thus, home ownership for the emerging middle class and council housing for the working class became the two dominant housing tenures in the United Kingdom. Owner occupation was facilitated by building societies which dominated the home finance market with between 80 and 90 per cent of outstanding mortgage loans (Cleary 1965; Boleat 1986).

There was little further cooperative housing development in the United Kingdom until the early 1960s. The Conservative government's 1961 *Housing Act* established a framework for the construction of new cooperatives known as 'co-ownership' housing (Birchall 1988). The Act provided for the construction of affordable low rise dwellings particularly in the London area, of which over 40,000 dwellings were built during the 1960s (ICA 2012, p.81). These developments were subsidised through government tax relief on their

mortgage loans. However, legislation introduced in the early 1980s by a new Conservative government enabled co-ownership societies to be wound up and almost all members voted to convert to full market rate and individual ownership (Birchall 1988). Poorly drafted legislation allowed demutualisation and resulted in the loss of affordable housing to future generations and windfall capital gains were privatised by the occupiers (Birchall 1988, p.106; ICA 2012).

In the 1980s, following the neo-liberalist doctrines, or 'Thatcherism', of the Conservative government and its home ownership policies, a large proportion of the better public housing stock was sold to sitting tenants and much of the remainder was transferred to large housing associations. Housing cooperatives did not fit into government owner occupation policy and according to Hardy and Ward they were financially starved and "had to fend for themselves" (1984, p.291). Gilmour (2009, p.12) estimated that in 2008 there were only 243 traditional housing cooperatives remaining in the United Kingdom and 25 co-ownership societies that had resisted demutualisation.

1.9   Development of housing cooperatives in selected European countries

Greater advances were made in the development of housing cooperatives in several northern European countries between 1919 and 1939 than in the United Kingdom and their progress accelerated after World War II due to severe housing shortages. In Norway and Sweden, for example, the cooperative sector was greatly expanded during the post-war years and was supported by the trade union movement (Sazama 2000, p.576). Scandinavian governments' believed that all citizens were entitled to good quality housing and cooperatives were used as a tool to implement a non-speculative social housing policy (Siegler & Levy 1986, p.12; Birchall 1988, pp.98-103; Andrusz 1999, p.44; ICA 2012).

Table 1.1 shows housing cooperative statistics in five selected European countries.

Table 1.1   Housing cooperatives in selected European countries

Country	Population (millions)	Number of cooperatives	Number of dwellings	Percentage of housing stock
Sweden	9.5	6,500	998,000	22.0
Norway	5.0	5,350	310,000	15.0
Germany	81.8	1,860	2,200,000	5.0
Austria	8.4	N/A	724,0000	18.0
Switzerland	7.6	N/A	172,000	5.1

Source: ICA Statistics & CECODHAS 2012. These figures include both non-equity and part-equity housing cooperatives where applicable.

In Norway and Sweden housing cooperative structures use the 'mother and daughter' system of an umbrella housing organisation sponsoring new cooperatives. Sweden has a population of 9.5 million people and has 6,500 cooperatives comprising 998,000 dwellings equalling 22 per cent of the housing stock as shown in Table 1.1. These dwellings house 1.6 million people or 17 per cent of the population. Norway has a population of five million people and has 5,350 housing cooperatives and a total of 310,000 cooperative dwellings which comprise about 15 per cent of its total housing stock (Table 1.1). Member home owners in Norway purchase full market value shares on average, in 2010, for around 270,000 Euros (about $A225,000) and own an individual dwelling but not the land (ICA 2012).

However, the concept of "consumer control to housing [being] through collective ownership of dwellings by the dwellers" (Birchall 1988, p.1) is changing. In Norway and Sweden in the 1990s, revised government priorities signalled a change from their previous cooperative housing policy which had been based on grants and subsidies. The new policies were not to supply "good housing to all households at an affordable price but

instead [to provide] well-functioning housing markets in [the] long term" (ICA 2012, p.71). Under the revisions, member home owners are now required to self-finance about 75-80 per cent of the development cost, while the cooperative takes out a mortgage for the remainder (ICA 2012). Cooperative home ownership has been achieved through the non-speculative and collective, rather than individual, ownership of land, even though shares in the cooperative are bought and sold on the open market.

Housing cooperatives in Sweden have been described as a combination of owning and renting and that "the various combinations of owner occupier equity and joint mortgage responsibility make it particularly flexible and adaptable" (Kemeny 1981, p.10). The Norwegian and Swedish housing cooperative model is not necessarily affordable to every household but it is claimed that good quality housing in a cooperative is, despite the altered government policy environment, still more affordable (ICA 2012, p.71). However, Kemeny (1981, p.93) correctly foresaw future problems for housing cooperatives emanating from the flight of higher income households into home ownership.

Germany was influenced by 19th century British examples of cooperative housing. The country's first owner-occupied housing cooperative was founded in Hamburg in 1862 and the first rental cooperative was established in Hanover in 1885 (ICA 2012). However, half of all cooperative dwellings were constructed between 1949 and 1970, including many large scale developments of up to 7,500 units in the then communist East Germany under the 1953 *Law of Workers' Housing Cooperatives*. However, even in the West there are 25 cooperatives containing more than 5,000 dwellings (ICA 2012). In total, there are 1,120 housing cooperatives in the West and 740 in the former East of the country. Following reunification in 1989 cooperatives in the East have faced high vacancy rates due to

migration to the West (ICA 2012). Since 1986 there has been a decline in new housing cooperatives and an Expert Commission was established to recommend ways to strengthen the tenure as a third sector alternative (ICA 2012).

There are nearly 2.2 million non-equity cooperative dwellings in Germany which comprise about five per cent of the total housing stock, and they provide housing for 4.6 million people, or six per cent of the country's 81 million people (Table 1.1). Resident members purchase a share in the cooperative which is reimbursed when they leave but non-resident members, individuals and legal entities, who do not possess voting rights, can invest in cooperative developments and earn a nominal four per cent interest (ICA 2012). Forty housing cooperatives also own their own savings institutions. In these instances investors in term deposits provide working capital for the cooperatives. There is no German federal government assistance and housing cooperatives must fund their own finance through member contributions and mortgages (ICA 2012).

In Austria, population 8.4 million, the oldest housing cooperative dates from 1895 and the first limited profit development was in 1907 (ICA 2012). Austria bases its cooperative sector on both non-equity rental and limited profit models which combined have delivered 20 per cent of the country's dwellings since 1945 and comprise 18 per cent of the total housing stock (Table 1.1). The country regulates its housing cooperatives under the *Cooperative Act* and the *Limited Profit Housing Act*. There are two cooperative umbrella organisations, each comprising about 100 companies, who build dwellings for rent or sale to their members. At the end of 2010 these two organisations had built between them 795,000 dwelling units since the end of World War II, an annual average of around 15,000

homes (ICA 2012). Of the total built, 549,000 or two-thirds, were for rent and 246,000 for owner occupation.

The Austrian government requires that each cooperative member company has an obligation to build for their members in order to retain their status. There are income limits for future tenants and owner occupiers and each cooperative is required to allocate some units for tenants referred by public authorities (ICA 2012). Housing cooperatives have access to public financing and 90 per cent utilise this funding mechanism which provides low interest long-term mortgages that cover 30 to 70 per cent of the construction cost. Financing arrangements may also provide an annual grant to reduce mortgage repayments instead of mortgage finance, or a combination of both finance and grant. Once a non-equity cooperative has repaid its loan, the rents become regulated (ICA 2012).

Switzerland's population is 7.6 million and it is one of the few countries in the world to guarantee a right to housing, under Article 108 of its constitution and also under the Federal *Housing Act* of 2003. Housing cooperatives commenced at the end of the 19th century, stimulated by the country's long tradition of community involvement and self–help. One of the oldest cooperatives is in Basle and was funded by an excess profits tax levied during World War I (ICA 2012). Cantons (local government areas) and the larger cities offered support through finance and land availability in the form of a 'right of use'. All cooperative housing is rental and the land is also owned by the cooperative. Average rents in a cooperative are about half that charged in the private sector in some areas (ICA 2012). There was a large expansion of cooperative housing after World War II but in the 1970s the momentum began to decline. Nevertheless, in Zurich, 23 per cent of new housing from

2001 to 2003 was built by housing cooperatives and the tenure comprises 20 per cent of the city's stock. In 2008 1,000 cooperative dwellings were built in the city (ICA 2012).

In 2008 there were 172,000 dwelling units in housing cooperatives in Switzerland comprising 5.1 per cent of the housing stock (Table 1.1). Cooperative housing receives support from the Swiss government and since 1991 seven to 10 year bonds have been issued for cooperative and not-for-profit housing and these have funded the construction of 30,000 dwellings (ICA 2012). The banks provide up to 80 per cent of funding and a housing confederation of non-profit housing organisations also provides access to additional funding and guarantees bond issues. The average size of Swiss housing cooperatives is 138 units, but there are 25 containing over 1,000 and the largest, in Zurich, contains 4,600 dwellings (ICA 2012).

In summary, cooperative banks and building societies play a key role in the financial structures of housing cooperatives and in the promotion of cooperative values. There are some 4,000 cooperative banks in Europe with 66,000 outlets, 50 million members and 170 million customers, comprising a 20 per cent market share (Guider 2012). Cooperative banks are said to possess local knowledge from which to apply lending criteria and build up long-term relationships with borrowers and this local customer base generates loyalty (Guider 2012). Moreover, the role of members has influenced cooperative banks' decision-making processes which have resulted in conservative lending practices and consequently less volatility during the Global Financial Crisis (GFC) that began in 2008 (Guider 2012).

The development of housing cooperatives and cooperative financial institutions in the selected European countries discussed above demonstrates the many different forms that

cooperatives can take as a contributor to the supply of affordable housing. It shows that it is possible for cooperatives to be a viable alternative tenure to the dominant housing sectors. The European examples illustrate that cooperatives can be quite large in scale and that there are many diverse funding mechanisms that have been successfully implemented in their delivery. The operational principles of the tenure have proven successful over more than a century and across several different types of organisational structures. Crucially, housing cooperatives in most of the European countries discussed have been aided by government support, the union movement and a prominent cooperative banking sector.

1.10 Development of housing cooperatives in Australia

Housing cooperatives in Australia have a short history compared with many European countries and the reasons for this can be explained through a general review of the Australian cooperative movement. The first examples of the cooperative concept in Australia were the establishment of terminating building societies in the 1840s (Hill 1959). As their name suggests, these societies were wound up when all their members were housed but permanent societies were established in 1860 (Hill 1959). The first Rochdale-type consumer cooperative was founded in Brisbane in 1859 followed by retail stores in Newcastle (Lewis 1992, p.xiv). In 1860 there were two cooperatives on the northern New South Wales coalfields, one of which attempted to own and operate a mine (Lyons 2001, p.7).

In the 19th century rural cooperative-type settlements were established including some by religious orders such as Lutherans, Moravians and English Christian Socialists (Metcalf 1995). They were organised on communal sharing principles but many settlements were short-lived due to a combination of poor leadership, inexperience and internal factionalism

(Metcalf 1995). Members cooperatively owned a tract of land where dwellings were constructed by the group and agricultural or horticultural production was undertaken (Lewis 1992, p.241). Infield (1956, p.94) observed that as new rural cooperative communities formed, "they reveal some of the mechanisms which must have been at work in the origins of civilized society".

Legislation was passed in 1893 in all the Australian colonies, except Western Australia, for the development of workers' rural cooperatives in an effort to combat urban unemployment (Lewis 1992, p.38). The fledgling trade union movement assisted in forming cooperative village committees that oversaw three settlements in New South Wales totalling 800 people (Lewis 1992, pp. 38-40; Metcalf 1995, pp.25, 26). The settlements lasted only three years before they were accused of being anti-government and communistic, which resulted in the withdrawal of government rations for the unemployed settlers (Lewis 1992, p.40). Although short-lived, the settlements were compatible with the Rochdale Pioneers' principles "to purchase or rent land for the unemployed" (Lewis 1992, p.xxii). Urban housing cooperatives, however, failed to take root in Australia at this time. In the 19th and early 20th centuries land was an abundant and cheap commodity in Australia, even in urban areas, compared with the United Kingdom and most European countries.

Unlike in many European countries, however, the possibility of forming urban housing cooperatives in Australia received little or no support from the country's trading cooperatives. A long-standing principle of the cooperative movement is that cooperatives should assist other cooperatives. In the first half of the 20th century trading cooperatives in Australia failed to unite around any shared ideals and objectives due to internal factionalism, the lack of cooperation between producer and consumer cooperatives and

disputes over dividend policies (Lewis 1992, p.253). In the 1920s the cooperative movement was also rocked by scandal, fraud, ideological differences and hostility between urban and rural cooperatives (Lewis 1992, p.68; Lyons 2001, p.8). Due to dissension within the Australian cooperative movement political support, which may have been garnered from the Australian Labor Party, was lost (Lewis 1992, p.xxiv). In contrast, the United Kingdom and Canadian cooperative movements received significant support from the political wings of their labour movements (Infield 1956; Lewis 1992) and in the United States from the labour unions directly (Sazama 1996, 2000; Eisenstadt 2010).

Nevertheless, despite the internal ructions within the Australian cooperative movement, a *Co-operation Act* was passed in the New South Wales State Parliament in 1923. It was proposed that a cooperative land bank would be created "to make advances on broadacres [to] assist cooperation finance" (Lewis 1992, p.93), but the bank was never established. A suggestion from prominent Melbourne businessman, J.A. Bourke, that the cooperative movement abandon its fixation on the working class and take a more entrepreneurial approach that would attract investors was regarded as far too radical (Lewis 1992, p.158). The idea of a cooperative's bank was revived in 1943 and another proposal received support in 1953 but to no avail (Lewis 1992, pp.175, 203). In 1957 the Australian cooperative hierarchy went so far as to publicly renounce the movement's Rochdale principles (Lewis 1992, p.335). In 1972, the newly-elected Whitlam Labor government expressed support for cooperatives and raised the prospect of a cooperative's bank, but once again the idea floundered (Lewis 1992, p.223).

In the early 1970s a rural alternative lifestyle movement began to emerge. Communes were often associated with 'hippies', but the proponents of many rural communes in Australia

were young, middle-class tertiary educated professionals (Metcalf 1995). An unfortunate side-effect of rural communes, however, was a misconception on the part of some local government officials and members of the public to associate urban housing cooperatives with rural hippy communes (FFHC 1987, p.48; FOHCOL 2010, p.11). This attitude, combined with a fear of higher density dwellings or different types of housing or people in their suburbs, resulted in the formation of resident protest groups (Radford & Sarris 2002, p.32; Crabtree 2005, p.339).

In the early 1980s, when support for public housing began to wane, some state governments investigated housing cooperatives as a self-managed organisational structure that could be developed as a possible adjunct to public housing. Government funding has generally been an essential ingredient for the establishment of housing cooperatives in Australia and this was often determined by the political philosophy of the governing party in office at the time. For example, in South Australia between 1983 and 1989 the Labor state government increased the number of cooperative dwellings from three to 131. The then housing minister, Terry Hemmings, stated that:

> I felt that the cooperative was the way to go, you're in control of your own
> destiny and when you're in control of your own destiny you'll fight to defend
> it, and improve it far greater than any other way. (quoted in Kilner 2002, p.67)

Despite this apparent endorsement, a change of state government in 1993 following the collapse of the State Bank saw support for housing cooperatives in South Australia largely withdrawn in favour of housing associations in order to consolidate the housing sector and minimise financial risk to the government.

The main precursor in Australia for non-profit urban housing cooperatives in the 1980s was the general lack of affordable housing and the gentrification of older stock (Atkinson, Wulff, Reynolds & Spinney 2011). Gentrification occurs when wealthier middle class in-movers purchase and renovate run-down inner and near city properties. The result of this process is that 'gentrifiers' dislodge lower income people who can no longer afford to buy or rent a home in those areas that were traditionally associated with working class housing (FFHC 1987). In response to this situation, concerned housing groups formed in all mainland capital cities to debate responses to the lack of affordable housing. In 1983 and 1984 respectively, the Victorian and New South Wales state governments developed small cooperative housing sectors and these are still the largest in Australia.

Victoria has about 2,200 cooperative dwellings placed under the auspices of one umbrella organisation, Common Equity Housing Limited which holds the property assets. Sixty-five per cent of start-up funds for CEHL were provided by the state government and this financial arrangement required that 65 per cent of residents must be eligible for public housing (CEHL 2009). Common Equity housing in New South Wales has, in 2011, 428 dwellings in 35 cooperatives that house over 900 people and the government provided funds to build or buy properties (CENSW 2011; Gilmour 2012). By comparison, in Western Australia, one of the study locations of the thesis, there are only 90 homes in nine housing cooperatives for which part-funding was provided by the state public housing authority or by federal government grants. All non-equity housing cooperatives in Australia are associated with the social housing sector and generally there is a requirement that residents must also be eligible for public housing (CEHL 2009; CENSW 2011; FOHCOL 2011).

Housing cooperative members pay either the market rate for their housing or 25 per cent of their gross income. Residency operates through a combination of membership, occupancy rights and the payment of rent to the cooperative. Residents live in their own self-contained private dwelling but in some cooperatives they may also come together for shared meals and other social occasions and for management meetings in a common space. The dwellings are vested in the cooperative through a trust deed, head lease or debenture arrangement from the state housing authority and their legal structure is incorporated under an appropriate Parliamentary Act (Cheong 2011, pp.10-15). However, cooperatives' association with the public housing sector and dependence on government funding has stifled their potential growth. This reliance has resulted in cessation of further developments when funding is withdrawn or a change of government leads to an altered housing policy environment.

Consequently, there may be greater opportunities for new housing cooperative developments to occur outside of the public housing realm as Cheong (2011) suggests. Drawing on the Australian and overseas housing cooperative case studies, their funding mechanisms, and the lived experience through the voices of the consumers of the housing, the thesis investigates the potential of housing cooperatives to contribute to the affordable housing stock in Australia.

1.11   Structure of the thesis

This chapter introduced the primary and secondary purposes of the thesis. These were to record the lived experience of the consumers of housing cooperatives by asking them directly and to investigate how cooperatives may contribute further to affordable housing strategies in Australia. The chapter outlined early cooperative history and the rise of

housing cooperatives in the United Kingdom and Europe. The lack of support from trading cooperatives, the union movement and political parties for housing cooperatives, it was suggested, delayed their establishment until recent times compared with many European countries It was then argued that neo-liberalist principles of individual self-reliance, privatisation and revised housing priorities had presented a hostile environment for the development and expansion of housing cooperatives in Australia from the 1990s. This was due to cooperatives' association with the public housing system and reliance on government funding at a time when public support for such housing and funding was decreasing. These factors enable an understanding of the reasons for the comparatively late entry of housing cooperatives in Australia and their lack of growth as an affordable housing tenure. It was suggested that in order to further expand housing cooperatives in Australia it may be necessary to create new developments outside of the public housing system and to investigate alternative methods of financing.

Chapter Two introduces the theoretical basis of the thesis and reviews the pertinent housing literature. The chapter first discusses the theories and concepts of resident self-selection, social constructionism, property ownership, residential security and social capital. These are explored predominantly through Michelson's (1977) theory of congruence; Jacobs, Kemeny and Manzi's (2004) work on social constructionism; Reeve (1986) and Ryan's (1987) theories on property ownership; Giddens' view of ontological security (1990) and Putnam's (2000) writings on social capital. The chapter then discusses the various associated meanings of the term 'home'. It notes the differences attributed to age and gender meanings of the term; the emotional meanings of home and the attachment to second homes.

Chapter Three examines the structural context of housing provision in Australia since World War II. The post-war era is discussed in the context of the long economic boom of the 1950s and 1960s and the Liberal federal government's encouragement of home ownership policies through favourable taxation structures as well as bi-partisan political support for public housing. The chapter continues by identifying barriers to affordable housing, and the causes of housing market failure that have led to housing stress and social exclusion. It notes that the demographic composition of Australia is changing due to population ageing and societal changes that result in smaller households, more single parent families and lone person households. The chapter argues that the changing political environment starting in the 1980s led to a shift away from public and government support for public housing and globalisation and deregulation led to further inequalities in housing.

The fourth chapter discusses the methodological framework used in the thesis and the literature that supports it. Justification is made for the use of case studies in the research and for an international housing research component. While the drawbacks of the latter are acknowledged, it is argued that it is appropriate to gain knowledge of overseas housing markets that may have possible application for Australia through transferrable models and lessons learned. The development of the resident and key informant interview themes and the selection of the eight case study sites in Australia, the United States and Canada are then described. The fieldwork methodology collected information from housing cooperative members through in-depth resident interviews and this was complemented by key informant interviews. The chapter concludes with a discussion of the fieldwork methodologies used to collect the data and addresses issues of participant confidentiality.

Chapter Five presents the four case studies of non-equity housing cooperatives in Fremantle, Western Australia and this is followed by an assessment and analysis of the fieldwork data. This chapter examines the political context and background and initial sources of funding to develop the four cooperatives. It analyses the residents' opinions of their housing as expressed through their narratives. These interviews form the basis of the residents' lived experience in housing cooperatives within the public housing system in Australia. As in the succeeding case studies in the United States and Canada, with one exception, each case study follows a similar format. This comprises an analysis of the interviewees' narratives through their self-selection into the housing cooperative, levels of residential satisfaction, negative perceptions and conflict, levels of social capital and ontological and physical security.

Chapter Six discusses the investigation of case studies of two part-equity housing cooperatives in the state of New Hampshire in the United States. This chapter not only analyses the resident interviews but also examines the funding structures used in the formation of these cooperatives. The availability of financial mechanisms outside the public sector is one of the key aspects to the successful formation of new affordable housing cooperatives. The possibility of transferrable models and lessons learned may, if they were to be successfully implemented, contribute to the increase and diversity of affordable housing in Australia. The funding model of the New Hampshire Community Loan Fund and its national successor, Resident Owned Communities USA (ROCUSA), is examined in the context of the possibility of the establishment of a similar institution and financial mechanism in Australia.

Chapter Seven focuses on two non-equity Canadian housing cooperatives in the city of Winnipeg, Manitoba. Unlike Australian cooperatives, the Canadian Cooperative Housing Program operates outside the public housing system. The Canadian federal government sponsored what is reputed to be a successful housing cooperatives program from 1973 to 1992 and still continues in a reduced form under the jurisdiction of the provincial governments. The first case study housing cooperative was completed in 1966 and was a model for the subsequent cooperatives program. The second housing cooperative investigated was completed in 2009 and is representative of the post-cooperatives program era in Canada. This cooperative was chosen because it was known to have incurred systemic problems and it was included in the study because valuable lessons could be learned from the experience. The Canadian cooperatives program is examined in the context of its potential to be adapted to the Australian housing situation and for non-equity housing cooperatives to develop independently of the public housing system.

Chapter Eight discusses the secondary aim of the thesis which asked how, and by what means, could the small housing cooperative sector in Australia expand and contribute more dwellings to the country's affordable housing stock? The chapter notes the barriers to the expansion of housing cooperatives in Australia. Essentially, these are cooperatives' reliance on government funding and its association with the public housing sector. The chapter then discusses the possibility of adapting and transferring workable models from the United States and Canada to the Australian housing situation. It suggests that through different and more innovative funding methods both non-equity and part-equity housing cooperatives may have a greater potential to expand outside of the public housing system in Australia and therefore contribute more dwellings to the affordable housing stock.

The final chapter reviews the primary aim of the thesis which was to investigate housing cooperative residents' lived experiences through their own narratives. The section reprises the theoretical underpinnings of the thesis, its concepts and perspectives and the relevance of the research to the Australian housing situation. It pinpoints emerging issues that may need to be addressed if housing cooperatives are to expand in Australia. The thesis suggests that the existing public housing model and perceptions of housing cooperatives in Australia need to be rebranded. Cooperatives developed outside of the public sector and marketed to a new generation of housing consumers as an innovative and vibrant addition to the stock of affordable housing may gain greater public acceptance and attract private funding. Final conclusions are then drawn from participants' narratives of their lived experience in housing cooperatives.

Chapter Two

Approaches to the understanding of home in the 21st century

2.1 Introduction

This chapter establishes several multi-disciplinary theoretical frameworks underpinning the thesis, none of which can be treated in isolation. These frameworks are grounded in property ownership, politics, geography, sociology and economics. They also encompass housing affordability, supply and demand factors, land-use planning, employment and income levels and consumer sentiment (Sewell 1994). The structure of housing provision and individual agency shape a country's housing policy (Dalton 2009; Clapham 2005). Housing theory transgresses disciplinary boundaries and cannot be applied to a single theoretical framework. Similarly, the meanings of home and community are also wide-ranging and contested concepts (Arias 1993; Ravetz 1995; Mallett 2004). A non-equity housing cooperative supplies shelter to its members through at cost housing. It provides a social good but also should be recognised as a business enterprise and operated in adherence to the principles of good governance and sound financial management (Merrett & Walzer 2004). This chapter discusses the thesis' theoretical frameworks of self-selection, social constructionism, ownership of property, meanings of home and community and social capital.

2.2 Self-selection theory

Eighteenth century philosopher David Hume argued in 1757 that it is not possible for a person to make an unprejudiced evaluative judgement (Gracyk. 2009). In terms of housing, Gans commented that apart from slums "every household is entitled to its own preference" (1982, preface). However, perceptions of what constitutes a preferred type of housing are often skewed by middle class standards or ideals. The consumers of housing forms

considered to be dissimilar from the mainstream often self-assess their housing situation differently from housing officials (Seelig & Phibbs 2006; Newton 2008).

Positivism assumes that householders perceive their circumstances in exactly the same way as housing officials (Jacobs *et al.* 2004, p.96) but householders may assess their housing in terms of nearby accessibility to employment opportunities, shopping and public facilities and good public transport. Occupiers of lower standard but conveniently situated near-city housing have been reluctant to leave for new and better houses built on estates in suburban fringe areas (Barnett & Burt 1942; Forrest & Kearns 2001; McBane 2008). Housing officials have frequently neglected to ask householders' opinions. For example, prefabricated homes (prefabs) built in post-World War II Britain "were almost unanimously praised by those who lived in them" (Gray 1967, p.39) but many residents were relocated against their will into what housing officials deemed better accommodation, such as high-rise tower blocks.

The theory of congruence is central to housing self-selection processes as it examines the interrelationship between environmental choice, human behaviour and residential satisfaction (Michelson's 1977). While an understanding residents' self-selection into housing cooperatives is important to the thesis, a major flaw in the theory is that it assumes all households have an equality of choices from which to select. Michelson (1977) developed an environmental behaviour model following a four year study of 761 households in Toronto that commenced in 1969. The outcome formed the basis of the theory of congruence, which states that an evaluation of housing is only possible "through the understanding of the *relation* of aspirations to market availability" (Michelson, 1977, p.6, original emphasis). In order "to learn what people bring to their housing require[s] an

understanding of why they choose their housing" (Michelson 1977, p.15). Residents may self-select into housing cooperatives because they have a belief in the principles of cooperation and community living or self-selection may represent a constrained choice due to the lack of alternative housing choices within a household's financial means. Michelson (1977) argues that pre-existing traits and behaviours determine a residential location and therefore the choice of dwelling is influenced by these factors.

The underlying questions posed by Michelson (1977, p.5) are: to what extent does a particular residential environment attract a particular type of resident and to what extent does a particular way of life become attractive in a particular physical setting? Michelson claims that people's actions are a direct result of their situation at a particular point in time and therefore such actions may have been different in another situation or context. The congruence between households and their housing emphasises the matching of people to their dwellings. However, Michelson (1977) also points out that matching is not, in itself, enough to explain the implications of why people select a particular type of dwelling and location.

Michelson considers that a person's lifestyle as the most important variable in self-selection into different types of housing (1977, p.27). Self-selection, Michelson asserts, occurs when "people moved to be with greater numbers of persons who were *already like themselves*" (1977, p.17, original emphasis). Gans observed in his seminal late 1950s study of large-scale housing developments in Levittowns that some people "were very much concerned about not knowing [their] neighbours beforehand" (1982, p.45). Michelson explained that "people with already established behaviour patterns wish to continue to develop them by selecting congruent housing types and locations" (1977, p.222).

Michelson's (1977) work, to a large extent, is based on people who were able to make their own residential and environmental choices unencumbered in their selection of a home, compared with housing cooperative residents. Participants' evaluation of housing in Michelson's theory is made possible "through the understanding of the *relation* of aspirations to market availability" (1977, p.6, original emphasis). Thus housing choice is a function of a person's situation at a particular point in time and will likely be different in another situation and time. Michelson rarely mentions 'affordable' housing, but in terms of residential satisfaction he observes that, "despite whatever negative features are indicated about various forms of housing, most families are nevertheless minimally satisfied with it" (Michelson 1977, p.359). While this may be so, it nevertheless masks social inequalities in the housing market by constraining some people's choice on the basis of their inability to pay.

Most people tend move into communities of others with similar economic and social characteristics and values as themselves (Form 1958; Gans 1982; Forrest & Kearns 2001). People who move voluntarily to another home are most likely to do so to achieve home ownership status (Rossi 1955), or to improve on that status by moving to a larger home in a more desirable neighbourhood (Ball 1983; Miron 1993; Clapham 2005). Some people's self-selection may be made on the basis of age in the case of retirement communities (Heintz 1976; Hunt 1984; Lucas 2004); or because safety fears propel the desire to reside in a gated community (Lang & Nielsen 1997; Helsely & Strange 1999). For some individuals a move to a particular location or housing type may be conditioned by personal circumstances at the time such as relationship breakdown or financial difficulty.

Some suburbs and locations are symbolic of attractive lifestyles but the opportunity to self-select to live in them is rationed by cost and thus some residential environments are not able to be freely selected by all who have a desire to live in them. Select environments are often subject to local government planning requirements that exclude the less affluent (Brown, Sherrard & Shaw 1969; Thompson 2007). Higher density affordable housing in low density suburbs is perceived as a threat by the established community amid fears of a reduction in their property values and an invasion of people "not like them" (Radford & Sarris 2002, p.32). This has led to the formation of organisations such as 'Save our Suburbs' (Forster 2004, pp.156-158) through a belief that "property values derive their value from surrounding properties" (Mann 1976, p.19).

2.3   Social constructionism

Social constructionism is acknowledged because access to people's opinions of their housing and social environment is mediated through language and narratives. Social constructionist thought emerged in the 1970s and provides key insights into how knowledge is generated and the role played by language in how meanings attached to home, community and the residential environment are understood (Jacobs *et al.* 2004). Clapham's (2005) 'pathways' approach argues that social constructionism's understanding of a household's residential situation is mediated through discourse and the interaction of individuals within a broader social context. Constructionism's bases are grounded in a human construct of understanding or a material world through which access is mediated by narratives which frames the way that issues or problems are presented (Stake 1995, p.99; Sandelowski 1991; Gilmour 2009, p.115). While the value of constructionism to the thesis is acknowledged, there are problems that should be recognised. Principally, King points out that constructionism is itself a form of discourse which in turn is communicated in

some way and therefore "everything is discourse". (in Jacobs *et al.* 2004, p.37). Furthermore, King observes that in the housing sphere "our housing allows us to distinguish ourselves, and this demonstrates a high degree of cognitive competence that is denied by social construction" (King in Jacobs *et al.* 2004, p.43).

Nevertheless, constructionism is insightful. Travers *et al.* (2011, p.7) suggest that it enables different views to be accepted and it allows the researcher to adopt a neutral position. The role of language and discourse and the way that a 'housing problem' is framed by media reporting, for example, 'affordable housing' or 'public housing', may have a profound effect on policy responses and the way in which the public perceive it (Jacobs 2006; Schwartz 2006; Atkinson & Jacobs 2008). In Australia, the way a housing situation is framed by the media will form a broader perception of how stereotypical public housing tenants are reinforced by populism and play a "crucial role ... in framing narratives that link public housing with poverty and crime" (Jacobs *et al.* 2011, p.5). On the other hand, a positive report may engender support for a particular type of housing or minimise objections. Jacobs *et al.* describe how,

> our perception of the material is affected by the way we *think* or *talk* about
> it [and] by the way we *explain* it to each other [therefore] "*our access* to the
> material world is mediated through language and discourse.
> (2004, p.3, original emphasis)

Discourse analysis highlights alternative meanings attached to housing by different households and how these meanings may change over time and place (Lund 2006, p.11). Lund (2006, p.14) regards constructionism as an epistemological position rather than a coherent theory because it allows explanations to challenge existing assumptions. This form of research is conducted on the ground in the real social world by real people through

qualitative in-depth interviews, rather than through desktop analysis (Jacobs *et al.* 2004, p.64). Constructionism places emphasis on the interactions of individual households and assumes that their knowledge is sufficiently robust to explain their actions in any given situation (Lund 2006, p.10).

The 'Pathways' approach to housing research is deeply embedded in constructionist theory (Clapham's 2005). It is used as a framework to understand the meaning of housing which focuses on the perceptions, attitudes and interactions of households, and where housing has become symbolic of personal fulfilment, prestige and status. Households derive meaning from their consumption of housing which influences their decision to live in a particular style of house or location (Clapham 2005, p.33). Clapham regards households' perception of reality as justification of why things are and why people act in certain ways. He observes, "the nature of social order in the society will depend on the ability of people to be able to sustain a particular version of reality as being the objective truth" (2005, p.20). The composition of a household also influences the decision to buy or rent a particular home and therefore Clapham sees few alternatives other than "to use the concept of the household as the basic unit of analysis in housing" (2005, p.26).

Discourse analysis is broad ranging but constructionism supports international comparisons. It allows the discourse to be understood in the location where it takes place, and enables an evaluation of textual analysis by way of interview and a discourse analysis of the spoken word. Comparative constructionism, in the words of Jacobs *et al.* (2004, p.159), "allows cross-national evaluation to be made avoiding simplistic judgments based upon national assumptions [and] it can broaden horizons of research, learning lessons from other cultural texts".

2.4   Ownership of property

There is an underlying assumption in Australia that home ownership is the ideal form of tenure and the one to which most households and individuals aspire (Badcock & Beer 2000). In a pluralist society, economic theory states that consumers should be able to freely choose goods and services on an equal basis in a competitive market place and that free enterprise will efficiently meet the supply and demand through the unfettered operation of the market (Friedman 1980). However, the housing market suggests that the 'perfect' market is nothing more than a theoretical construct (Reeve 1986, p.95) and Ryan (1987, p.108) asserts that "efficiency in the economist's sense has nothing to do with justice".

The private ownership of a dwelling on its own block of land symbolised individualism, self-reliance and fulfilment of the Australian dream. In most Western industrialised democracies the ownership of property is linked to political power and the capitalist market economy but in recent decades it has also become connected with issues of social justice (Mann 1976; Macpherson 1978; Reeve 1986). Ryan (1987, pp.1, 2) identifies two separate problems with the ownership of property. First, there is a moral question of why anyone should have the right to own property because the private ownership of land results in injustice and inequalities. Second, there is a structural problem where, he argues, without recognised property rights, prosperity would be unattainable. Ryan (1987, p.96) claims that property rights, government and the legal system developed simultaneously in response to the need to protect property and he thus establishes a distinguishing difference between property and the *need* for private property and land.

The industrial revolution of the 19th century led to urbanisation in the United Kingdom, from which the modern concept of the ownership of private property began to emerge and

the commodification of land became another form of capital investment (Reeve 1986). The major English-speaking democracies initiated, institutionalised and supported a system of recording the ownership of land and real property in a central register without which the modern property market would be unable to operate effectively (Mann 1976). Macpherson (1978) argues that in these countries there is a relationship between property and political power. According to Macpherson (1978), property is a man-made institution and means 'rights' rather than 'things'. These rights are supported politically, enforced by the state, and include territorial rights to exclusive use of the property and the right to exclude others from such privately owned property.

Marxism provides an opposing view to the private ownership of property. Marxist theory states that with the rise of capitalism in the 19th century, and capitalists as the owners of the means of production, it created a necessity for the labouring classes to work in order to exist and to sustain an aspiration to own property (Gemkow 1968). Working conditions in the 19th century and the Fordist method of production in the 20th century reinforced Hume's earlier suggestion that the human condition is disinclined to labour because work is often unpleasant (Cooke 1990). Therefore an incentive to work was required and this was presented in the form of home ownership (Reeve 1986, p.117; Harvey 1989a). While the ownership of property may have been considered the basis of individualism and freedom, it also inextricably bound workers to the capitalist form of production. Marx argued that labour was alienated and was connected to various causes symptomatic of capitalism including the ownership of private property, monopoly, competition and the monetary system (Reeve 1986, p. 144).

Marx rejected private property but advocated for socially owned property on the basis that this would bring forth creative human effort (Reeve 1986, p.116). Marx argued that housing problems are class based and within the tenure system there is a relationship between the dominant class of property owners and developers whose interests are advanced by home ownership and capitalism and the consumption of territory (Mingione in Harloe 1977, p.93). Ridley-Duff argues that historic perceptions of the cooperative movement were affected negatively by Marx because "they reproduce[d] all the shortcomings of the capitalist system" (2009, p.51). Another view is that incorporating the working class into the dominant ideology of capitalism strengthened capitalists' interests and control (Ball 1983, p.283). Marxism only supported cooperatives as a demonstration that working class people could successfully manage an enterprise but they were regarded as a threat to the Marxist theory of worker alienation (Lewis 1992, p.253).

The concept of mass home ownership in Anglophone countries is a phenomenon that emerged only in the second half of the 20th century and was actively encouraged by government policy (Kemeny 1981). Home ownership developed into an expectation of income through capital gain that can be cashed out (Macpherson 1978, p.8). Since World War II, capital gain has come to be synonymous with home ownership and an expectation by most people in Anglophone countries (Miron 1993; Greig 1995; Badcock & Beer 2000; Clapham 2005; Bratt *et al.* 2006).

The attraction of owner occupation is conditioned by the lack of alternative housing choices (Kemeny 1981). Public housing, for example, even if it was more widely available, has become a stigmatised tenure in Australia (Jacobs *et al.* 2011). Reeve (1986, p.76) asserts that the private ownership of property is an expression of individual personality and this

explains the present day psychological and emotional attachment to home. Private property ownership has been regarded as a source of personal gratification and self-expression and home is the site of personal identity and status (Fox 2007, p.168). As McKay *et al*. expressed it, "we want our home to belong to us, to be our territory, to be a place we can proclaim as our personal domain – and we want this to be apparent from the street" (1971, p.44). Home ownership status, as Michelson (1977, p. 54) notes "confers sovereignty of a sort, over what occurs within the dwelling and on the ground outside". Ultimately, home ownership gives the owner the satisfaction of being able to pass it on as an inheritable asset (Ryan 1987, p.59).

Privately owned real estate is thought to be conducive to more stable communities and it is suggested that home ownership provides the most benefit to society as a whole. In the United States, for example, it is claimed that home ownership leads to wealth creation, neighbourhood involvement, a stronger democracy, community building, family stability, productive employment and an interest in looking after the property (Retsinas & Belsky 2002; Colton 2003; Ford Foundation 2003; Schwartz 2006). In Australia, it is argued that home ownership provides better links to education and services as well as greater social cohesion and diversity (Dunstan 2006; Beer & Faulkner 2007; Gurran *et al*. 2008). Downside to home ownership is that it requires high levels of debt equity to sustain it and creates an immobile population (Halligan & Paris 1984, p.189; Gleeson & Low 2000, p.100).

2.5   Meanings of home

Early meanings of home in the 19th century were associated with family life and a safe haven which were established by the new urban middle class (Harevin 1991). These

meanings were stimulated by industrialisation and the invention of new home appliances that enabled the construction of self-identity and status. During the Victorian era the connection between house, home and the land upon which it stood began to be emphasised (Clark 1986). The internal domestic environment was symbolised by the home's interior design, decoration, furnishings and appliances through which individuals expressed themselves (Allan & Crowe 1989; Ravetz 1995; Gillis 1996; Edwards 2005). Complemented by external landscaping, the home made a statement that represented the occupants' individuality and the site of personal identity and standing in the community. However, prior to World War I, the working class had a different view of their home accommodation. For them, "a home of one's own meant, not a dwelling that one owned, but one not shared with another family, with its own front door" (*Mass Observation* 1943, quoted in Ravetz 1995, p.206).

The austerity of the 1930's Great Depression and World War II brought a new meaning to low to moderate income people's image of the ideal post-war home. It would be a lived space of interaction between people and material things and an experience of being in the world (Mallett 2004). A United Kingdom report in 1942 stated that in order to be a home it should not be regimented or standardised but have elements of individuality and be recognisable as a home, together with a high level of appliances (cited in Vale 1995, p.101). The early post-war period in Australia engendered increasing middle class values and aspirations and higher levels of home ownership and a new concept of home which was also adopted by the working class. The new-found economic confidence inspired by the Fordist method of mass consumption and media advertising sparked the accumulation of a new range of home appliances which gave additional meanings and status to the home (Greig 1995).

The central place in most people's lives is the home and the community in which they live. Giddens explains the meaning and experiences of home in terms of ontological security which he defines as "the confidence that most human beings have in the continuity of their self-identity and in the constancy of the surrounding social and material environments of action" (1990, p.92). Jorgensen (1989, p.14) observes that "[i]n the course of daily life, people make sense of the world around them; they give it meaning and they interact on the basis of these meanings". According to Jackson (1987, p.67), the presence of real people in real situations influences what happens around them. By contrast, Stake suggests that people may see things differently, or hold multiple realities, because of their previous life experiences (1995, p.43). A house and home came to have a meaning and these meanings are shaped by the location as a setting for everyday life, construction of identity, by symbols of status and how the householder wishes to be perceived by outsiders (Norberg-Schulz 1984; Ravetz 1995; Clapham 2005).

Meanings of home exist on several levels through interaction between identity and lifestyle of households and their type of home. Clapham (2005, p.33) states that, "the meanings that households derive from their consumption of a house are important to their decision to buy". Clapham's 'pathways' provides a framework to the meaning of housing through the perceptions and attitudes of households: "The achievement of self-esteem and a positive identity through a chosen lifestyle are said to be an important element of households' housing choices" (2005, p.1). Fox (2005, p.201) notes that meanings demonstrate "the values which people attach to property that they occupy as a home". Arias (1993) observes that, "meanings of home grow out of a great mixture of history and transactions that people have with their place of residence" (1993, p.xv). Arias contends that "use gives meaning to

housing, and at the same time meaning guides how housing is used. How housing is used and what it means to those who reside in it" (1993, p.1).

Attachments to a home may range from family and nostalgia through to status and wealth and form part of people's identity. The construction of self-identity is bound up with the choice of housing and its location in order for the home to reflect the status and contemporary lifestyle of its occupants. However, the ranges of individual households' meanings towards their houses "are influenced by wider meaning structures associated with discourses of family, home and tenure" (Clapham 2005, p.117). Although the home is regarded as a special type of property, over time as the household or family composition alters, the meaning and use of housing also alters (Kearns, Hiscock, Ellaway & McIntyre 2000, p.391).

People desire a secure home they can call their own regardless of income or how modest the home may be (Kremarik & Williams 2001, p.17). Irrespective of the built housing form or type of tenure, most occupants still have an emotional attachment to their homes. Caravans and mobile homes, for example, are essentially basic accommodation "but [are] meaningful and consistent to those involved in the process" (Hardy & Ward 1984, p.278). Newton points out that contentment within a caravan park community can also reflect self-identity, continuity and ontological security in a housing situation (2008). Secomb (2000, p.49) found that levels of residential satisfaction and happiness in Australian residential caravan parks increased with occupants' length of residence and a similar observation was made by MacTavish and Salamon (2001, p.487) in American mobile home parks.

In psychological terms a meaning can be seen as "an attribute of an object or idea that makes it of an emotional value or concern, arousing ... certain associations, cognitions or affects" (Studer in Arias 1993, p.29). Thus meanings of home have become multi-dimensional and inter-disciplinary (Somerville 1997; Mallett 2004) and are dependent on how housing is used and viewed by others. Arias states that:

> Meaning … is the significance a housing alternative has to its users. This
> significance stems from two different perspectives, those of the users housed
> in it, eg meanings of home … and the significance of a residential alternative
> to others not living in it, eg, status [or] success. (1993, p.172)

A home provides security in a physical form as shelter from the elements and a retreat from the world outside. It represents a place of continuity in a social and material setting and a controlled territory from which others can be barred (National Housing Strategy 1992, pp. 2, 3; Thorns & Depuis 1998; Senate Committee Report 2008, p.16). The home is important as a physical setting for everyday life and "can also provide a sense of place and belonging in an increasingly alienating world" (Mallett, 2004, p.66). The emotional attachment to home and locality therefore extends beyond the practical needs of housing (Sayegh 1987, p.4; Cooper & Rodman 1992, p.7; Gabriel & Jacobs 2008, p.532). By contrast, it has been argued that the house is of secondary importance and ownership of land is the key concern:

> It is the land, not the house that is an integral part of our concept of home.
> Home is not a place or structure in which we live but rather, place or piece
> of land where we are located. (Drury 1972, p.86)

In recent decades family life has become more home-centred and the home is increasingly viewed as a sanctuary from the outside world (Putnam 2000). The home embodies activities that can be undertaken inside, in safety, through advances in technology and communications (Coyle & Vaugn 2008). Family members often have their own private

space in the home resulting in less social interaction. In the past, women were often regarded as being isolated in the domestic sphere as a site of oppression and disempowerment (Mallett 2004). In the late 20th and early 21st centuries there has also been a significant increase in female workforce participation and advanced technology such as personal computers, the Internet and smart phones have enabled more people, including men, to engage in paid employment from within the home environment (Mallett 2004, p.76).

There are gender differences between men and women in their concept of the meaning of home (Ravetz 1995; Kearns *et al.* 2000, p.391; Mallett 2004, p.75). Men see their home as a place to live or as status (Gillis 1996, p.123) whereas women regard it as place for family and nostalgia (Heasman 1978). In the struggle to adapt to an alien Anglo culture in Australia, a home can have different meanings for migrant women. Thompson found that for women from Greek, Arabic and Vietnamese backgrounds living in Sydney the house and the garden were a site of power "where the women felt confident to display their ethnic heritage and act differently" (2006, p.21). The meaning of home, therefore, is never gender neutral. Somerville (1997) notes the same recurring themes, especially it being the centre of family life. He comments that women care more about their home and perceive it as an emotional refuge whereas men see it more as a status and achievement and connected with "membership of a body of citizens who all own property" (1997, p.235).

The meanings of home illustrate the importance of centrality and place that people attach to their home and locality. However, home may denote a different meaning in non-Anglophone societies. Norberg-Schulz (1984) suggests that in Mediterranean countries a home does not have the same importance as an object of identification as in English-

speaking countries. In the former, he claims, the "private dwelling is subordinate to the social life of the piazza" (1984, p.106). Home styles also convey meanings to the public and there are regional differences in these stylistic meanings and differences in symbolism across socio-demographic groups (Nasar in Arias 1993, p.149). In some cultures membership of a clan, tribe or professional grouping may hold a more important meaning than a place-based home or community (Bedford 2001, p.111).

Older home owners frequently have a different concept of the meaning of home compared with younger generations (Thorns and Dupuis 1998). They not only regard their home as a place of ownership, autonomy and a link to the past, but also as the final bulwark of independence prior to a retirement or nursing home (Woodbridge 2003, pp.3, 4). Single people are said to regard their home as a greater haven of autonomy than families (Kearns *et al.* 2000, p.399). Non-human forms of association with the home may also add a depth of meaning to the occupier. For many people a garden and particular plants, or a companion animal, may be an integral part of their domestic environment (Gabriel & Jacobs 2008). Lucas (2004) demonstrates the portrayal of positive aged identities and images used to sell and represent retirement communities as places where new identities may be constructed. In retirement, security, safety and permanence remain of paramount importance but people's meanings of home still symbolise nostalgia and memories of raising children (Allan & Crow 1989, pp.115, 116). Ultimately, a home can be passed on upon death. However, the justice of inter-generational property transfers and the tax free institutional structures that support it have been questioned (Olsberg, Perry, Encel, & Adorjany 2004).

2.6   Second homes

Second homes also provide meaning and emotional attachment to their owners, and sometimes even more so than their first home (Newton & Bell 1996; Atkinson, Picken & Tranter 2006; Paris 2011). Possibly for this reason, Paris (2011) argues that second homes should be incorporated into housing studies and not tourism. He notes that the extremely affluent and mobile population are likely to own substantial second or even third houses, apartments or lodges and often these are located, for United Kingdom residents, in overseas locations such as Spain or Florida. Home-owning city dwellers in Australia may also own a holiday home or shack in a coastal location within a relatively short drive from their regular home and spend much of their free time there during their working lives (Atkinson *et al.* 2006). Neyland and Kendig observe that on retirement "middle class couples ... choose to move [to their second home] once retirement frees them from having to live near workplaces" (cited in Newton & Bell 1996, p.364). Thus, the second home over the life course may accrue more meaning than the principal place of residence.

Two models of second home ownership are proffered by Matarrita-Cascante, Stedman and Luloff (2010). First, the 'linear' model argues that a feeling of belonging relates to population size and density and therefore the higher the number the lower the attachment. Second, the 'systematic' model notes the correlations between socio-economic position, length of residence, and life stage or older age. Matarrita-Cascante *et al* (2010) emphasise a difference between 'community' and 'place' among permanent and seasonal residents. Permanent residents' attachments, they suggest, are based on involvement, sentiments and interactions with local elements. On the other hand, for seasonal residents it was the natural environment that played a role as a locus for place attachment. Matarrita-Cascante *et al.* (2010, p.198) claim that a sense of belonging and community attachment has three

dimensions: sense of community, interest in community and community sentiments. However, second home owners rarely participate in community life which is often a cause of resentment by permanent residents (Atkinson *et al.* 2006; Paris 2005; 2011).

To summarise, the home has frequently been portrayed sentimentally as an idyllic setting of emotional attachment and nostalgia, a retreat and a sanctuary and a vehicle through which to derive financial gain, social status and identity. What constitutes an ideal housing and family situation often reflected the views of government housing officials, planners and building developers. Owner-occupation has been socially constructed as the tenure to which most households aspire. However, the assumption may be based on the lack suitable alternative choices. Nevertheless, home ownership is claimed to enhance self-esteem, provide better health, employment and educational outcomes, long-term security and stability and good citizenship qualities.

2.7   Critique of meanings of home

As noted, housing is a multi-dimensional and interdisciplinary concept and variations exist across geographical, class, ethnic and tenure boundaries. Feminist writers such as Ravetz (1995) and Mallett (2004) reject the social construction of home with the traditional role of homemaker and mother, children and nostalgia. Mallett (2004 p.84) for instance, concludes that home is a complex, inter-related and contradictory term that is an ideological construct and may or may not be associated with family. Mallett (2004, p.73.) critiques meanings of home as portrayed in the housing literature and rejects the notion of an ideal home and challenges the traditional stereotyped assumptions of 'hearth and home' with family life, nurturing children and nostalgia, as portrayed, for example, by Heasman (1978). Mallett states that government home ownership policies in Anglophone countries

such as Australia "have actively promoted the conflation of house, home and family as part of a broader ideological agenda" (2004 p.66).

Mallett (2004) argues that the rise of middle class values in the 1950s and 1960s resulted in an increase in owner-occupation but this caused a decrease in public housing because the meaning of home became associated with home ownership. Furthermore, rather than being a place of security and love, a home may also be a place of conflict, oppression and danger. Therefore, Mallett contests the view that a home is an embodiment of sanctuary and safety and points out that women are "more likely to be raped, assaulted or even killed at home than in any other place" (2004, p.72). It has also been asserted that houses and housing markets play a role in reproducing the traditional nuclear family and that "this dominant family model assumes a domestic role for women" (Watson & Austerberry 1986, p.3). Wright claims that the socially constructed depiction of home and family "obscures individual conflicts" (1991, p.213). She criticises the idealised home as one that only "exists as a deep-rooted individual concept, fantasy, memory, longing and as a cultural norm" (1991, p.214) because it prevents the recognition of problems in the wider society.

Thus, as Wright points out, for many people, "home is not necessarily all we would have it to mean" (1991, p.220). The socially constructed idyllic image of home frequently portrayed in the media as a haven of safety and security, love and family would have little relevance for some individuals. As a result of health or addiction issues or fleeing a previous home because of domestic violence, for example, such people may be without a permanent home. They may have to live in temporary accommodation such as refuges, boarding houses and hostels (Cleary, Woolford & Meehan 1998; Horan, Muller, Winocur

& Barling 2001) or be entirely homeless (Chamberlain & MacKenzie 2008; Robinson 2011; Walsh 2011).

2.8   Social capital

Social capital is a comparatively modern term but according to Putnam (2000, p.19) it was first used in relation to rural schools in West Virginia in 1916. It is also a contested term but generally refers to shared common values and collective norms of behaviour, mutual aid and social networks accruing from living in a neighbourhood and a sense of belonging in the local community (Putnam 1998; Forrest & Kearns 2001; Stone 2001; Arthurson *et al.* 2004; Lund 2006). The World Bank states that "social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions". The Australian Bureau of Statistics defines social capital as "social relations of mutual benefits characterized by norms of trust and reciprocity". Stone (2001, p.4) offers a similar Australian definition of social capital:

> Social capital consists of networks of social relations which are characterised
> by norms of trust and reciprocity. Combined, it is these elements which are
> argued to sustain civil society and which enable people to act for mutual benefit.

The term social capital suggests that humans achieve more by cooperating and interacting with each other than by competing against each other (Cox 1995). However, social capital is unevenly distributed. Cox states that "the idea of the social is losing ground to the concepts of competition" (1995 p.8), but in some environments such as residential caravan parks the social persists (Newton 2006). Since the mid-1990s social capital has become a partial adjunct to public policy due to the effects of smaller government and funding cut-backs and has placed greater reliance on volunteers and non-profit organisations (Lang & Hornburg 1998; Winter 2000). As indicated, social capital engenders mutual respect and

trust, generates reciprocity and provides a foundation for better community relationships. MacTavish and Salamon (2001) adopted this framework for their study of American mobile home park communities. They state, "a household achieves a sense of community by being embedded in strong social networks based on a sense of trust, collective identity, and normative expectations for supportive reciprocity" (2001, p.494).

Social capital in housing cooperatives can be an effective means of building up inclusive communities, trust and mutual reciprocity and higher levels of participation and volunteerism. Nevertheless, friction can be caused when distributing a collective good. In intentional communities, according to Ledgar (2000, p.15), "social capital ... is a fragile concoction and often appears to be held together by internal tensions". However, Kenworthy suggests that social capital in housing cooperatives "can have a substantial impact on [the] overall quality of life for their members" (cited in Merrett & Walzer 2004, p.283). Cooperatives are said to possess greater levels of social capital than most other housing forms because of the necessity of members to work together to solve problems and conflict and the expectation of volunteerism (Cooper & Rodman 1992; Kilner 2004).

Cooperation's underpinnings are, in part, derived from a communitarian standpoint associated with 18th century philosopher and social reformer Jeremy Bentham which emphasised the greatest good for the greatest number and in which people cooperate and work together in a shared community (Tarn 1973). Within this organisation of society obligations are attached to 'rights' which, if necessary, must be enforced by sanctions (Lund 2006, p.15). According to Etzioni, the understanding of communitarianism is expressed in terms of social justice and reciprocity where "each member of the community

owes something to all the rest, and the community owes something to each of its members. Justice requires responsible individuals in a responsive community" (1993, p.19).

A theoretical position derived from communitarianism is adopted by Etzioni. This position is grounded in German sociologist Ferdinand Tonnies' 19th century *gemeinschaft* principles of close local community ties, as opposed to *gesellschaft* which embraces the wider society. Although such principles existed in earlier times, Etzioni (1993) discusses social capital from the viewpoint of a society that strives for the betterment of the moral, social and political environment and emphasises community activity and volunteerism. Etzioni (1993) attributes reduced social cohesion and the lack of community involvement to the perceived decline in traditional family values and asserts that individual rights have transcended communal identity and that rampant individualism has eroded the communal links within society.

Social capital is essentially networks that can provide access to other resources (Winter 2000). Bourdieu (1986) defines three forms of capital: social capital, economic capital, and cultural or educational capital. However, these are frequently unevenly distributed across individuals and society in general. Nevertheless, Bourdieu suggests that social capital brings together all the resources that are connected to a network of mutual acquaintances and this sociability culminates in "a continuous series of exchanges in which recognition is endlessly affirmed and reaffirmed" (1986, p.250). Bourdieu states:

> Social capital is the aggregate of the actual or potential resources which are
> linked to possession of a durable network of more or less institutionalised
> relationships … which provides each of its members with the backing of
> the collectively-owned capital. (cited in Halsey *et al.* 1997, p.51)

Bourdieu's (1986, p.243) theory of forms of capital presents housing as economic capital that can be translated into property rights and which has the ability to be directly exchanged into money. Bourdieu notes that "profits in one area are necessarily paid for by costs in another" (1986, p.253). Thus in housing, home owners are the winners at the expense of those in rental tenures who are the losers. Bourdieu regards non-wage labour, such as a stay at home parent, or a person caring for an aged or disabled family member, as non-economic because it does not contribute to profit maximisation (Bourdieu 1986, p.242), a view challenged by Stretton (1974, p.45). Involvement in cultural and educational capital and interaction through involvement in the arts, music, reading and sporting activities, Bourdieu (1986, p.248) suggests, may ultimately lead to improved employment opportunities, better housing, health and wellbeing and social inclusion.

Bowling Alone (Putnam 2000), serves as a metaphor for some individuals' disconnectedness from family and community and decline in social capital. Putnam (2000) highlights the strength of social relationships, networks and norms that formerly underpinned day-to-day activities and argues that democracy itself is dependent on social capital. Putnam attributes generational change as being "the single most important explanation for the collapse of civic engagement over the last several decades" (2000, p.255) and this has led to the decline in social capital. In contrast to human capital, which is an individual contribution to society, Putnam defines social capital as that which:

> refers to the norms and networks of civil society that lubricate cooperative action
> among both citizens and their institutions. Without adequate supplies of social
> capital – that is, without civic engagement, health, community institutions, norms
> of mutual reciprocity, and trust – social institutions falter. (1998, Foreword, p.5)

Putnam (2000) claims that membership of voluntary associations also increases the strength of networks and connections through reciprocity. He defined two aspects of social capital:

bonding within a group for 'getting by' with an expectation of mutual aid and assistance; and bridging social capital for 'getting on'. Bridging capital comprises loose connections to other individuals and could be regarded as middle class in orientation as it is conducive for upward mobility (Lang & Hornburg 1998, p.12; Kearns & Parkinson 2001, p.2105).

However, an analysis in response to Putnam (2000) by Sorensen (2006) of Danish rural areas concluded that there was never a causal link between civic engagement and social capital resulting in societal benefits or economic progress. Florida (2004, p.269) also criticises Putnam (2000) for selectively looking for answers to support his case, for example, the metaphor of reduced participation in league bowling teams. Florida (2004) states this may be accounted for by changing tastes and demographics and cites the popularity of other team sports such as soccer that have increased rates of participation .

Thus social capital is an 'intangible' and far more complex than the original term suggested. Cultural and educational capital was given the broadest possible definition by Bourdieu (1986) and required skills to be learned through the individual's control over his or her own environment, work experience and general adult life. These forms of social capital may lead to enhanced employment opportunities and thus better housing, health and life outcomes. However, the decline of societal norms over recent decades such as neighbourliness, reciprocity and civic participation cannot simply be explained by the loss of the traditional community and family values that Etzioni (1993) and Putnam (2000) claimed.

2.9.   Chapter summary

This chapter outlined the multi-theoretical bases of the thesis   It was argued that housing could not be ascribed to a single theoretical framework but rather that several concepts contributed to an understanding of these ideas. Self-selection theory indicated that people's behaviour in choosing a home in a particular environment was in order to be with other people like themselves.   Social constructionism provided useful insights, interpretations and analysis into the utilisation of interview narratives. Property ownership theories tended to suggest that most people choose a home that enables them to construct their identity and serves as a haven from perceived threats posed by the outside world. In recent decades, however, the home has also become an investment vehicle and status symbol as well as a place of functionality and shelter. The chapter also discussed the meanings of home and their theoretical bases and how gender, age and cultural differences varied those meanings for different people. Finally, the discussion on social capital suggested that while the term had differing definitions the concept was also unevenly distributed across society. Multi-disciplinary theoretical frameworks are necessary to understand the many facets of housing structure and agency in mass home owning Anglophone democracies. Accordingly, these were applied to underpin the thesis.

Chapter Three examines housing provision in Australia focussing on the growth economic period after World War II.   The post-war era is examined in the context of the 'long boom' of the 1950s and 1960s and the federal government's encouragement of home ownership through taxation benefits and other policy levers. During these two decades successive Australian government policies encouraged home ownership through bi-partisan political support. The chapter demonstrates that favourable taxation structures underpinned the growth in home ownership and both political parties also supported the large-scale

construction of public housing. The chapter argues that the lack of affordable housing opportunities for lower income people has been exacerbated by housing market failure and financial and planning barriers. It notes the failure of the housing market to supply affordable housing to buy or rent and this has led to housing stress and social exclusion for many individuals and has resulted in detrimental national economic impacts. The chapter then identifies financial and planning barriers, demographic and societal changes, deregulation and neo-liberalism and suggests some innovative responses. The chapter establishes the case for an Australian cooperatives housing program both within the public housing system and, more particularly, the development of housing cooperatives outside of the public housing sector as a means of greater housing diversity, social mix and increasing the amount of affordable housing stock in Australia.

Chapter Three:

Housing Provision in Australia

3.1   Introduction

This chapter begins with a brief outline of economic and housing conditions in Australia prior to World War II. It then discusses the post-war era through the economic 'long boom' of the 1950s and 1960s, the effect of government policy favouring home ownership, and the rise and decline of public housing. Affordable housing is examined through the lens of housing market failure, supply and demand constraints and financial barriers. In addition, housing stress, social exclusion and the wider economic impacts of the lack of affordable housing are discussed. The cost of housing is influenced by many factors such as economic growth, interest rates, immigration, job markets, levels of unemployment, location, consumer confidence, and demand and supply side levers. In the 21st century, council infrastructure charges and fees and state imposed urban growth boundaries have contributed to the escalating price of land. These factors collectively determine, in a free market, the end cost of housing. As a result, some groups, particularly those on lower incomes, have been excluded and, increasingly, people on middle incomes and key workers are also affected by the lack of affordable housing in the major cities, desirable coastal regions and mining areas.

3.2   Housing in Australia in the 1930s and 1940s

The Great Depression of the 1930s, to a large extent, shaped Australia's post-World War II housing policy. The Depression severely curtailed new housing construction and caused a large amount of housing maintenance to be deferred. As a result, living conditions became a concern to policy makers in the late 1930s leading to slum clearance programs in major state capital cities before World War II (Howe 1988). Between 1936 and 1939 a focus

began on the construction of rental houses by state governments for low income working people. The first state housing authority in Australia was the South Australian Housing Trust, established in 1936. Its charter was "to build houses for letting or for sale on such terms and conditions as the Trust thinks fit" (Hill 1959, p.72). Prior to the outbreak of World War II in 1939, 872 houses had been built for "selected productive workers, close to their jobs" (Stretton 1989, p.139). The second state government housing authority to be established was the Housing Commission of Victoria founded in 1938 (Howe 1988). All other state and territory governments subsequently established public housing authorities either towards the end of the war or just after.

Wartime building restrictions exacerbated the lack of decent housing in Australia for many low income households and in 1942 it was estimated that there was a shortage of 250,000 houses (Barnett & Burt 1942, p.77). The combined effects of the Depression and World War II led the Commonwealth Housing Commission Report in 1944 to increase the estimated shortfall to 300,000 dwellings (Greig 1995, p.32). When hostilities ceased in 1945, governments of many countries, including Australia, feared a return to Depression-era conditions of the 1930s. In order to mitigate the possibility the Department of Post-War Reconstruction recommended an expansion of public housing and the Commonwealth State Housing Agreement (CSHA) of 1945 was negotiated with state and territory governments and came into operation in 1947. The Agreement provided funding to build houses for working class families whose income was at or near the basic wage, but who were unable to purchase their own home (Wilkinson 2005). Low cost public rental housing of an adequate standard provided by government was justified by inequalities in the private housing market and large scale public housing programs were initiated (Howe 1988; Wright 2000; Wilkinson 2005). Public housing was accepted as part of the two main

political parties' bi-partisan housing policy consensus (Kemeny 1981; Greig 1995; Gleeson & Low 2000, p.93)

3.3 Rise and decline of public housing in Australia

Public housing underwent a rapid expansion between 1945 and 1956 with 96,000 homes being built during that period (Greig 1995, p.37; Wilkinson 2005, p.7). Between 1956 and 1971 almost 200,000 additional public housing dwellings were constructed as shown in Table 3 1. Of these, 92,000 were sold following an amendment to the CSHA in 1955 which allowed state housing authorities to build and sell houses to eligible purchasers (Wilkinson 2005, p.14). The Table also shows that as a proportion of privately built dwellings, public housing accounted for nearly one in five new homes constructed during the period 1956 to 1971. The term 'houses' encompasses all dwelling types.

Table 3.1 Public and private houses built in Australia 1956-1971

Financial Years	Public Houses	Private Houses	Total Houses Built	Public Percentage	Private Percentage
1956-1960	65,900	306,900	372,800	17.7	82.3
1960-1966	66,700	329,600	396,300	16.8	83.2
1966-1971	66,600	369,200	435,800	15.3	84.7
Total 1956-1971	199,200	1,005,700	1,204,900	16.5	83.5

Source: Compiled from Wilkinson (2005)

Compared with the period 1956-1971, the number of publicly-built houses declined to about half of their previous levels between 1971 and 1983 and declined more steeply after 1977 as a percentage of private construction, as shown in Table 3.2. The number of public dwellings built fell from an average of about 13,000 each year between 1956 and 1971 to about 9,500 from 1971 to 1983. The period 1977 to 1983 saw a boom in private house building which may, in part, have been attributable to the lack of public housing supply for

people who were in a financial position of being able to make a housing choice. Moreover, by 1981, 720,000 publicly-built houses had been sold by state housing authorities (Pinnegar, Easthope, Randolph, Williams & Yates 2009, p.19). However, in 1983, there were also 125,000 households on public housing waiting lists (Wilkinson 2005, p.19).

Table 3.2 Public and private houses built in Australia 1971-1983

Financial Years	Public Houses	Private Houses	Total Houses Built	Public Private Percentage	
1971-1973	38,500	269,700	308,200	12.5	87.5
1973-1977	43,200	267,500	310,700	13.9	86.1
1977-1983	33,900	457,700	491,600	6.9	93.1
Total 1971-1983	115,600	994,900	1,110,500	10.4	89.6

Source: Compiled from Wilkinson (2005)

Table 3.3 Public and private houses built in Australia 1983-1996

Financial Years	Public Houses	Private Houses	Total Houses Built	Public Private Percentage	
1983-1989	56,000	284,000	340,000	16.5	83.5
1989-1996	41,000	415,000	456,000	9.0	91.0
Total 1983-1996	97,000	699,000	796,000	12.1	87.9

Source: Compiled from Wilkinson (2005)

Public and political support for public housing began to wane in the 1980s. The Labor Party, in office federally from 1983 to 1996, made a commitment to double the volume of public housing construction (Stretton 1989, p.lii; Paris 1993, p.203; Wilkinson 2005). However, the target was not reached and failed to reach even the previous level. Table 3.3 shows that over the 13 year period from 1983 to 1996, 97,000 public houses were built compared with 115,000 during the previous 12 years from 1971 to 1983 and a surge in

private house building during the period 1989 to 1996 coincided with a downturn in public housing construction.

The face of public housing also began to alter during the 1980s from lower income workers' family housing to welfare housing. Its resident profile changed from working class households to unemployed, aged or single people, single parents, or persons with a disability or high needs for which most of the existing family-oriented public housing stock on large blocks of land was unsuitable (Gabriel & Jacobs 2006, p.544; Milligan *et al*. 2009, p.118). From 1996 through to 2004 the number of publicly built houses declined dramatically compared to any previous post-war period. Table 3.4 illustrates the very small percentage of new build public housing compared with new privately constructed homes during this time.

Table 3.4 Public and private houses built 1996-2004

Financial Years	Public Houses	Private Houses	Total Houses Built	Public Private Percentage	
1996-1999	6,000	271,000	277,000	2.2	97.8
1999-2002	5,000	295,000	300,000	1.7	98.3
2002-2004	1,500	116,000	117,500	1.3	98.7
Total 1996-2004	12,500	682,000	694,500	1.8	98.2

Source: Compiled from Wilkinson (2005)

In the mid-1990s the federal Labor government reduced funding to the states for the construction of public housing and allocated funds instead to assist households to rent privately with Commonwealth Rental Assistance (CRA) (Randolph & Holloway 2007). CRA was introduced in 1995 and benefited the private sector. According to the then Prime Minister, Paul Keating, it was a policy designed to "reduce public housing waiting lists by improving the scope for people to choose private rental accommodation" (quoted in

Wilkinson 2005, p.25). However, not all low income renters benefited from CRA payments. Randolph and Holloway (2007) argue that the working poor are the forgotten people of housing policy as many households fail to qualify for CRA because they exceed the low income limits, and they are also unable to obtain public housing or purchase a home. Moreover, CRA payments are of little value if there is an insufficient supply of low cost private rental accommodation, especially in near city locations where lower skilled work opportunities are located (Yates & Wulff 2000). The private housing sector also benefited by the non-imputation of rents, first home ownership schemes and negative gearing policies.

As federal funding for public housing declined, the cost of maintaining an ageing stock increased. With 88 per cent of public tenants eligible for a rent rebate (AIHW 2010), loss of revenue forced state and territory housing authorities to sell or transfer stock in order to finance higher maintenance and repair costs (Gleeson & Low 2000; Beer *et al.* 2007; Lawson & Milligan 2007, p.142). Several state governments have attempted to regenerate public housing estates, often under the guise of public-private partnerships (PPPs), in order to break up concentrations of welfare dependent households and develop mixed income communities. As a result, large proportions of public housing stock were demolished and former public housing land was sold and redeveloped for new private home buyers (Spiller Gibbins Swan 2000; Beer & Foley 2004; Randolph & Wood 2004; Bunce, Beer, Forster, Kupke, Marano & O'Callaghan 2005; Jacobs & Arthurson 2010).

The Commonwealth State Housing Agreement, which operated for over 60 years, was terminated in 2009 and replaced by the National Affordable Housing Agreement (NAHA). It was stated that the aim of the latter was "to ensure that all Australians have access to

affordable, safe and sustainable housing" (Council of Australian Governments (COAG) 2008). However, this change also reduced subsidies and capital funding for public housing and further increased reliance on the private market. Atkinson and Jacobs (2008, p.4) state that between 1996 and 2006 spending on public housing fell by more than 11 per cent. Total public housing stock in Australia declined from 372,000 dwellings to 336,000 between 1996 and 2009 (ABS 2010a; AIHW 2010). In June 2009, there were 238,000 households on waiting lists for public, community or Indigenous housing in Australia (FaHCSIA 2010, p.11). It is claimed that the post-war period of housing that once symbolised the Australian dream has ended and that suburbs are now either sites of success and wealth accumulation, or of social failure and economic disadvantage (Atkinson & Jacobs 2008; Jacobs 2012).

3.4   Government encouragement of home ownership

The level of home ownership had risen only slightly from 54 per cent in 1921 to 59 per cent by 1947 (Hill 1959, p.7). Therefore, housing policy in Australia began to focus on home ownership after World War II. A major commitment was taken when the federal Liberal coalition government initiated a range of structures favouring home ownership in the 1953-1954 budget. These measures included taxation concessions, measures to stimulate low home interest rates and capital lending to building societies by the Commonwealth Bank, which then acted as a central bank (Hill 1959). The availability and accessibility of artificially low interest rates of around five per cent was a key factor in the expansion of home ownership (Stretton 1989, p.xxxi; Berry & Dalton 2004, p.74; Productivity Commission 2004, p.41).

Although house prices more than doubled in Sydney between 1945 and 1952 (Greig 1995), they were still less than twice the average annual wage and therefore affordable to the majority of families (Wilkinson 2005, p.5). There were, however, building restrictions in the early post-war period due to material shortages resulting in smaller dwellings and the number of bedrooms being limited to two. On the other hand, suburban broad acre land was a relatively cheap commodity and the detached suburban house on a near quarter acre block of land was symbolic of post-war housing, a marker of economic prosperity and a tool to stimulate fiscal policy (Stretton 1974, p.8; Paris 1993, p.45). According to Hill (1959, p.7), home ownership levels in Australia rose to 69 per cent in 1954 and 73 per cent in 1957.

Despite a credit squeeze in the early 1960s, the long economic boom enabled many households to establish a home around which to construct their identity and acquire a substantial financial asset. Furthermore, Keynesian regulationist interventions made by the federal government in the free market and the mass production principles of Fordism ensured sustained accumulation on a level not experienced by most previous generations (Greig 1995). Housing policy and political bi-partisanship subsequently began to lose some of the prominence it had enjoyed in the 1950s but home ownership rates continued to climb steadily reaching and 71.4 per cent was recorded in the 1966 Census (ABS 2008). Through to 2006 the proportion of owner occupied dwellings in Australia fluctuated between 68.4 per cent and 70.4 per cent (ABS 2008). The ABS 2006 Census recorded a home ownership rate of 68.1 per cent but this declined to 67 per cent in 2011, of which 32.1 per cent were owned outright and 34.9 per cent were owned with a mortgage (ABS 2011 Census).

3.5 Taxation policy and owner occupation

It has been argued that there is congruence between taxation policy in Australia and the level of home ownership (Paris 1993; Badcock & Beer 2000), although the suggestion that there is a direct causal link between taxation policy and home ownership has been challenged (Greig 1995). The National Housing Supply Council (NHSC) acknowledges "the complexity of the tax transfer system and its effect on the housing market" (2009, p.30) and Donald alleges that the taxation system has led to inflated house prices and an over-proliferation of housing rather than new affordable housing (2012). A Senate Committee Report (2008) noted the loss of revenue through the non-application of capital gains tax, which is not applied to the sale of the principal place of residence. This policy has tended to benefit higher income earners in particular because they have been able to capitalise on their housing wealth in higher value properties in more desirable suburbs (Stretton 1974; Paris 1993; Badcock & Beer 2000).

Rental property investors have benefited from negative gearing policies that allow them to offset losses on house rents against other taxable income (Randolph & Holloway 2007; Yates & Milligan 2007, p.13). In 2006, 11 per cent of taxpayers were rental investors, nearly 80 per cent of who reported a negative cash flow claimed against other taxable income (Flood & Baker 2010, p.98). Property investors also receive tax deductions for expenditure on maintenance of the property, and in some instances depreciation allowances. At the time of writing, they also qualify for a 50 per cent reduction in capital gains tax on the sale of the property.

Taxation policy has resulted in the non-tenure neutral treatment of housing. It is estimated that high income outright owners receive, on average, annual benefits of $8,800 through the

tax system, more than twice the average for those on lower incomes (Yates 2002b). Tax advantages are further exacerbated by geographic spatial variations, for example outright owners in Sydney have benefited up to four and a half times as much as owners in Tasmania, while home owners in inner and middle ring suburbs of the capital cities have gained more than owners in outer suburban and regional areas (Yates 2002b; Hulse, Burke, Ralston & Stone 2010). Yates concludes that "indirect assistance provided to home ownership is poorly targeted, providing most assistance to those who need it least" (2002b, p.28).

Government support for home ownership as the preferred tenure has also led to over-consumption in housing (Paris 1993) and contributed to a reduction in funding for public housing (Wilkinson 2005). The complexities and inequalities of Australia's taxation system together with house price increases have played a major role in creating housing wealth for home owners (Berry & Dalton 2004). Both sides of the Australian political spectrum have long been aware of the dangers of challenging the *status quo* of home ownership and the favourable taxation and financial structures that underpin it (Halligan & Paris, 1984). Even in death the family home has become a major heritable asset protected in government taxation policy by its exemption from death and inheritance duties (for a theoretical perspective on housing inheritance see Reeve 1986, pp.153-163).

3.6 The lack of affordable housing

Housing policy discourse in Australia has generally revolved around levels of home ownership, shortage of housing supply, affordability issues, and the diminishing stock of public housing (Berry & Dalton 2000; 2004; Productivity Commission 2004; NHSC 2009). Table 4 above illustrated the large decline of public housing construction to less than two

per cent of private house building by 2004 - an eight-fold reduction compared with 1956 through to 1971 (Table 3.1) A house has moved beyond its functional utility as a place of shelter to a commodified product and an investment vehicle. It is regarded as symbolic of status and success and is used to create identity (Pocock & Masterman-Smith 2006, p.35). Fox suggests that the home is no longer regarded simply as a financial asset but rather "it represents a fund of encashable wealth from which capital can be drawn" (2007, p.26). Cheshire claims that people are "increasingly viewing housing more as financial assets than as providers of housing services" (2004, p.14). The real estate industry has been accused of fuelling public expectations of continued house price rises (Gabriel & Jacobs 2008, p.533).

The purchase of a house, however, is not always a means of obtaining wealth and there are risks associated with home ownership. A study of the Melbourne housing market found that the risks are greatest for purchasers in the lowest 40 per cent of the income quintile in fringe areas of the capital cities (Hulse *et al.* 2010). Such buyers may ultimately become trapped in low-value suburbs and Hulse *et al.* state that one in eight sellers lost money on the sale of their house (2010, p.89). This is supported by Snell *et al.* (2004, p.24) who claim that outer suburban home owners do not break even for 11 years if they sell their home.

Nevertheless, the inability to purchase a home due to the lack of affordability, the availability of finance or the loss of an existing home, can result in feelings of bitterness, inadequacy, failure, loss of social status and identity, and social exclusion (Arthurson & Jacobs 2003; Clapham 2005; Fox 2007). Some previous home owners have found it financially necessary to exit home ownership because of a relationship breakdown or the death of a partner (Beer & Faulkner 2011). Without targeted assistance in government

policy more vulnerable groups such as divorcees, the disabled and the unemployed, will be unable to retain, or re-enter, home ownership and will be left behind in a housing market increasingly devoid of affordable housing opportunities (Beer & Faulkner 2009; Flood & Baker 2010). In a society where home ownership is considered the norm, a person's tenure can present either a positive or negative image of the occupant (Atkinson & Jacobs 2008; Jacobs *et al.* 2011).

A good house is hard to find for younger buyers, as the Senate Committee Report (2008) on housing affordability conceded in its title. It called for greater housing diversity and an expansion of housing in non-metropolitan areas to relieve the pressure on capital cities. However, it is questionable if this could be achieved without regional economic growth and job creation (Beer, Tually, Rowley, Haslam McKenzie, Schlapp, Birdsall-Jones & Corunna 2011). Nevertheless, if house price trends continue upwards in capital cities it has been argued that some lower income households may be forced to move to regional areas in search of cheaper housing (Burke & Zhakarov 2005).

Capital city house price rises have, in part, been due to a continued shortfall in new housing construction, exacerbated by increased demand caused by high net immigration and a mismatch between housing, location and employment markets (NHSC 2009, 2010). In addition to natural population growth, 721,000 immigrants arrived in Australia between 2007 and 2010 but there were only 445,000 new housing commencements (ABS 2011a). Berry noted the problem of matching housing opportunities to the needs of lower income people and the "disjunctive between housing and labour markets" (2002, p.1) that compound the difficulty of delivering affordable housing, especially in high growth areas.

The land component cost of a house and land package during the 1950s and 1960s ranged from about 20 per cent to one-third (Greig 1995). In 2006 it was claimed to be around 60 per cent which is partly accounted for by local government fees, up-front utilities charges and restrictive land supply (Day 2006). Additionally, it has been argued that the building industry focuses on the construction of larger housing for two income households and this affects the supply of smaller, lower cost housing (Ball 1983, p.140; Senate Committee Report 2008, p.51). An Australian Bureau of Statistics analysis reported that between 1994 and 2009 the average size of a new house in Australia increased from 18.9m2 to 24.5m2 but the ABS suggested that there were factors other than floor area, such as quality and fittings that had a greater impact on the final cost (ABS 2010b).

In the rental sector Berry notes that "constraints have impacted most severely on the supply of affordable housing" (2002, p.vi). The Australian private rental housing market is characterised by small investors who make up 60 per cent of the market; of these, more than three-quarters own only one rental property according to the Brotherhood of St Laurence (2004). They describe the lack of affordable housing and long-term tenure in the private rental sector as the missing link in Australia's housing policy strategy (2004, p.18). This is explained by the Brotherhood as the difference between the expected rate of return expected by investors and what low income people can afford to pay in rent.

Higher income groups occupy much of the low cost private rental housing stock and this exacerbates the problems of affordability (Wulff, Reynolds, Arunachalam, Hulse & Yates 2011). Wulff *et al.* (2011) estimate that only one-third of households in the lowest 40 per cent of the income distribution are able to access affordable housing and suggest that this is due to discouraged home purchasers competing in the rental market. The occupation of

cheaper rental stock by higher income households is used by Wulff *et al.* (2011) to measure the true shortage of affordable housing. They note, however, that there is considerable spatial variation in the second lowest quintile. For example, in Sydney 44 per cent of households was unable to access affordable housing compared with only 14 per cent in Perth and six per cent in Launceston.

Wulff *et al's* (2011) data sets do not capture any possible improvements in rental affordability that may have occurred following the introduction of the National Rental Affordability Scheme (NRAS) in 2009. However, they conclude there is an *absolute* shortage of private rental housing stock for very low income people. Burke and Zhakarov (2005) foresee greater numbers of tenants constrained long-term in the private rental sector. For this reason Berry (2004, p.57) suggests increasing the supply of affordable housing for sale and targeting it to households for whom it is currently just out of reach.

3.7   Housing market failure

The housing market has failed low income people in Australia (Badcock & Beer 2000). Two economic principles underpin housing: first, it is a geographically fixed asset and, second, new housing production forms only a miniscule proportion of the total stock (Gilmour 2009, p.44). New construction accounts for only two per cent of the entire housing stock in any one year and therefore is unlikely to have any overall effect on prices generally, even if it was to become more 'affordable' (Greig 1995, p.53; Oxley 2004, p.221; Productivity Commission 2004, p.7; Gurran 2008, p.102). In the 2000s first home buyers have been a declining proportion of all home buyers comprising only about 13 per cent of the market and are considered to have little or no impact on prices (Healey 2009, p.4; Flood & Baker 2010, p.47).

In the land and housing market there is, as Berry *et al.* (2004, p.ix) note, "a basic contradiction between [housing] affordability and making a profit". Land is a finite good and the free market will not provide affordable housing because valuable land resources will gravitate toward the most profitable return (Berry 2003, p.414; Oxley, 2004, p. 62; Schwartz 2006, p.275; Cole 2008, p.200). Berry argues that pervasive market failure gives the justification "for appropriate policy levers [for government] to intervene in the housing market" (2003, p.414). Yates and Milligan also call for housing policies "to be reformed in order to improve access to affordable housing" because of the market's failure to respond (2007, p.35). Markets fail because it is not in the economic interests of private profit making entrepreneurs to supply public goods, and there is an "inability of markets to comply with any concept of fairness, other than the ability to pay" (Oxley 2004, p.63).

There is also a perception by the finance industry that lower income individuals lack the necessary financial competencies and capabilities to service a mortgage and are therefore considered to pose a higher risk of default on a loan (Burkett & Drew 2008). The exclusion of lower income people by the finance industry deprives them of the opportunity to participate in the housing market. The finance industry claims that serving such people results in greater transaction costs. Nevertheless, to exclude these people from access to financial products constitutes market failure by the housing finance industry. Financial exclusion is defined as:

> a process whereby a person ... is denied, access to affordable, appropriate
> and fair financial products and services, with the result that their ability
> to participate fully in social and economic activities is reduced [and]
> financial hardship is increased, and poverty ... is exacerbated.
> (Burkett and Sheehan, Foresters Community Finance 2009)

Unfettered housing markets are an economic construct that rarely occurs and markets are generally unable to provide affordable housing for low income people unless subsidised (Oxley 2004; Gabriel *et al*. 2005; Yates & Milligan 2007; Nelson & Minnery 2008; Milligan *et al*. 2009). Friedman (1980) argued that market efficiency is the best economic mechanism. However, the competitive nature of markets and the powerful groups operating within it leads to an unequal distribution of resources and the market's inability to meet all basic needs (Lucy 1996, p.480). Flood and Baker (2010) argue that the housing market in Australia has failed because deregulation in the 1980s diversified and expanded the financial market, but the land market continued to be tightly regulated, causing an imbalance of increased demand but restricted supply. Flood and Baker (2010, p.9) offered three ways to help ameliorate the excesses of the free market: de-regulate planning, re-regulate finance and tax artificial gains in land value. Land values and hence house prices are more likely to be inflated by locational amenity and accessibility to jobs and services (Gurran 2008, p.104). As King (1994, p.xviii) states, "the costs of accessibility will be partly capitalised in housing costs (through land value)".

3.8   Housing supply and demand

Supply has not matched demand in the housing market for several years and the National Housing Supply Council predicts it will not do so through to 2028 (2009, p.34). Increasing demand side measures without a commensurate increase in the supply side has exacerbated the problem of under supply and raised house prices (Berry 2002; 2003; Berry & Dalton 2004; Lawson & Milligan 2007). Demand side factors affecting housing include financial deregulation, the expanded availability of credit, competition in the mortgage industry and greater individual longevity (Senate Committee Report 2008, pp.52-56; NHSC 2009, pp.21-25).

State and local governments control most supply side factors. In addition to construction and labour costs, housing provision cost also reflects the availability of land, infrastructure charges, planning processes and urban growth boundaries (Productivity Commission 2004, p.123; Yates & Milligan *et al.* 2007, p.13; Senate Committee Report 2008, pp.81-84, Flood & Baker 2010, p.96). Restrictive land practices and taxation has contributed to the upward driver of housing costs as a result of the mismatch between supply and demand (Beer *et al.* 2004, p.64). New building styles and urban consolidation processes have led to local opposition and protest groups have contributed to supply side constraints due to their attempts to prohibit higher density, cheaper or different types of housing in some suburbs (Berry & Dalton 2004, p.77; Forster 2004, p.156).

First Home Owners Grant (FHOG) schemes and their predecessors introduced at various times by both political parties have exacerbated the problems of housing affordability because they have been poorly targeted and were not restricted to lower priced houses or lower income buyers and thus have simply pulled demand forward (Berry 2003, p.421; Productivity Commission 2004, p.71; Orchard & Arthurson 2005, p.217; Senate Committee Report 2008, pp.141-143; NHSC 2009, pp.27-29). However, since 2010 a maximum cap on the value of the property has been imposed. Nevertheless, Radford and Sarris argue that FHOG payments are neither about demand nor supply side levers but rather their "primary purposes are to maintain economic activity and employment … and to further a broad social policy agenda of home ownership" (2002, p.23).

Negative gearing has had a mixed effect on the supply of rental properties in the private sector (Productivity Commission 2004, p.75; Senate Committee Report 2008, pp.64-69). Although the supply of rental properties increased, so did the demand for homes at the

lower end of the market. It is estimated that the shortfall in supply available for renters in the lowest two quintiles of income distribution is 298,000 dwellings due to a portion of affordable stock being occupied by higher income households (Wulff *et al.* 2011). Noting the lag in industry response to a growing population, Donald (2012) foresees that the imbalance between underlying demand and supply will reach 600,000 by 2030.

As mentioned, the National Rental Affordability Scheme was introduced in 2009 and is a supply-side initiative, with a target to part-finance 50,000 lower income rental dwellings (NRAS 2011; Gilmour & Milligan 2010, p.2). The scheme offered private investors over $4 billion in taxation concessions, or cash grants to not-for-profit organisations, in return for setting rents 20 per cent below the area average for a period of 10 years (NRAS 2011). NRAS, however, relies on the private market to supply most of the housing without any apparent plans for continuation of the scheme at the expiration of the 10 year term. The Nation Building Economic Stimulus Plan (NBESP) is a $5.6 billion capital fund introduced in 2009 in response to the Global Financial Crisis. The NBESP was designed to fund the construction of about 20,000 new public housing dwellings and for the repair of 12,000 run down homes that could be returned to stock (NBESP 2010). By 2011 20,000 projects had commenced, of which 80 per cent had been completed (NBESP 2011).

3.9   Housing stress

There are several different methods of defining housing stress (Karmel 1998; Nepal, Tanton & Harding 2010) but the most common measurement in Australia is the 30/40 rule which essentially means that no more than 30 per cent of a household's gross income should be spent on mortgage payments or rent by households in the lowest 40 per cent of income quintiles (Gabriel *et al.* 2005; Disney 2006a; Yates & Milligan 2007; Milligan *et al.*

2009). However, the 30/40 benchmark has been criticised for its lack of theoretical and logical justification (Stone, Burke & Ralston 2011) and that it may not identify the bottom 10 per cent of households, who are in the most housing stress (Nepal *et al.* 2010). Higher income earners are assumed to have the capacity to spend a larger proportion of their income on housing without experiencing stress (Gabriel *et al.* 2005, p.23).

The majority of households in stress are in the private rental sector which comprises approximately 20 per cent of the housing stock in Australia (Yates & Wulff 2000; Wulff *et al.* 2011). The National Housing Supply Council (2009, p.82) reported that about one-third of low income renters outlaid more than 50 per cent of their income on housing costs and that elderly people renting privately are particularly vulnerable. Hospitality and service workers have been identified as those experiencing the most housing stress with 27 per cent affected (Pocock & Masterman-Smith 2006, p.29; Senate Committee Report 2008, p.135). Overall, in 2011, 9.9 per cent of households in Australia had mortgage costs exceeding 30 per cent of gross household income and 10.4 per cent of renters exceeded the benchmark, up from 9.3 per cent in 2006 (ABS 2011 Census; NHSC 2013, p.11). Pocock and Masterman-Smith (2006, p.21) observe that there has been an "increasing misfit between incomes and the affordable housing market" which they attribute to changes in the work place. These include altered labour market conditions, casualisation and part-time and reduced hours of work (Stretton 1989, p.xxxv; Berry 2002, pp.1, 2).

As noted, declining housing affordability has also caused middle-income earners to experience housing stress, particularly in areas of high demand and jobs growth (Brotherhood of St Laurence 2004; Dunstan Foundation 2006; Gabriel & Jacobs 2006; Yates & Milligan *et al.* 2007; Gurran, 2008). In the decade 1996 to 2006 gross incomes

increased by 35 per cent while the median house price rose 88 per cent or to 6.8 times annual average earnings (Lawson & Milligan 2007, p.130; Flood & Baker 2010, p.91), compared with about three times average annual earnings from the 1950s to 1980s (Day 2006, p.4; Senate Committee Report 2008, p.1).

Mortgaged home buyers also suffer housing stress. Two-thirds of all low income first home buyers with a mortgage spent more than 30 per cent of their gross income on housing (ABS 2008). In 2005-06, 280,000 such households were affected and nearly half were paying more than 50 per cent of their income on housing (NHSC 2009, p.82). Age pensioner home owners also encounter housing stress as a result of fixed incomes and increased property taxes and charges (Atkinson *et al.* 2011, p. 44), although not all such households actually consider themselves to be in stress (Rowley, Ong & Murray 2010). Nevertheless, in total about one million low to moderate income households are officially estimated to be in housing stress in Australia (Pocock & Masterman-Smith 2006; Yates *et al.* 2006; Yates & Milligan 2007; Wulff *et al.* 2011).

3.10   Social and economic impacts

Housing cannot be treated in isolation because it is bound up with the broader issues of employment and incomes policy, inflation and various social and economic trends (Sewell 1994, p.xix.). Long-term, secure housing, purchased or rented, within the household's means to pay is beneficial to the wellbeing of individuals and conducive to social cohesion, the wider economy and the labour market (Thorns 1998; Forrest 1999; Arthurson 2002a, 2002b; Arthurson *et al.* 2004; Berry & Dalton 2004; Fox 2007, p.186). A household's ability to purchase a house has become increasingly dependent on two full-time incomes (Snell *et al.* 2004, p.10; Senate Committee Report 2008, p.51). Higher house prices result

in more borrowing, higher wage demands, less labour mobility and reduced consumer spending, all of which affect other areas of the economy (Williams 1997, p.123; Gilmour 2009, p.3).

There is a clear link between the availability of affordable housing, employment and labour market efficiency to the extent that "housing wealth is likely to be in tune with employment (or non-employment) histories" (Badcock & Beer 2000, p.55). This is congruent with Clapham's approach that "a housing pathway … runs alongside an employment pathway' (2005, p.2). Public services and skilled trades may be compromised by the difficulty of attracting and retaining key workers who cannot afford to buy or rent locally on the open market, which may then lead to a reduction in economic performance (Gurran 2008, p.109; Milligan *et al.* 2009, p.22; Atkinson *et al.* 2011, p.47). Similarly, high wages paid to employees in mining resource areas also cause significant impacts in other areas of the economy because they cannot compete with the wages paid in the dominant industry (Haslam McKenzie *et al.* 2009). Yates *et al.* (2006) surmise that the ultimate cost of the lack of affordable housing in central business districts for lower paid workers such as cleaners, retail and hospitality staff may well be the loss of the residential and employment diversity that add vibrancy and character to inner cities, which in turn attracts the creative class (Florida 2004).

Access to suitable housing within a household's means to pay provides a stimulus to individual educational attainment, employment opportunities, self-esteem, and community participation (Berry 2002, p.8; Brotherhood of St Laurence 2004, p.1; Olsberg *et al.* 2004, p.4; Bratt 2006, p.416). Programs in some low income rental tenures, have linked tenants to employment and educational training and increased individuals' marketable skills

(Arthurson *et al.* 2004, pp.11, 32; McBane 2008, p.18; Milligan *et al.* 2009, p.84). Housing cooperatives, for example, often provide educational training in office administration and maintenance work in order to facilitate resident management and encourage member participation (Cooper & Rodman 1992, pp.81, 193; Lang & Hornburg 1998, p.9; Andrusz 1999, p.41; Kilner 2002, p.84; Schwartz 2006, p.199). However, the assumption that member participation and volunteerism can lead to mainstream employment has been challenged on the grounds of a lack of empirical evidence to support the claim, especially for older people (Arthurson, Ziersch & Long 2006).

3.11   Financial barriers

The major barrier for many households to enter the housing market in Australia is their own financial resources (Gabriel *et al.* 2005, p.75). Rising house prices combined with low incomes of many households has contributed to the housing affordability problem (Badcock & Beer 2000, p.140; Berry & Dalton 2000, p.441). Few first time home buyers have sufficient resources to buy a house outright and about 95 per cent of households purchase their home through debt financing (Berry 2002, p.vi). Growing entry costs and the deposit gap for first home buyers may result in deferral of a purchase, or become significant barriers to lower income households' capacity to purchase a house (National Housing Strategy 1992, pp.16, 17; Paris 1993, p.232; Badcock & Beer 2000, p.96). There is also a disparity between housing and employment markets because jobs are not dispersed, therefore lower income groups are unable to choose the residential location that they would prefer or would more accurately reflect their capacity to pay for housing (Yates, Randolph & Holloway 2006).

In the early 2000s, the not-for-profit sector has delivered more affordable housing than the public housing system (Gilmour & Milligan 2012). However, there are significant barriers for non-profit housing organisations and community groups. Community housing has not traditionally been in a position to deliver substantially more affordable housing because it suffers from a lack of access to capital funding (FaHCSIA 2010). Scale is also problematic as only five per cent of not-for-profit housing organisations manage more than 200 properties while 88 per cent manage fewer than 50 dwellings (Australian Institute of Housing & Welfare (AIHW) 2010). Barriers to institutional investment include the need for larger projects, policy commitment and consistency, good governance, and the availability of data and information on market performance (Yates & Wulff 2000; Seelig & Phibbs 2006; Randolph & Holloway 2007; Yates & Milligan *et al.* 2007; Gurran 2008; Wulff *et al.* 2011).

Australian state and territory government stamp duty acts as a barrier to home purchase because it requires up-front payment on the purchase of a house rather than on its sale (Berry & Dalton 2004, p.78; Gabriel *et al.* 2005, p.75). Stamp duty concessions allowable for first home buyers do not apply in all jurisdictions and do not apply to previous home owners who may have fallen out of home ownership as a result of marriage breakdown, financial difficulty or other circumstances (Paris 1993, p.52). Stamp duties also inhibit "the re-allocation and adaption of the housing stock" (Productivity Commission 2004, p.75). For example, they act as a deterrent to older people seeking to downsize to a more appropriate home to match their needs in retirement because they add an additional expense to the cost of purchasing another home (National Housing Strategy 1992, p.11; Senate Committee Report 2008, pp.105-108; Healey 2009, pp.2, 3).

3.12   Planning barriers

The planning literature suggests that planners play an ambivalent role in capitalist democracies. It is contested whether planners' emphasis should be on theory or practice and if there should be government intervention in the operation of the free market or not (Paris 1984; Campbell & Fainstein 1996; Gleeson and Lowe 2000; Oxley 2004; Beer *et al.* 2007; Thompson 2007). Contrary to Friedman's (1980) view of the virtues of the free market, Foley (1960) and Campbell and Fainstein (1996) regard equity planning as an opportunity to tackle the causes of socio-economic inequality and disadvantage through the planning system. The disadvantages faced by householders in outer suburban areas, for example, have long been recognised (British Council 1942, p.205; Stonier 1958, p.342).

In Australia, the lack of housing diversity in planning practice at the local authority level has exacerbated the housing crisis (Thompson 2007) and it has also been alleged that neo-liberalist policies have tried to devalue the role of planners (Gleeson & Low 2000, p.97) and that planning in general has been used to reproduce unequal social power and further inequalities. This view is supported by Yates and Milligan who contend that planning approaches are "not sufficiently directed to promoting a wider range of affordable housing options" (2007, p.39). Successes have been limited with regard to the supply of medium density solutions (Radford & Sarris 2002) and the planning system has not realised its full potential to effect mixed income communities and housing diversity (Downs 1994; Bratt *et al.* 2006; Yates & Milligan *et al.* 2007; Gurran 2008). It has been argued that planners have little recognition of, and experience in, affordable housing principles (Berry *et al.* 2004). Local government is also notable for its absence of support for housing diversity, an observation made by Snell (2005) in relation to housing cooperatives.

In the 1980s state and local governments began to require developers to make payments towards the costs of infrastructure to service new developments (Berry *et al.* 2004, p.32; Productivity Commission 2004, pp.155-7; Thompson 2007, p.144; Healey 2009, p.2; NHSC 2009, pp.54, 55). Planning regulations and charges are alleged to impose additional costs of between 25 and 35 per cent to the price of a new house through infrastructure, compliance and planning fees and state government taxes (Productivity Commission 2004, p.140; Beer 2007, p.4; Gurran *et al.* 2008, p.25). Calls have been made for the standardisation of planning requirements, fees and charges across all local jurisdictions in order to provide more certainty for developers (Gurran 2008, p.103).

Affordable housing is a public policy goal for most state and territory governments but attempts at inclusionary zoning in planning practice have been branded a policy failure (Beer *et al*. 2007, p.7). More prosperous suburbs regard lower-cost in-movers as a threat to their territorial exclusiveness (Radford & Sarris 2002; Forster 2004, pp.156-8). Lower income housing developments or diverse building styles mooted for established residential suburbs have caused a backlash amid fears of reduced property values and detrimental effects on the neighbourhood (Bratt 2006, p.412; Gabriel & Jacobs 2006, p.547; Atkinson *et al.* 2011, p.59). However, American and Canadian evidence suggests that such fears of housing diversity are unfounded (Miron 1993, p.315; Rivera 2006; Schwartz 2006, p.264). Rivera (2006), for example, challenges the notion that inclusionary zoning for mobile home parks in the US results in a reduction of surrounding house values. In Australia, state and local governments have "legitimate powers to intervene in the private market to pursue social objectives" as Nelson and Minnery (2008, p.484) observe. However, such powers are rarely exercised. Yet despite the apparent failure of planning policy to formulate inclusive communities, drastic government intervention is not favoured. The general

consensus amongst policy makers is to continue to work within the existing planning frameworks through waiving certain regulatory requirements such as height and density in order to gain affordable housing outcomes (Bourke & Zakharov 2005; Gurran 2008; Gurran *et al.* 2008).

3.13   Demographic and social changes

Housing demand in Australia has outstripped population growth and household formation and thus exacerbated the housing supply problem. Changing demographics presents major new challenges for housing policy and long-term planning (Bunker & Ruming 2010). There has been a reduction in average household size from 3.3 persons in 1976 to just below 2.6 in 2011 and 79 per cent of households contain one or more spare bedrooms (ABS 2011b). Lone person households have increased from 15.7 per cent in 1976 to 24.3 per cent in 2011 (ABS 2011b). There are several reasons for the growth of one person households including relationship breakdown, delayed marriage and childbirth, and greater longevity with one partner outliving the other (Wulff 2001; Productivity Commission 2004, p.69). The National Housing Supply Council (2013, p.33) estimates that lone person households will increase to nearly 32 per cent by 2030 which will affect the demand for particular types of housing.

Single person households have been identified as an emergent disadvantaged group because they are reliant on a sole income with which to purchase or rent a home (Randolph & Holloway 2007; Yates *et al.* 2010). Vulnerable people such as the disabled, the unemployed and divorcees may not be able to retain home ownership or find suitable affordable rental accommodation (Beer & Faulkner 2011). An ageing population has also impacted on the availability of public housing because most of the existing stock was

designed and built for nuclear families on large blocks of land (Forster 2004). The average age of public housing tenants in 2009 was 54 years and 51 per cent were single adults (AIHW 2010). The elderly will also require more dedicated disabled housing and the incorporation of universal design features to be fitted in new and existing homes (Bringolf 2010).

A significant volume of low income accommodation in inner and near city areas has been lost through gentrification (Atkinson *et al.* 2011). This process generally occurs when professionally employed workers purchase conveniently located but rundown rental properties and renovate them (Forster 2004, pp.32-34). Beginning in the late 1960s, the result has been the dislodgment of working class communities from housing stock that was traditionally associated with low cost rental housing. Existing households have frequently been forced out of their local communities to outer suburban areas in search of cheaper housing (Randolph & Holloway 2007). Gentrification became a major driver for housing cooperatives in the 1980s in the Fremantle area of Perth, Western Australia, which is the subject of Chapter Five.

Atkinson *et al.* (2011) point out that a new generation of dislodged people in the 2000s have become spatially concentrated in low amenity outer suburban fringes and suffer longer distances and expense to commute to lower wage and often casual city-based employment, such as retail and hospitality. There have, however, been some benefits through the migration of higher income professionals into lower income inner city neighbourhoods, such as the rehabilitation of deteriorating housing stock. Nevertheless, Atkinson *et al.* (2011) conclude that the overall result of gentrification is increased house

prices as gentrifiers outbid lower income people for housing in convenient and well-serviced locations.

Increasing house values have seen a reduction in home ownership rates amongst younger age groups unable to bridge the deposit gap (Lawson & Milligan 2007, p.121; ABS 2008; Flood & Baker 2010, p.67). Young people still *aspire* to home ownership (Badcock & Beer 2000, p.96) but housing aspirations are out of step with prices and availability (Donald 2012). Factors such as changing employment patterns, the casualisation of the workforce, and tertiary graduates' repayment of university fee contributions have affected younger home buyers differently compared with previous generations (Berry & Dalton 2004, p.80; Forster 2004, p.97). Some young people may only be able to purchase a home if they are assisted by their parents as only one-third of dwellings are accessible to median income young households (Senate Committee Report 2008, p.33; Healey 2009, p.2). Of increasing concern for policy makers however, is that two-fifths of all tenants in the private sector have been renting for more than 10 years, which suggests that many are trapped tenants (Berry 2003, p.415).

3.14   Financial deregulation and innovative responses

The 1980s and 1990s witnessed the deregulation of the financial system in Australia. These two decades saw the privatisation of many federal and state government enterprises, such as banks, power and water utilities, airlines, ports and public transport. The Australian dollar was floated; non-traditional mortgage lenders led to an expansion of credit and new legislation allowed foreign investors to compete with domestic home buyers for housing stock (Stretton 1989, Paris 1993). It has been suggested that financial deregulation occurred because of international competition and the onset of globalisation

(Ball, Harloe, & Martens 1988, p.161). It has also been charged that the globalisation of capital caused Anglophone governments to curtail the provision of public housing (Yates 2002a; Atkinson & Jacobs 2008; Beer *et al.* 2007).

Financial deregulation had several detrimental side-effects but it also provided benefits for some households. As noted, new mortgage providers identified an opportunity to enter the market in competition to the banks and sourced funds on the international money market rather than from local depositors. Their business model was aided by a perception that home ownership in Australian culture is "an entitlement within a property owning democracy" (Beer *et al*. 2007, p.14). The new players initially created more competition in the market place and offered greater access to finance with innovative home financial products such as low-start or cocktail loans, higher loan to valuations ratios and lower documentation requirements which enabled additional borrowers to enter the home market (Pinnegar *et al*. 2009, p.20). However, in the aftermath of the Global Financial Crisis in 2008, lenders became more cautious and the major banks regained their pre-GFC dominance, in part by acquiring some of the competition.

Lower income people faced with an ever-widening deposit gap may require other innovative solutions to enable them to enter the housing market and one response is the development of shared equity schemes (Berry 2003, pp.425-7; Lawson & Milligan 2007, p.149; Pinnegar *et al.* 2009; Senate Committee Report 2008, pp.146-8). The first attempts at shared equity concepts, then known as community leasehold, began in the United Kingdom with experiments in London and Birmingham in the 1970s (Williams 1997, p.108). An Australian scheme with the same intent was advocated in the early 1970s by Stretton to be operated by state housing authorities whereby the excess land value was

extracted from the dwelling cost and retained by the housing authority (1974, p.71). A shared ownership scheme was mooted in the National Housing Strategy Report (1992, pp.93, 94) which also pointed out that the public portion would generate a return on capital, but no further action was taken.

The main feature of shared equity schemes is that the buyer shares the capital cost with another legal entity which contributes, usually, one-quarter of the purchase price thereby enabling more low income households to qualify for mortgage finance to purchase a home, as the deposit gap and repayments are correspondingly lower (Pinnegar *et al.* 2009). There has generally been little federal government interest in shared equity but several state and territory government have initiated such schemes. Grahame Searle, Director General of the Western Australian Department of Housing, for example, stated that 480 households with 70 to 85 per cent equity had been assisted into home ownership through Western Australian state government's SharedStart scheme (Keynote speech given to 7th Australasian Housing Researchers' Conference, Fremantle, 7 Feb 2013). On the other hand, it has been argued that private investors, rather than government instrumentalities, should be the equity partners (Pinnegar *et al.* 2009).

Shared equity schemes and programs would be also be appropriate for low income households aged 45-64 years to assist them into home ownership (Flood & Baker 2010). Food and Baker (2010) argue that people in this age group may require rental support in retirement because they suffered an average seven per cent reduction in home ownership levels due to deregulation, recession, unemployment and high interest rates in the 1980s and early 1990s (Haughton 1990, McLeay 2000). Shared equity schemes present a viable

alternative strategy to move a target group of people into home ownership which would potentially free up some affordable rental and public housing properties (Berry 2004).

Shared equity schemes are not without their problems, however. The banks have raised concerns about regulatory uncertainties and 'lumpy' cash flows (Productivity Commission 2004, pp.223-5; Senate Committee Report 2008, p.147). Pinnegar *et al.* (2009) acknowledge that in the wake of the sub-prime mortgage crisis in the United States innovative mortgage products may be perceived as being exposed to greater market risks and that concerns about the target group's ability to repay loans may deter investors. Pinnegar *et al.* (2009) concede that these schemes are complex and have hurdles such as higher transaction costs and also buyer concerns about the share that they do *not* own; but some schemes have mechanisms to allow the resident to convert to full ownership, usually in tranches of five per cent. A Senate Committee Report in Australia (2008, pp.146-8) lent qualified support to shared equity schemes with the proviso that they should not bid up prices or be used by people to gain access to more expensive housing.

The establishment of trustees and fund managers to channel socially responsible investments (SRIs) into affordable housing have been advocated (Berry 2002). SRI options have been introduced by superannuation funds as investment options for members. However, superannuation funds have not engaged in affordable housing initiatives as a fund investment strategy possibly because of questions concerning governance (Hall & Berry 2009). On the other hand, access to personal superannuation savings has been mooted as a possible financial arrangement to bridge the deposit gap to enable home purchase (Senate Committee Report 2008, p.147). Under a Canadian scheme up to $20,000 of superannuation money can be withdrawn interest free but it must be repaid within 15

years starting in the second year (Lawson & Milligan 2007, p.66). However, such a scheme is not favoured by the Australian government (Productivity Commission 2004, p.222).

Community Land Trusts (CLTs) offer an alternative for low to moderate income households. CLTs' stewardship has been proposed in order to decommodify a finite resource and remove the speculative element from the market. Land tends to appreciate in value over time and this increase in a CLT is captured and remains within the Trust (Sazama 1996, p.10; Morehouse 1997; Confederation of Co-operative Housing 2008; Prosper Australia 2008). The home buyer purchases the dwelling only and holds a long-term renewable lease on the land, usually for 99 years. The owner receives the value of improvements plus a consumer price index formula when the home is sold back to the Trust or to another qualifying lower income household. An example of such a scheme in South Australia is Brahma Green which was initiated in the early 2000s by the local authority, Salisbury Council. Thirty per cent of the market value of the 11 homes was converted into equity shares and retained by the council (Government of South Australia 2010, p.32).

3.15 Chapter summary

The discussion in this chapter of housing provision in Australia prior to, and following, World War II provided an understanding of the housing context during the 'long boom'. It placed the thesis in a historical and contextual housing framework. It illustrated that the high level of home ownership in Australia only emerged after World War II and was promoted by federal government housing and taxation policies conducive to the tenure. Political bi-partisan support for public housing construction was established through the Commonwealth State Housing Agreement which was established immediately after World

War II. However, by the 1980s the public housing sector fell into decline as a result of waning public support and factors such as neo-liberalism and privatisation. Moreover, rental tenures in the public housing sector in recent times have been accorded a lower status in the court of public opinion, often fanned by the media. In some instances this has led to marginalisation and social exclusion, particularly as a result of the welfarisation of public housing.

There was a rapid growth in home ownership rates in Australia during the three decades following the end of World War II, known as the long boom. Private housing construction developers and the financial mortgage market responded to the federal government's policies in the early 1950s designed to encourage growth in owner occupation. These structures and the availability of government funds pumped into the financial sector by the Commonwealth Bank facilitated and underpinned the expansion of home ownership to the exclusion of other forms of housing. However, the focus on home ownership in Australia resulted in other tenures not being able to develop equally alongside it, nor with the same direct and indirect taxation benefits.

By the 1980s Australian society in general and, in terms of the thesis, its housing system in particular, underwent fundamental changes. Social and economic changes were exacerbated by altered demographic and family characteristics which resulted in more single person households and caused housing demand to increase at a faster rate than population growth but without concomitant supply side levers being activated. Spatial and tenure divisions and high housing costs have contributed to housing stress and created negative personal, social and economic impacts. Urban gentrification and neo-liberalism's emphasis on self-provision had a profound effect on low to moderate income households.

Increasing numbers of such households have become trapped as permanent renters in the insecure and more expensive private market within a housing system dominated by home ownership. The decline in public housing and the escalating cost of home ownership indicates that there is an even greater need to discuss and promote alternative forms of affordable housing such as housing cooperatives.

Chapter Four discusses the selection of the eight housing cooperative case studies and the methodological frameworks used in the collection of fieldwork data for the investigation. The literature is used to justify the inclusion of an international comparative component as an integral part of the research. Although the focus of the research is on obtaining narratives for analysis from the member residents of the selected housing cooperatives, several key informants in the housing, financial and advocacy areas are also interviewed as part of the fieldwork. The overseas case studies presented an opportunity to meet housing practitioners in the United States and Canada. Discussion with key informants from other housing contexts led to recognition of the potential for transferable models to be debated in Australia and added to the housing knowledge base. Despite a few limitations to overseas case studies, it is argued that the advantage of such studies far outweighs the disadvantages. The development of the interview question schedule, ethics and confidentiality procedures and the fieldwork collection of the residents' narratives are also discussed in this chapter.

Chapter Four:

Methodology and Research Design

4.1   Introduction

This chapter discusses the methodology and research design of the thesis. It begins with a justification for the use of case studies to enquire into the lived experience of housing cooperative residents. It then argues that the international component of the research is supported by the literature, although it is conceded that there are some limitations. Following this is an explanation of the criteria used in the selection process of each housing cooperative as a case study. The development of the in-depth interview themes (see appendix) are constructed around residents' housing experiences and the reality of life in the cooperative. Methodological frameworks, fieldwork methodologies and approaches to each cooperative are then presented. Finally, the method of collecting the information in the field and issues pertaining to confidentiality are discussed.

The case studies facilitated a multi-disciplinary research design framework of historical research, secondary data analysis and participant observation (Hakim 2000; Yin 2003). However, the principal research methodology used in the thesis was by in-depth structured field interviews. Narratives give meanings to past experiences and enables participants to tell their story (Deck 1972; Flyvberg 1998). As discussed in Chapter Two, these narratives occurred within a framework of self-selection and residential satisfaction (Michelson 1977), quality of life (Sirgy, Rahtz, & Lee 2004), social capital (Putnam 2000; Winter 2000) and ontological security (Giddens 1990; Thorns & Dupuis 1998).   Structured interviews were recorded with 42 residents – 31 female and 11 males – whose ages ranged from their 20s to their 80s. The interviews lasted from 25 to 65 minutes with an average of about 40 minutes duration. In addition, 13 unstructured interviews were conducted with

key informants working in the cooperative advocacy field, in financial institutions or in government.

Case studies are an effective means of illustrating how collective responses to housing needs can be successful (Birchall 1988; Merrett & Walzer 2004). As stated, the thesis' intention is to emphasise the residents' lived experiences in their respective housing cooperatives through analysis of their narratives. Nearly all of the interviews were recorded and just over half of the resident interviews took place within the resident's home. Jorgensen noted that "the world of everyday life constitutes *reality* for its inhabitants" (1989, p.14, original emphasis). These people, the consumers of the housing, are rarely asked to voice their opinions as it is usually housing or government officials who are interviewed by researchers and therefore the thesis offers a different perspective.

It is acknowledged, however, that the housing cooperative residents interviewed may have selective memories, embellish recollections or choose not to divulge some information. Similarly, viewpoints expressed by key informants on behalf of the organisation for whom they work may also differ from their own personal opinions (Hakim 2000, p.73). Moreover, researchers also bring their own philosophical leanings to the design of the research and their strategy to conduct particular lines of enquiry to implement the study. Thus, there are both strengths and weaknesses in this type of qualitative research (Babbie 1986, pp.259-263). Nevertheless, it is considered that the residents' narratives are sufficiently robust to enable valid conclusions to be drawn and to contribute significantly to a better understanding of the issues discussed through an analysis of the deeper meanings of the residents' discourses.

4.2   Justification for case studies

Case studies are valid forms of enquiry and receive significant support in the literature (Jackson 1987, Jorgensen 1989; Hakim 2000). They are particularly useful tools "when the researcher is interested in the structure, process and outcomes of a single unit or research site" (Sarantakos 1998, p.12) or when complemented by the use of secondary data analysis and interview surveys (Hakim 2000, p.11). Hakim also points out that case studies are used almost as much as interview surveys in cross-national comparative studies (2000, pp.71, 86). Additionally, drawing on particular international case studies is valuable for the transfer of lessons and to inform of theory and practice of alternative models of affordable housing delivery (Gilmour 2009, p.93).

Within the framework of policy research, real life settings offer the best examples to study and enable investigation to occur in a physical setting where it and the people can be described (Jorgensen 1989; Hakim 2000). Hakim confirms that real life settings place "an emphasis on the substantive or practical importance of research results" (2000, p.212). These settings allow evaluations to be made and to suggest possible transferrable models. Jackson argues that "fieldwork has one purpose: to gather information from one place in a form capable of being moved to another place" (1987, p.244). On a more practical level, Jackson defined useful fieldwork as "field research from which the researcher learns something and by which valid information is obtained" (1987, p.1). International case studies allow for effective policies and innovative practices to be pinpointed provided appropriate methodological tools are utilised (Jacobs *et al*. 2004; Milligan *et al*. 2009). The case study methodology of structured interview, social interaction and personal observation pursued through the thesis facilitated the flexibility that "can provide a richly detailed 'portrait' of a particular social phenomenon" (Hakim 2000, p.59).

Finding the right case study samples in cross-national research can be challenging and highlights the importance of existing research (Gilmour 2009). Knowledge was obtained by the author through a previous visit to all but one of the study sites and more particularly by contact with local experts in the field. The selection of the case studies included different forms of cooperative organisational structures and dwelling types. Gilmour supports this selection criteria by pointing out that representative cases "would have missed out on the rich information available from atypical organisations" (2009, p.93). Although most housing cooperatives have something in common by virtue of cooperation principles, they are diversified enough in formulation and structure to warrant individual investigation. Case studies are especially applicable to small communities that have shared identities and interests (Hakim 2000) and all the study sites in the thesis except one contain less than 50 dwellings. Justification for eight case studies follows Eisenhardt's assertion that fewer than four is "likely to be unconvincing" (1989, p.545).

4.3   International comparative research

Chapter One noted some of the problems that may be encountered when undertaking international research. Essentially these were based on whether valid conclusions could be drawn given diverse cultures and economic systems and the differences in other countries' housing markets. Nevertheless, Lund (2006, p.73) proposes several reasons in favour of international research, including an opportunity to identify global factors in housing policy development and to highlight specific areas. However, Lund also points out the complexity of national and local policy intervention that may affect transferable models. Paris (1993) also cautions that international comparisons may be problematic due to local histories. Nonetheless, he encourages such research and states that "comparisons work best as broad indicators of variation" (1993, p.43). The interconnection of people is part of an

increasingly globalised world which suggests that the aim of comparative research should be to understand and explain societal changes (May 1997, p.154), and therefore "cross-cultural comparative studies are becoming increasingly common and important" (Hakim 2000, p.11).

It is acknowledged that there may be some potential drawbacks when undertaking international research but it is considered that the positives exceed the negatives. Cross-national evaluation contributes to the understanding of social change and the impact of global processes and learning lessons from other cultural contexts broadens the horizons of research in Australia. Three areas of cross-national study to which the constructionist narrative framework is particularly suited are the translation of discourse, the transferability and adaptability of ideas, and policy transfer and implementation (Jacobs *et al.* 2004, p.165). Discourse analysis incorporating the constructionist approach is particularly suited to international housing research and it can "develop more context-sensitive and interaction-grounded approaches to international housing differences" (Jacobs *et al.* 2004, p.174).

It is important to let the actors, the consumers of the housing, speak for themselves, rather than relying on housing officials' or government interpretations (Gabriel & Jacobs 2008, p.535). It was hoped that some of the resident interviews could be carried out in the participant's home as this would contribute an added dimension and understanding through observation of the internal living environment. For example, the privilege of viewing the home ambience and its fixtures and fittings may provide an indication of the resident's quality of life and clues to their hobbies and interests. The author had previously spent a total of 10 days in guest accommodation in two of the Australian cooperatives and also

attended two community dinners at one of them. Unfortunately, enquiries revealed that there were no such opportunities to temporarily reside in any of the American or Canadian case study sites but in the event more than half of all the resident interviews took place in their home while several other interviews were undertaken in the cooperative's common house or office, and two were by telephone.

4.4   Limitations of international research

Despite the many advantages of international research, it is important to acknowledge its limitations. The foreign observer is always going to be at a disadvantage in terms of depth of knowledge of another country's culture and specifically, its housing system (Jacobs *et al.* 2004, p.11). Interpreting and assessing the transferability of housing projects across international boundaries and recognising peculiarities in different countries' housing and finance markets may also be problematic (Ball 2006, p.30; Lawson & Milligan 2007). Gurran pointed out that when considering the transference of international models to Australia it is "important to recognise differences in urban governance and housing policy" (2008, p.120). Local government in Australia is relatively weak when compared with many overseas countries (Berry *et al.* 2004, p.86; Lawson 1995, p.5), including the United States and Canada.

Comparisons of the validity of international research must take into account historic, cultural, political, economic and social differences, variations in the availability of data and the way in which each country's housing market operates (Gurran 2008, pp.15, 16). Even if all these possible scenarios were to have no ultimate bearing on outcomes it still does not necessarily mean that a model of housing delivery that worked well in one country can be successfully transferred and implemented in another (Ball *et al.* 1988, p.9; Oxley 2004,

p.145; Lawson & Milligan 2007, p.12). As Milligan *et al*. (2009, p.123) point out, "international approaches cannot simply be cut and pasted into the Australian context".

Michelson (1977) also cautions against investigating specific environmental contexts, as these might not be conducive to duplication elsewhere in the future and contends that an individual's behaviour in any given environment may be conditioned by particular local, social and cultural factors (1977, p.23). 'Second order' interpretations, which international studies inevitably are, though extremely useful, may have less validity than native interpretations because the researcher cannot fully understand a foreign culture from a brief visits to another country (Hakim 2000, p.204). Australia is geographically isolated from most of the rest of the world and financial considerations usually preclude regular site visits to overseas countries. These factors could lead to the possibility of cursory conclusions based on limited observations.

As noted, some of these limitations were overcome. An opportunity arose for the author to make a visit to the United States in 2009. This visit included attending, and presenting, at two housing conferences in Seattle and one in Boston. It also enabled discussions to take place with several local practitioners who possessed detailed knowledge of their country's affordable housing situation. A visit was also made to the New Hampshire Community Loan Fund (NHCLF) in the state of New Hampshire. Partly as a result of developing these initial contacts, it was then possible to be referred to the appropriate local people in the United States for the subsequent purpose of case study site selection and to arrange visits for field data collection purposes.

Despite the limitations in conducting international research, it was considered that the information obtained from other housing cooperative contexts could contribute to the thesis and broaden the horizons of research and debate in Australia. The American and Canadian case studies, therefore, form an integral part of the thesis and it is argued that the advantages of international research far outweigh the disadvantages. Even if no discernable benefit is immediately obvious from overseas research, "cautionary tales [may be] of potential relevance to Australia" (Milligan *et al.*2009, p.2). Such a 'cautionary tale' is described in Chapter Seven.

4.5   Methodological frameworks

The major purposes of social research are to describe and explain a social setting and thereby increase the knowledge base, derive policy implications and make contributions to policy debates (Babbie 1986, May 1997). Several research methods were considered in order to obtain relevant data and information in narrative form from which to analyse the lived experiences of housing cooperative members. All were valid methodological approaches and no *one* method of research was better than any other so long as good multi-disciplinary frameworks were utilised and that the community studies "describe and analyse the pattern of, and relationships between, the main aspects of community life" (Hakim 2000, p.65).

The focus in all of the case studies is on the member residents who convey their lived experiences through their narratives which channels order, meaning and reality into their daily lives. Sandelowski notes that "the goal of narrative explanation is to provide an intelligible and comprehensive verisimilar *narrative* rendering of why something happened that is well grounded" (1991, p.164, original emphasis). She continues:

> Explanatory narrative research ... is retrospective and retrodictive in that: a) certain events in the past are interpreted as hanging together by being narrated into a story with a beginning, middle, and end; and b) a story must be ended before it can be explained. (1991, p.164)

Both quantitative questionnaire surveys and qualitative interview methodologies were thought to be suitable for the thesis. However, based on the literature findings, it was decided that the qualitative approach of one-on-one in-depth interviews would enable a more thorough understanding of the lived experiences in housing cooperatives than a questionnaire format. Within the structured interview process, participants have some freedom to introduce new topics or aspects of their housing experiences that could be probed or lead to further other avenues of enquiry and therefore add greater depth to the thesis' results (Kluckhohn 1940; Babbie 1986, p.260). Qualitative research also "offers a more direct window on the lives of people" (Hakim 2000, p.37) and "capture[s] the meanings people bring to their situations and activities" (Hakim 2000, p.43). While it may not always be possible to replicate qualitative research, it does not necessarily detract from the empirical substance of the findings.

Focus groups are a practical methodology for this type of research (Hakim 2000, pp. 34-45) but it was decided to discount these for the study because in small close-knit communities they could potentially be damaging to residents. Notwithstanding the establishment of ground rules regarding confidentiality within the group, there may be a resistance on the part of some participants to divulge certain types of information, especially that of a personal or financial nature, and the physical setting in the community itself could inhibit discussion altogether. Participants may also fear that the dissemination of privileged information or opinions could result in future harassment or innuendo by other residents or management (Niner & Hedges 1992; Secomb 2000).

Applied research needs to incorporate some form of control by the researcher over the objectives of the enquiry and to gather data in the case study communities by interview, observation and social interaction without being too obtrusive (Kellehear 1993). There was also an expectation that a contribution to an increase in knowledge would be found. The objective of this phase of the research was to bring together a diverse range of resource-gathering techniques to the thesis. In addition to the resident interviews, utilisation of secondary sources by desktop research methods and interviews with key informants provided extra information. However, all research findings are compromises and can only be based on partial knowledge because researchers can never obtain all the information about everything in a community (Jackson 1987, p.224).

4.6   Fieldwork methodologies

Fieldwork methodologies undertaken by a researcher can range from complete observer; participant as observer; observer as participant; and complete participant (McCall & Simmons 1969, pp.30-39; Jackson 1987, p.63; Jorgensen 1989, p.55). *In situ* studies of housing problems including participant observation in a residential situation is a 'central tenet of interactionism' (Jacobs *et al.* 2004, p.64) and it was therefore decided to undertake the case study communities' fieldwork by asking the residents directly to participate in a one-on-one interview. Notable methodologies have included taking up medium term residence in the community to be studied either overtly or covertly (Kluckhohn 1940; Frankenberg 1957; Gans 1982; Wallis 1997). However, extended stays to undertake participant observation roles are financially prohibitive and time-consuming for most foreign researchers and these methodologies were not practicable for the current study.

It has been argued that longer-term residence in case study locations still only represent a sample of the overall processes and that the participant observer would not find it possible to note every relevant factor or situation of interest within the community (Babbie 1986, p.249; Jorgensen 1989, p.50; Hakim, 2000, p.67). Furthermore, a prolonged time spent as a resident in the community may increase the risk of 'going native', whereby the researcher identifies with the subjects of the study and thus loses objectivity (Gold 1969, p.36; Stake 1995). These observations have some validity. Nevertheless, it was considered that even a relatively short time spent in the case study locations would contribute valuable background and enable the author to get the overall 'feel' of the residential setting.

An outsider role is "most likely to be effective when the setting is fairly public and more or less accessible to anyone" (Jorgensen 1989, p.55). All but one of the case study sites was open and accessible from the street and this helped to generate an adequate level of genuine social interaction with the participants and others as the author was free to move around the communities. The use of language and casual interactive communication that respondents may make offers opportunities for further interpretations. These *ad hoc* social relations are important as they may lead to a complementary source of data and help "to understand actions within the context of an observed setting" (May 1997, p.134).

A disadvantage for the solo researcher is that he or she may bring a bias into the study (Hakim 2000, p.174) because that person initially chooses the case study sites, and then extracts examples from the resultant narratives to present as findings (Jorgensen 1989, p.51). Participants who volunteer, or are nominated, for interview are also more likely to be actively involved in their community. Additionally, there may be a participant gender bias. Moreover, the researcher has to be cognisant that long-held notions of what was

considered to be an innovative idea or lifestyle choice may subsequently be challenged (Stake 1995, p.12).

The original proposal for the fieldwork was to contact as many households as possible at each case study site and request an interview or to talk informally. However, this undertaking was considered too ambitious within the limited time-frame and the number of participants sought was reduced and an alternative method of recruitment adopted. A greater reliance was put on initial interviews being arranged by each cooperative's board or by office staff to obtain subjects for interview. The snowball technique of asking interviewees to supply names of acquaintances that may be interested in being interviewed was also tried in the field, but with little success. With limited time at each location, it quickly became apparent how invaluable assistance would be from local people and organisations 'on the ground' in securing pre-arranged interview appointments.

4.7   Development of interview themes

Fieldwork interviews require an adequate response rate in order to build a framework for particular themes (Gilmour 2009, p.90) and to enable subsequent validation, or triangulation, of the research when considered in combination with unstructured conversations and the researcher's observations in the community (Stake 1995, pp. 107-116). For example, if the same issue was repeatedly mentioned by different interviewees it could indicate evidence of an emergent issue, an on-going trend, or other concern (MacTavish & Salamon 2001; p.490). Stake (1995, p.127) observed that case studies are not simply storytelling. It was therefore surmised that the housing history theme would lead to information about the personal backgrounds of residents, or have them tell their

story in narrative form as a means of gaining supplementary information (Deck 1972; Sandelowski 1991).

As noted, the methodology decided upon was to collect information by in-depth structured interviews with housing cooperative members and unstructured interviews with key informants. Various drafts of the proposed resident interview schedule were discussed with supervisors and colleagues and revised several times. The interview schedule (see appendix) was designed to elicit information on the major themes of the lived experience in housing cooperatives and to allow participants to engage in dialogue with the researcher which:

> enable[d] them to construct an understanding of themselves, their identity,
> their beliefs, their own meaning of issues that are going on around them,
> and to satisfy their need for making sense of their own experiences.
> (Jones, Latham & Betta 2008, p.333)

The schedule comprised 36 questions, plus several prompting questions, covering the areas of the interviewees' housing history, how long they have lived in the cooperative, their current housing in the cooperative and their level of residential satisfaction, community and social capital, and personal information. One household reference person method was chosen as the unit of analysis in preference to random individuals (Hakim 2000, p.159). This follows the practice of similar housing research in caravan and mobile home park communities where greater numbers of households consist of one person (Johnson 1971; Niner & Hedges 1992; Secomb 2000; MacTavish & Salamon 2001; Bunce 2008; Newton 2008).

In addition to supervisors' feedback, an initial trial interview with a known subject was undertaken. It was necessary for interview questions to be flexible enough to probe in

order to yield a sufficient amount of data to ensure the reliability and integrity of the survey (Hansen *et al.* 1953, p.6). Therefore, it was also important to test the design of the interviews in the field (Hansen *et al.* 1953, p.81). A pilot test run was carried out at Pinakarri Cooperative in Fremantle, Western Australia in June 2011 when visiting the cooperative on its annual open day. The sample test provided valuable feedback such as clarification of words and phrases, avoiding question duplication, and timing. Overall, the pilot was considered successful and the final schedule required only minor amendments to enable it to be standardised for use in all the case studies. The open day, fortuitously as it turned out, provided an opportunity to tour three other housing cooperatives in Fremantle.

As the same interview themes were to be used in all the case studies it was important to ensure that participants in the United States and Canada did not interpret the questions differently from that intended (Hakim 2000, pp.59, 78). It was originally planned to complete interviews at three other Western Australian cooperatives that were subsequently selected prior to those in the US and Canada. However, it was not possible to arrange a visit to those housing cooperatives in Fremantle until early February 2012. Accordingly, it was decided to proceed with the scheduled international segment of the field research in early November 2011. This was due to a rapidly closing time-frame for completion of the thesis and in consideration of the onset of winter in the northeast of the US and Canada. It was therefore important to expedite and complete that fieldwork as soon as possible in order to avoid a further delay until the northern spring.

4.8   Methods of case study approach

Case study sites and key informants must be carefully selected to ensure the integrity and the validity of the findings (Jackson 1987; Hakim 2000). Although, as mentioned, all the

proposed sites, except one, had open access, questions of entry still needed to be addressed and at least the passive support of the housing cooperative's board had to be obtained because researchers "cannot take their welcome for granted" (Hakim 2000, p.185). Jorgensen defines the difference between 'open' and 'closed' settings by stating that the former needs little negotiation to gain access while the latter "requires considerable negotiation" (1989, p.43). Examples of closed residential settings on private land or land owned by the government that would require negotiated permission include caravan and mobile home parks (Niner & Hedges 1992; Secomb 2000; Bunce 2008; 2010), residential colleges (Wolfe 1970), retirement villages (Lucas 2004), boarding houses and hostels (Horan, Muller, Winocur & Barling 2001) and prisons (Jackson 1987).

It was courteous to contact the cooperatives' management well before the proposed visits to obtain their approval to carry out the research but it was also anticipated that their assistance would be required to facilitate the collection of fieldwork data. For example, a board member or office staff may be able to provide introductions to people in their communities or suggest other sources of information or appropriate people with whom to talk (Jackson 1987, p.21; Hakim 2000, p.187). Previous communication had already been made with some of the housing cooperatives selected for the case studies and visits made to three of them. For all the case studies a written description outlining, or reaffirming, the purpose and potential benefits of the fieldwork to the community was forwarded. This information included the author's interests and background, the themes to be followed in the interviews, why their housing cooperative was selected, and the benefits that may accrue to them in terms of recognition in published research. Information concerning the University of Adelaide Ethics Committee approval details was also included in the communication.

Whilst consent to carry out the research and interview residents was requested, it was also hoped that the support of each housing cooperative's board could be enlisted in order to facilitate resident interviews. Jorgensen observed that "not uncommonly, key informants also turn out to be competent native observers. Once they understand what you are after, they are able and willing to assist in data collection" (1989, p.91). The willingness of the selected cooperatives' boards to sanction the research was duly obtained and it was promoted within their respective community by newsletter or notice board and participation encouraged. Some board members, who were more likely to be involved in the operation of the cooperative, consented to be interviewed and potentially offered additional insights into the study.

4.9   Importance of a contingency back-up plan

It has to be said that not everything went smoothly in the selection of the case studies used in the thesis. Originally it was planned to investigate community-led affordable housing developments of which housing cooperatives formed a proportion. The early inspiration for the thesis was a Sydney-based Christian youth organisation, Fusion, that had purchased a disused Hydro-Electric Commission village in Tasmania. It subsequently sold the 53 houses in the village at an affordable price in return for eight hours a week volunteer community service in order to build up a sustainable community (Fusion 2002). The organisation's goal was to enable disadvantaged young people to reconnect with society through job training programs in the village. This activity was known as vocational rehabilitation and took place with the assistance and support of village residents (Bunce 2006). On previous visits to the village the research had been negotiated and was encouraged by its management and mentioned in the village newsletter.

The community service and training concept had apparently worked well in the rural location and the organisation decided to expand the concept and develop a similar sized affordable housing estate on land donated by the Tasmanian state government on the urban fringe of a medium size town. The proposed scheme would enable low income people to buy their own homes, even if on welfare benefits, and receive job training to increase their employment prospects with the support of the organisations volunteer community workers. Local government regulatory approvals had been given and the planned estate of 50 homes was scheduled for completion at about the same time of the commencement of the thesis. Accordingly, both locations were to be included in the research.

Two salutary lessons subsequently emerged from a misplaced assumption that all was proceeding smoothly. First, the proposed development of the urban community was delayed due to lack of funding and, eventually, was cancelled. It had obviously been unwise to place faith in a case study site that was not already in existence. Second, despite earlier verbal permission being given to conduct research in the original village, a change of management structure saw a reversal and the planned research was apparently not convenient 'right now'. An appeal by the author to reconsider the decision was unsuccessful. It therefore quickly became apparent that previous permissions could not always be relied upon.

The use of the two proposed locations in Tasmania and a comparable organisation in the United States (where permission to undertake research had been granted) had to be cancelled. Following this setback and delay in starting fieldwork it was decided to focus the thesis solely on housing cooperatives and not include other community-led initiatives. This experience highlights the importance of selecting appropriate research sites with an

assurance, as far as is possible, that the research can be undertaken and, if subsequent events prove otherwise, that the researcher has a contingency 'Plan B'. As a result of these events, further investigations were made in Western Australia for other potential housing cooperative case study sites as the general tenor of the thesis began to focus exclusively on that tenure.

4.10   Selection of Australian case study sites

As noted in Chapter One, there have historically been a small number of cooperative-type communities in Australia based on intentional principles such as religious, 'utopian' or sustainable models, usually located in rural settings (Metcalf 1995). However, two comparatively recent urban examples are Pinakarri Cooperative in Fremantle, Western Australia and Christies Walk in Adelaide, South Australia. The former, comprises eight non-equity social housing dwellings and four full-equity private dwellings in a suburban location, and the latter contains 27 full-equity dwellings on an inner city site. Both cooperatives symbolise environmentally sustainable housing developments (Crabtree 2005; 2006).

The author had been aware of these cooperatives for a number of years and they both offered possibilities for further research. However, it was decided to only include Pinakarri Cooperative in the study because Christie Walk was entirely a full-equity cooperative and therefore did not fit the criteria of being affordable housing for low to moderate income households. As mentioned earlier, while attending an open day at Pinakarri Cooperative, an opportunity arose to visit three other housing cooperatives in Fremantle. These were: First Fremantle Housing Collective, Freo Fringe Cooperative, and Inanna's House Cooperative. Following discussions with the umbrella organisation in Western Australia,

the Federation of Housing Collectives (FOHCOL) and contacts made with board members during the open day visits, it was decided to include all four Fremantle housing cooperatives in the research and thus they became the four Australian case study sites. Although the common factor in these cooperatives was the provision of affordable rental housing, each had different historical roots. They are discussed in Chapter Five and all are situated within the archetypal Australian public housing cooperative model.

4.11   Selection of United States case study sites

The availability of the internet and computerised desktop technology enabled searches to be undertaken to source information on potential case studies sites for the thesis. Background knowledge of a potential case study site is important as it assists with access and stimulates the interest of the organisation in the researcher's project (Jackson 1987, p.23; Hakim 2000, p.187).   Searches on the websites of several organisations often provided historic information, mission statements, and details of affordable housing developments including images, and policy documents and procedures. Material presently available on the web may be as diverse as newsletters, promotional and information literature, press releases, staff profiles, governance rules, audits and financial statements and can be downloaded for later reference and perusal (Jackson 1987, p.45; Jorgensen 1989, p.91; MacTavish & Salamon 2001, p.490). As noted, it was not the author's intention to select housing cooperatives that were necessarily representative of their respective country, but rather to seek out different forms of cooperatives, and to examine innovative methods of delivery and sources of finance.

The author had been aware of the innovative activities of the non-profit New Hampshire Community Loan Fund (NHCLF) for a number of years as a result of previous research

work on urban regeneration and relocatable home parks (Bunce *et al.* 2005; Bunce 2008). An enquiry was forwarded to the NHCLF for further information on its funding model. This led to a subsequent suggestion from Paul Bradley, the then president of the NHCLF, to attend the Corporation for Enterprise Development's (CFED) Innovations in Manufactured Housing (I'M HOME) conference in Seattle in September 2009 at which he and several members of the NHCLF team would be attending. This invitation was accepted and attendance at the CFED conference also provided an opportunity to visit three non-profit affordable housing communities near Seattle.

The conference was followed by the Manufactured Home Owners Association of America (MHOAA) annual convention which provided an opportunity to present a paper on the topic of previous research in affordable housing carried out in relocatable home parks in Australia (Bunce 2007). Speakers at both the CFED and MHOAA conferences confirmed the lack of affordable housing in the United States that made it as dominant an issue of public and media interest and government housing policy debate as it is in Australia. Attendance at the two conferences also enabled discussion and networking opportunities with several American housing experts.

A visit was made to Concord, New Hampshire, the home state of the Community Loan Fund, after the Seattle conferences. The visit presented a valuable opportunity to observe first-hand the operation of the Fund over the course of several days. During this time the author was able to interact with team members and participate in many areas of the NHCLF's day-to-day activities. These activities included being informed of its business model and attending internal meetings and tele-conferences. The author also attended two housing cooperatives' board meetings as an observer and also attended a meeting at a

mobile home park held to discuss the possibility of the residents purchasing the park collectively and forming a cooperative.

Visits were also made to several housing cooperatives with Mr Bradley or members of his team. These included a visit to Pepperidge Woods Cooperative, which was developed by the NHCLF, and the adjacent Barrington Oaks mobile home park cooperative, which was collectively purchased by the residents with the financial assistance of the NHCLF. Further discussions with Mr Bradley indicated that these two cooperatives might hold possibilities for future research. The NHCLF and the narratives of members of the two cooperatives who participated in the research are described and analysed in Chapter Six.

4.12   Selection of Canadian case study sites

The author was familiar with the city of Winnipeg, Manitoba through family connections and a previous visit several years earlier and had knowledge of Willow Park Housing Cooperative prior to commencing the thesis. Accordingly, its potential as a case study had already been considered. Willow Park was a large complex and was the first continuing family housing cooperative in Canada, as opposed to earlier self-build terminating cooperatives or university student housing cooperatives (Cole 2008). An Internet search into Willow Park's history confirmed that it had possibilities to be a suitable case study. Correspondence was forwarded to Willow Park's office manager requesting further information on the cooperative's housing policies. This action led to the receipt of comprehensive background material which reinforced the appropriateness of the cooperative as a case study.

A subsequent request to include Willow Park in the research and to interview a number of residents received a positive response. An invitation to visit and inspect some of the homes in the complex was also included. The author's impending visit was advertised in the cooperative's newsletter and on the office notice board and a call made for volunteers to participate. A schedule to interview participants over two days was drawn up prior to departure from Australia. A suggestion by Willow Park staff to approach the housing manager at the nearby Willow Park East Cooperative also resulted in an interview with that person. Other contacts in Winnipeg provided an introduction to a Manitoba government housing minister and subsequent interview as well as interviews and visits to other housing cooperatives

The second case study, Greenheart Housing Cooperative, was found through an Internet search. The cooperative was initially selected as a potential case study because it was built on 'green' principles and had environmental credentials. It was therefore considered to be suitable for comparison with the 'green' Pinakarri Cooperative in Western Australia. However, such a comparison later proved to be impracticable. However, information was received from contacts in Winnipeg that Greenheart had experienced operating difficulties and as such, it may offer valuable lessons from that perspective. Greenheart was completed in 2009 and was one of the few new cooperatives that have been built after the Canadian federal government's cooperative housing funding program ceased in 1992.

Greenheart Cooperative has a board, but as a result of past problems, is managed by an external non-profit management company and it was to this organisation that an email was forwarded with a view to interviewing two or three residents. The company facilitated the request through notification to the board's president, who was contacted by the author and

she agreed to be interviewed for the study. Prior to departing Australia contact was also made with the Cooperative Housing Federation of Canada (CHF Canada), Manitoba office. This led to opportunities to visit, or drive by, several other housing cooperatives in Winnipeg and to further interviews with CHF representatives. The Winnipeg case studies and analysis of residents' interviews are presented in Chapter Seven.

4.13   Confidentiality and ethical procedures

All interviewees were assured of complete confidentiality. Adherence to ethical procedures concerns the actions of the researcher's conduct with human subjects while undertaking fieldwork, openly stating the purpose for carrying out the research, and what subsequent use will be made of the material obtained and how securely it will be stored (Jackson 1987, p.259). As noted, participants in the case studies, and key informants, were advised that the research had been approved by the University of Adelaide Ethics Committee and provided with a letter to that effect. A complaints notification procedure to follow, should that be deemed necessary, was also provided. Although it is not possible for a researcher to provide an absolute guarantee that no person can be in any way harmed by participating in social research (Babbie 1986, p.452), interviewees were assured that every precaution was taken during the course of the fieldwork to adhere to prescribed university ethical standards.

Interviewees were also advised that taking part in the research was entirely optional and should they choose to proceed, they were free to decline to answer any question, or to withdraw from an interview or discussion at any time or ask the author to leave at any time. The author wore University of Adelaide identification during the fieldwork. It was also hoped that this might indicate neutrality with no connection with anyone associated with

the cooperative, the board or any level of government. Face-to-face discussions are obviously lacking in anonymity from the standpoint of the interviewee but where the researcher is a stranger who will not be remaining in, nor has any connection with, the cooperative, he or she may have the advantage of 'stranger value' when interviewing participants (Jackson 1987, p.69).

Only given names and identification of the housing cooperative were used in interviews with residents. Participants were also advised that no information would be given to third parties other than as general findings in published research and participants would not be individually identified. Any references in the research to particular residents would be by a random identification known only to the author (Hakim 2000, p.44). Similarly, in field notes or unstructured interviews no real names or identifying characteristics would be used. Key informants and role holders would not be named in the research or otherwise identified without their permission.

4.14   Fieldwork narratives' collection

Fieldwork procedures or protocols serve as reminders to the researcher as to why the information is being collected and these became an essential part of obtaining information for the case studies (Yin 2007, p.74). A total of one month was allocated to complete the fieldwork. It was thought necessary to spend several days in each of the cooperatives in order to gain acceptance, carry out interviews, engage residents in conversation, record detailed observations and also to interview key informants. The task was made easier by several pre-arranged interview appointments, especially in the international component of the research, and the willingness of other people to facilitate interviews.

In Fremantle, the four housing cooperatives visited were reasonably close to each other and local buses provided easy access. By contrast, in New Hampshire it was necessary to hire a vehicle over three days to travel the 43 kilometres (27 miles) from the state capital, Concord (see Chapter Six, figure 6.1), to the adjoining rural case study sites due to there being no public transport and no local accommodation. In Winnipeg an acquaintance generously offered to transport the author to the case study sites. It was difficult to pre-allocate the amount of time that would be taken up by the interviews and *ad hoc* discussions and engaging in conversation with individual residents. However, as indicated, the author was helped significantly by access to management and influential people who arranged participant interviews and assisted in various other ways. No local assistants were engaged to undertake data collection or any part of the fieldwork.

Participating cooperatives' residents were provided with an introductory letter and a consent form and the purpose of the research was explained to them. Upon agreement to proceed the consent form was completed prior to the interview and signed by the participant. The primary methodology decided upon was to audio record, with the interviewee's permission. Successful attempts were also made to include an interview with a member of each cooperative's board. Non-resident key informants were not required to sign a consent form but were asked their permission to record the interview.

The issue of recording interviews is contested. One school of thought expresses the view that interviews are normal conversations and recording devices may inhibit the free flow of information and opinion (Jackson 1987, p.68). Another is that qualitative research places a high priority on direct interpretation of events and therefore it is better to listen intently, take a few notes and ask for clarification as necessary (Stake 1995, p.40). The interviewer

then needs to write a comprehensive account immediately following the interview but it is unlikely that every detail could be recalled, particularly if interviews occurred consecutively. Recording devices until relatively recently were cumbersome to carry around and obtrusive when interviewing. However, modern digital recording technology has improved to the extent whereby the recorder is almost completely unobtrusive, small and lightweight and can be carried in a pocket. In the thesis it was decided to be flexible according to interviewees' wishes but with a preference for structured recorded interviews in order to ensure that important points were not missed or misinterpreted and in order to have some consistency across all the interviews.

The interviews with members of the cooperatives were complemented by informal social interaction and conversations with other residents or staff. Previous research experience showed that casual *ad hoc* discussions could be prolonged and may last upwards of 30 minutes. It was evident in previous residential caravan park research (Bunce 2008) that a great deal of quality information could be gained from unplanned casual social interaction. Face-to-face informal discussions also give the opportunity to ask open-ended questions and to clarify answers (Babbie 1986, p.223). Such discussions provide an opportunity for residents to impart anecdotal information or mention other topics to complement the research and probe further (Secomb 2000).

While spontaneous informal conversations "yield rich insights into people's experiences, opinions, aspirations, attitudes and feelings" (May 1997, p.109) it would be inappropriate to produce a recording device or even a note pad. A notebook was taken into the field to jot down dates, times, names, places, casual conversations and other snippets of information (Jorgensen 1989, p.96). A diary or written log enables brief interactional and

observational notes to be recorded in an extended form (Stake 1995, p.55). Field notes provide a running commentary to researchers who should write whatever impressions occur because detailed write-ups are central to the generation of insight of each case study (Eisenhardt 1989, pp. 538-540).

The issue of payment or other reward to participants in social research is disputed. There are various reasons for offering payment, or not, for this type of research (Jackson 1987, p.71). For the present research, however, there were several factors militating against the proposition. Making cash payments to participants would have necessitated carrying cash with the attendant risk of loss and exposure to possible danger. Furthermore, bookwork, accounting and auditing money flows would increase the research time-frame. Payment to participants also adds considerably to the overall budget (Hakim 2000, p.93). However, for part of the fieldwork this position had to be modified. In the pilot interviews it appeared that without an incentive a sufficient number of participants may not otherwise be forthcoming. Therefore, it was decided at the Fremantle cooperatives to offer a payment of $20 in recognition of the interviewees' time to participate in an interview. However, some interviewees declined the payment. For the international segment of the fieldwork a small souvenir of Australia was given as a token of appreciation to the American and Canadian participants.

4.15   Chapter summary

This chapter presented the justification for the use of case studies to carry out the research and it advanced the thesis to the stage of the fieldwork narratives' collection. It was argued that case studies were supported by the research methods literature. The literature, it was contended, also supported the inclusion of an international perspective for which the

advantages outweighed the limitations. Several methodologies were suggested by the literature and following a successful pilot test the principal strategy adopted was by in-depth recorded interviews. This was considered suitable to record the experiences of residents and to analyse the deeper meanings of their narrative discourses. Frameworks for the implementation of the fieldwork, the development of interview themes, the selection of the case study cooperatives and the approaches made to obtain their permission were discussed. The chapter ended by addressing ethical and confidentiality issues and by detailing the methods used to collect the narratives.

Chapter Five is the first of three chapters that discuss and analyse the findings of the residents' narratives and the opinions of key informants. The chapter first briefly provides an introduction to the geographical, economic and housing context of Fremantle, Western Australia. A background to each of the case studies is given to enable an understanding of each cooperative. The chapter then focuses on the resultant narratives of members of the four housing cooperatives in Fremantle and examines residents' self-selection processes, their levels of residential satisfaction, quality of life, social capital, negative perceptions and ontological and physical security.

Chapter Five

Fremantle Case Studies: Background and Findings

5.1   Introduction

Chapter Five outlines the history of each of the four housing cooperatives investigated in Fremantle, Western Australia to enable an understanding of the events leading to their formation, their methods of securing finance, and the difficulties encountered by members until their housing was completed and occupied. This is followed by an analysis of residents' narratives with a focus on the themes of self-selection, residential satisfaction, wellbeing, social capital and physical and ontological security.

Figure 5.1 Western Australia. The port of Fremantle is 20km (12.5 miles) south west of Perth, the state capital. Source: Google Maps

Figure 5.1 shows the geographical location of Perth, the capital city of Western Australia, located in the south of the state. The City of Fremantle has its own distinctive history and identity and is approximately 20 kilometres (12.5 miles) southwest of the Perth city centre. The population of Western Australia is approximately 2.25 million and that of Perth is 1.73 million (ABS 2011b). The population of the Fremantle electoral division is 144,500 (ABS 2011b). Mining has long been an important industry in Western Australia, particularly since the 2000s, and it has contributed to increased population growth and fuelled rapidly increasing house price rises (Haslam McKenzie *et al.* 2009).

Fremantle is the major port in Western Australia but in the late 1970s and early 1980s the city went into a population and economic decline due, in part, to the change from traditional shipping and port activities as a result of the introduction of containerisation on the wharves. However, Fremantle received a significant boost when it hosted the America's Cup yacht races in 1986-1987. Since then, Fremantle has been largely transformed from a predominately working class port and affordable housing area into a desirable middle class residential coastal location with many new ocean-view housing and apartment developments (City of Fremantle Community Atlas 2006).

The legacy of the regeneration of Fremantle for the America's Cup in 1986 and the subsequent gentrification of the town still remains through high house prices and rents. It was reported that under the 30/40 benchmark rule (Nepal *et al.* 2010) one-quarter of all rental households in Fremantle were experiencing rental stress and 6.4 per cent of home purchasers were in mortgage stress (City of Fremantle Community Atlas 2006). According to the 2011 ABS Census, the median monthly mortgage repayment in Fremantle is $2058 and the median weekly rent is $320 (ABS 2011b). The waiting list for public housing in

mid-2009 in Western Australia stood at over 21,000 (Social Housing Task Force 2009, p.13) which confirms a demand for affordable housing.

Western Australia has a long history of large and influential producer cooperatives. These were dominated by Co-operative Bulk Handling Limited (CBH) (Mazzarol, Mamouni Limnios & Simmons 2012), founded in 1933, and Westralian Farmers' Co-operative Company Limited, now the publicly listed company, Wesfarmers (Lewis 1992, p.177). Trading cooperatives were incorporated under the Companies (Co-operative) Act 1943 (WA). The peak cooperative housing body in the state, the Federation of Housing Collectives, was established in 1987. However, the Western Australian Housing Cooperatives Act was not promulgated until 2009. Accordingly, FOHCOL and all the state's housing cooperatives had to be incorporated as non-profit associations under the Associations Incorporation Act 1987 and referred to as a 'collective' because the word 'cooperative' could not be used in their titles (Cheong 2011, p.13). However, for consistency the term 'cooperative' will be used throughout the chapter.

5.2   Background to the Fremantle cooperatives

The regeneration of Fremantle for the America's (yachting) Cup and subsequent gentrification resulted in middle class in-movers buying and renovating traditional working class cottages and dislodging many of the original inhabitants (Atkinson *et al.* 2011). In the 1980s it was also difficult to obtain a State Housing Commission home (now known as Homeswest and referred to as such hereafter). In 1983 an effort was made to create greater flexibility in social housing across Australia by the federal Labor government and funding was made available to the states and territories under the Local Government and Community Housing Program (LGCHP). The intent of the program was to involve local

government and community groups in the provision of low cost rental housing and to enable tenant self-management (First Fremantle Housing Collective (FFHC) 1987, p.4).

In late 1983 Homeswest began to investigate the possibilities of housing cooperatives and an initial public meeting was held to assess the interest in establishing a housing cooperative in Fremantle (FFHC 1987, p.5). Most of the attendees were professional workers in local government or the welfare sector, few of whom intended to be tenants. From this core group an interim committee of five people was formed which included an architect, and a research officer appointed by the state government (FFHC 1987, p.5). The committee educated itself about housing cooperatives, searched for building sites with the potential for future expansion and organised a public meeting to form a tenant group (FFHC 1987, p.6). This process has demonstrated that it is possible for an interim committee, largely made up of housing professionals, to undertake the preparatory work to establish a housing cooperative and then transfer it to a tenant membership group. The LGCHP provided an establishment grant of $2,000 to enable the initial funding applications to proceed.

There are four non-equity housing cooperatives in Fremantle and all are the subject of a case study in this chapter. They are: First Fremantle [First], Freo Fringe [Freo], Pinakarri [P] and Inanna's House [IH]. Seventeen in-depth interviews were undertaken with members across the four cooperatives, aged from their late 20s to early 60s. Thirteen were females and four males. Two were known to be retired and four were unemployed. In addition, two key informants, one representing FOHCOL and a *pro bono* associate with the organisation were also interviewed and several casual converations with other members were also made.. The background to each case study is reviewed separately to enable an

understanding of its development processes. This is followed by a discussion and analysis of the respondents' narratives.

5.3   First Fremantle Housing Cooperative

In September 1984 the founding committee of First Fremantle Housing Cooperative (FHHC) lodged an application for funding under the LGCHP program to purchase land and to design and build 14 houses for singles, couples and families and a communal facility. This proposal was approved in April 1985. First Fremantle's initial funding submission requested $667,000 of which 40 per cent ($267,000) was provided as a grant and 60 per cent ($400,000) was required to be raised by the cooperative through a private mortgage. The land chosen for purchase was a former quarry site which at the time was owned by Homeswest. The state government, through the housing authority, guaranteed the loan but the cooperative was required to enter into a mortgage with Homeswest to cover the guarantee. In the event of the cooperative defaulting on its loan, the dwellings would revert to Homeswest.

Notwithstanding the government loan guarantee, First Fremantle still encountered difficulty in negotiating a mortgage from a financial institution. In 1985 a loan above $100,000 was considered a commercial loan which attracted a higher interest rate. The committee found that banks and building societies had no understanding of what a housing cooperative was, nor the requirement of a blanket mortgage for the collective ownership of the dwellings (FFHC 1987, p.9). Eventually, an accommodating building society provided a variable rate loan to First Fremantle but the experience illustrated the lack of knowledge about the intent and purpose of housing cooperatives within the housing finance industry, a situation that still exists.

The next step, in May 1985, by First Fremantle was to call a public meeting at the Fremantle Town Hall to attract expressions of interest from people who would like to become members of the cooperative (FFHC 1987, p.13). Publicity for the meeting occurred through engagement with radio station talkback programs, by placing posters on council office notice boards, in libraries and promotional newspaper articles on the proposal. These activities culminated in the attendance of about 60 people at the first official meeting of the cooperative (FFHC 1987, p.13). Members of the Interim Committee gave a talk on the housing cooperative concept. The speakers emphasised that a waiting period of two years was anticipated before the housing would be ready for occupation and in the meantime there was an expectation of time and commitment from members (FFHC 1987, p.13). The meeting indicated that some attendees were seeking an immediate solution to their housing needs and for whom the time-frame of the cooperative was unsuitable. A core membership of about 25 people attended subsequent fortnightly meetings.

The legal process to register the cooperative under the Associations Incorporation Act took about six months. A Perth architect who had an understanding of the concept of housing cooperatives, and had worked on such dwellings in the United Kingdom, was then hired to design the houses in consultation with the cooperative's members (Crabtree 2005, 2006). The members experienced a completely different attitude to tenants from that normally encountered from Homeswest, as one remembered:

> *Most members of our collective had had little or no control over their*
> *housing situations, let alone design. It was exciting to discover that we*
> *had the power to design housing for ourselves.* (FFHC 1987, p.41)

The proposed tenant membership of First Fremantle was based on maximum democratic participation, consensus decision-making and control by all tenants (FFHC 1987, p. 24). First Fremantle's core membership group rejected a board structure and assumed management responsibility by all tenants in the operation of the cooperative. The three subsequent housing cooperatives in Fremantle also adopted a consensus decision-making approach.

The First Fremantle core group selected a sub-committee of five from the longest serving members who, in return, received a guarantee of housing in the cooperative. It was decided that, in addition to public housing eligibility at the time of application, potential tenants should also be required to complete a questionnaire, be interviewed by the committee and write a statement outlining their reasons for wanting to reside in the cooperative. Housing need and a commitment to cooperative principles were weighted evenly at 40 per cent each, 10 per cent applying to applicants' links to Fremantle and 10 per cent to income (FFHC 1987, p.33). While the America's Cup helped to regenerate Fremantle, as mentioned, the event produced negative effects on the local housing market. A long-term resident of First Fremantle recalled:

> *Getting towards the end of the period in 1986 it was difficult to get a long*
> *lease because of the America's Cup and landlords weren't too sure whether*
> *there'd be a bonanza or not and so they were offering very short leases. So*
> *there wasn't much security of tenure.* (First4)

There was a substantial turnover of members during the start-up and construction period, but half the people who had attended the first meeting were selected finally as tenants of the cooperative (FFHC 1987, p.14). Fortunately, the number of applicants wishing to be housed equalled the number of houses available and this made tenant selection easier than it otherwise might have been. The intent of the cooperative was to have a mixed tenant

body and the dwellings built consisted of three two-storey terrace houses and three detached houses for families, four semi-detached houses for couples and four semi-detached houses for singles (FFHC 1987, p.43). No car parking was provided adjacent to the houses in order to retain the natural environment. Parking is only available in two designated perimeter areas (figure 5.2).

Figure 5.2 First Fremantle Housing Cooperative. The site has a natural environment and parking is only available on the perimeter. Photo: The author

In addition to the housing, a community hall was incorporated at the design stage and includes an office, kitchen, tool shed and laundry (figure 5.3). However, not all residents use the communal laundry, preferring to use their own facilities. The hall is also made available to outside groups, which is seen as promoting the integration of the cooperative into the general community (FFHC 1987, p.44). The first residents moved into the cooperative in 1987. A waiting list for housing in the cooperative was established but was limited to a maximum of four non-voting associate members (FFHC 1987, p.35).

Figure 5.3 The community hall at First Fremantle Cooperative includes an office and a kitchen plus an adjoining communal laundry and tool shed at right.
Photo: The author

The committee decided that a quarter of the tenants at First Fremantle could have incomes up to 20 per cent in excess of Homeswest's eligibility criteria (FFHC 1987, p.33). However, it appeared that such eligibility was open to interpretation by Homeswest. A member who exceeded the criteria stated that:

> *We have an understanding in the co-op that it didn't matter that you went over the income limit. Once you'd been living there a few years, you could stay living there. But [Homeswest] found out ... and they sent me a letter targeting me saying that I had to be evicted from the co-op ... It didn't happen but it was a bit scary.* (First2)

Several members of First Fremantle remarked that they would have preferred more environmental concepts to have been incorporated from the outset. One resident stated that "*I would like to see rainwater tanks put in and ... the laundry converted to a grey water system*" (First3), while another advocated a permaculture garden. However, retrofitting

appeared unlikely. Another member indicated that "*a person's commitment to the environment drops off enormously when a personal contribution is asked for*" (First4). The cooperative's pleasant environs now also include an adjacent senior citizens' housing complex, connecting walkways and an adjoining park.

5.4   Freo Fringe Housing Cooperative

Figure 5.4 Freo Fringe Housing Cooperative. Photo: The author

The second cooperative established in Fremantle is Freo Fringe (figure 5.4). It was formed after two women, one of whom had spent four years living in a community in India, were attracted to the idea of community living and attended several First Fremantle meetings in 1986. They intended joining that group as members but were advised that it was unlikely they would be housed in that cooperative. As one of the women recalled:

We went along to the meetings of First Fremantle thinking we'd like to be a part of that and they said basically that it's unlikely that you'll get housed here so why don't you start your own co-op? [An official] was set up by the [state] government to help people establish housing co-ops so we worked with him and put an ad. in the local paper and put up posters and things around just inviting people to come to a meeting who were interested in forming a housing cooperative. That's kind of how it started. We got a group of people together. (Freo3)

Figure 5.5 The small community building and children's play area at Freo Fringe. No cars are allowed within the cooperative. Photo: The author

The new cooperative applied for funding under the LGCHP to construct 15 dwellings and the initial $2,000 start-up grant allowed the group to complete the necessary paperwork and to write the submission to apply for further funding. Freo Fringe cooperative was allocated a $377,000 grant (Prince 1994b) and a commercial mortgage was obtained for the balance. The same architect who had worked with First Fremantle was appointed to design individual two, three and four bedroom houses and incorporate a community house and children's play area (figure 5.5). Again, the opportunity to have an input into the design of their housing was an unexpected surprise for members because, as one member said, "*not*

many people on low incomes with no capital behind them get the opportunity to design their own house" (Freo3).

The land upon which Freo Fringe is situated was formerly part of a large recreation reserve. Over the objections of several nearby residents, and after a protracted battle that caused delays in the completion of the project, the local authority re-zoned a portion of the park land to residential use in order to accommodate the cooperative. As a consequence of these delays it took seven years from the first public meeting until the members of Freo Fringe were finally housed in 1993. However, only a few of the original members stayed the distance and moved into the cooperative. The inordinate amount of time taken from the first meeting to occupation of the housing resulted in frustration and eventual loss of interest by many of the earlier members who were unable to wait. But for those who stayed, their views lent credence to the oft-quoted remark that housing cooperatives are the next best thing to home ownership:

> *I had a say in the design of the house, it felt like [it was] my house in a way*
> *that no rental property ever feels like [it's] your house. I feel like this is my*
> *home and I can do stuff and [I'm] free to do whatever I want in the house.* (Freo3)

For prospective tenants who wish to be placed on the waiting list for housing at Freo Fringe cooperative, the current (2011) cost of membership is $10 per year and there is a requirement to attend six monthly meetings before being accepted as an associate member. However, acceptance is not automatic as a person now resident at another cooperative complained "*[We had] applied to Freo Fringe but our application was rejected because of a difference of opinion. So we were barred on a difference of opinion*" [P2]. Freo Fringe Cooperative had apparently experienced some very heated meetings in the past and members may have been avoiding the possibility of future conflict. Confrontational

arguments are dominated by the rationality of power (Gamson 1968; Wolfe 1970; Flyvbjerg 1998, p.194). Unresolved conflict has the potential to destroy feelings of community and wellbeing (Metcalf 1995, p.163). Conversely, stable power relations are more likely to result in cooperation and an acceptance of a difference of opinion. Therefore, it appeared that the selection committee preferred to select people of a similar disposition to themselves.

5.5   Pinakarri Housing Cooperative

Figure 5.6   The social housing section at Pinakarri Cooperative.   Car parking is contained on the perimeter. Photo: The author

Pinakarri is an intentional community based on environmental sustainability, permaculture, and social justice principles and was envisaged as a model for others seeking a sustainable lifestyle (figure 5.6). The cooperative was formed in 1991 and takes its name from an Indigenous word meaning 'deep listening' (Pinakarri Community Inc undated). The cooperative traces its roots to an activist network that met for community dinners at a Perth

share house in the late 1980s (Crabtree 2006, p.523).   Pinakarri obtained a grant of $840,000 under the federal Labor Government's Building Better Cities program when that area of Fremantle was being redeveloped.

The cooperative is less orthodox than the previous two Fremantle cooperatives because of its emphasis on permaculture and sustainability.   It was built on a 3,000 square metre corner block of land which previously contained three older houses on large blocks owned by Homeswest (Pinakarri Community 2011).   The site now contains eight public housing dwellings, including a home designed for a severely disabled resident and a team of carers, four privately-owned homes and a common house. Pinakarri was the first housing cooperative in Australia to contain both social housing and private equity housing. None of the home owners were interviewed for the case study but some social interaction with the author occurred during the visit.
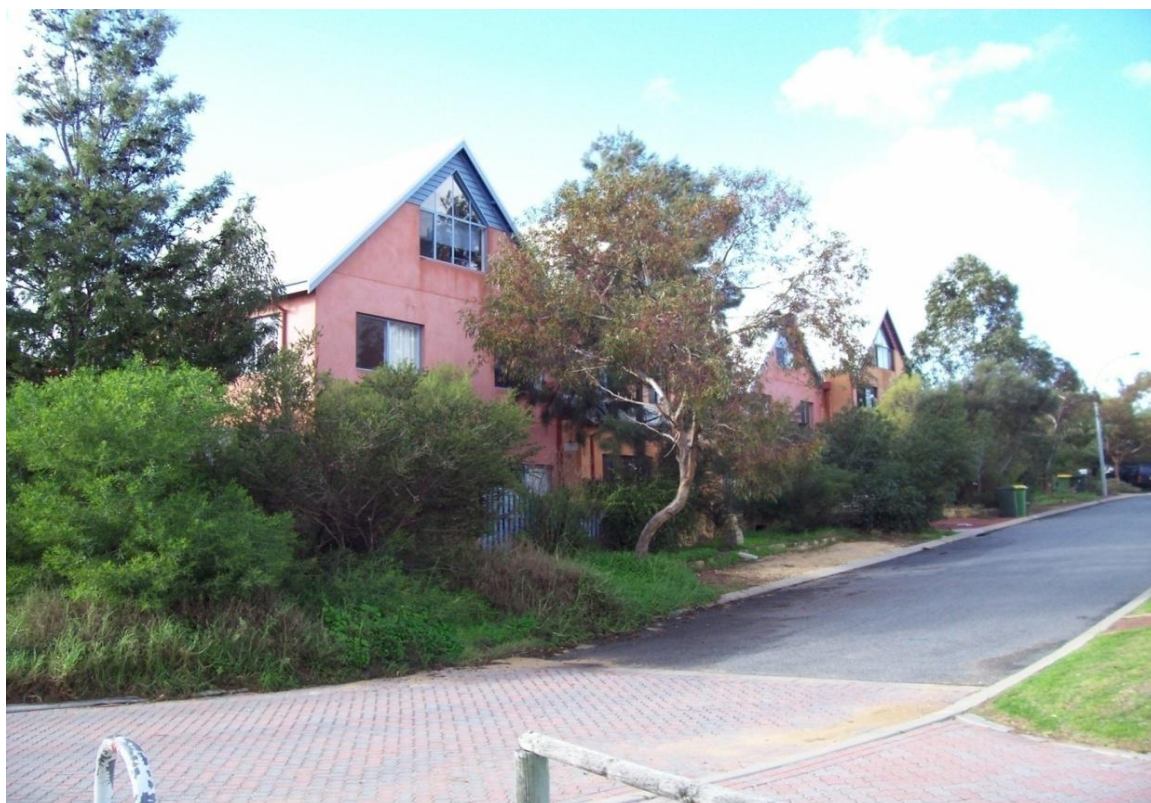
Figure 5.7 The four private equity houses are larger than the social houses and have a street frontage. Photo: The author

Homeswest became much more involved in Pinakarri Cooperative than it had with the two previous cooperatives. It advertised for tenders to design the development and eventually appointed the same architect who had designed First Fremantle and Freo Fringe, primarily because he had put in a low bid to secure the work (Crabtree 2006, p.523). While there appeared to have been little difficulty in Homeswest's acceptance of tenant empowerment previously, the authority's attitude towards Pinakarri changed and it signalled that it wanted to assume more control. Homeswest was accustomed to having full ownership of funds and was not used to tenant management or partnerships and housing cooperatives posed a threat to its hegemony (Crabtree 2005, p.337). The then state Housing Minister insisted, unsuccessfully, on inserting a clause in Pinakarri's trust deed giving the right to Homeswest to resume the properties at any time (Crabtree 2005, p.337). The cooperative's architect stated that Homeswest's attitude was, "look, don't make this housing too good 'cause everyone will want it" (quoted in Crabtree 2005, p.338). He added that Homeswest was suspicious of:

> all these people who don't have any money and who are real people, who
> can't afford to buy a house, for them to suddenly develop this stuff and do
> it better is a threat. (quoted in Crabtree 2005, p.337)

According to the architect, Homeswest was frequently obstructive and months were wasted arguing over relatively trivial matters such as what colour the houses were to be painted (Crabtree 2005, p.337). The design process also took a large amount of time because each tenant was involved in the design of his or her house. It took from 1991 until 1999 for Pinakarri's members to finally be housed. The housing cooperative, however, has been a financial blessing for the public tenants at Pinakarri. One resident said that without a home in the cooperative "*I [could not] afford to live in this area ... it's very difficult, rents in the private sector are an impossibility*" (P3) while another stated, "*I am totally against the fact*

that people are denied housing on the basis of income and lack of finance. There is a crisis of affordability" (P2).

The local council had been supportive of Pinakarri's development. However, innovation in urban sustainability was not universally welcomed by Pinakarri's neighbours and it was opposed by a neighbourhood protest group. The cooperative's members were harassed and the property attacked, causing some damage, but residents responded by hosting a neighbourhood safety forum in the common house which helped to alter public opinion (Crabtree 2005, p.339). Nearby residents are now invited to open house dinners and functions in the common house (figure 5.8).

Figure 5.8 The common house at Pinakarri Cooperative. Photo: The author

A common house is seen as an important element in co-housing concepts and maximises social interaction for members (McCamant & Durrett 1994). Pinakarri also contains a communal laundry, which one person referred to as the equivalent of the village well,

although some residents still prefer to use their own facilities. Additional community facilities include a kitchen, an upstairs lounge, a guest bedroom and computer room. The common house is the venue for twice weekly resident dinners, meetings and other functions that have included visiting musicians.

Figure 5.9 The fire pit at Pinakarri is the site of 'song circles' and a place for members to air any grievances. Photo: The author

Pinakarri features a fire pit (figure 5.9) around which the members gather and hold hands in a 'song circle' to thank the environment and mother earth prior to the community dinners. However, one member regarded the ritual as 'a bit trite'. The fire pit also serves as a place for members' meetings, called 'heart circles', where issues regarding the cooperative can be aired. The fire pit held a special significance for one resident who described it as the best part of living at Pinakarri because "*people lived like this a million years ago*". The private equity home owners elected not to fence off their back gardens in order that they could seamlessly blend into the space of the rest of cooperative. Some single people rent rooms in the private homes which, according to one such person, "*it's a good way of*

getting into the community". Two households also chose to purchase private housing nearby in order to become associate members of the Pinakarri community.   Total membership of the cooperative is about 25 people including children.

Pinakarri was established as an intentional sustainable community and this and other activities set it apart from the other Fremantle housing cooperatives. Many members are vegetarians and conversation with others indicated that they had previously been so and regretted having to revert back to meat eating for dietary reasons. Some residents participate in artistic and creative festivals in Fremantle and Halloween festivities and celebrations of the winter and summer solstice also allow residents to construct their own wider perspectives of life. As one member observed about Pinakarri:

> *It's even completely different from the other co-ops already because these*
> *people have had a goal. They wanted to be sustainable, wanted to have*
> *ecology. Other people just wanted to have cheap housing. They have a*
> *community here*. (P3)

Pinakarri's environmental credentials were enhanced when it was awarded a community water grant to install three rainwater tanks to contain 20,000 litres. It took 612 hours of volunteer tenant labour to install and pipe water into the home toilets of the eight social houses (the private houses were not eligible) and the water is also used for watering gardens (Pinakarri Community undated). In recognition, the cooperative was awarded the local council's inaugural Gold Sustainability Award in 2008 (City of Cockburn Annual Report 2008/9, p.3). The site also contains a compost area and a vegetable growing section. The houses were built to a passive solar design, though not entirely successfully:

> *The passive heating is not as good as it's made out to be because the trees*
> *that have been planted outside prevent the winter sun from entering*
> *downstairs so I have to have the heater on more than I'd like*. (P3)

A university student obtained a sub-let tenancy, initially for one year, but was subsequently able to remain. Early on she experienced difficulty in settling in and being accepted as part of the community. But she now considers herself fortunate:

> *I was lucky to get a tenancy as a sub-let from someone who went to work*
> *up north [in the mining industry] otherwise I probably wouldn't have got*
> *into Pinakarri as a student [but] it's the people, the community, and the kids.*
> *It's given me the opportunity to learn, to see how things are done, the*
> *meetings and I love the community dinners.* (P5)

Members of Pinakarri Cooperative had to overcome the objections of concerned neighbours fearing an invasion of newcomers different to themselves. However, the brightly painted houses in the cooperative now provide an interesting focal point to the area. For Homeswest, ironically given their antipathy during the construction period, the cooperative "is now a source of pride" and an example of suburban sustainable living within a social housing framework (Crabtree 2005, p.345). Pinakarri also features in school and university environmental sustainability courses and attracts visits by students, planners and researchers.

5.6 Inanna's House Cooperative

Inanna's House was formed as a women-only cooperative in 1994 and it was completed in 1998. Its purpose was to accommodate women and their dependent children. The cooperative was part-funded under the Community Housing Program which was introduced in January 1993 by the federal government. In August 1994 the then federal Deputy Labor Prime Minister, Brian Howe, and his Western Australian state counterpart, Kevin Prince, jointly announced that Inanna's House Cooperative would receive a grant of $245,000 to enable the purchase of land and to complete design work to build nine homes (Prince 1994a). Howe stated that Inanna's House, in common with the other Fremantle

cooperatives, provided affordable rental accommodation for people on low to moderate incomes, with a focus on involving tenants in the management of their housing. He went on:

> It represents a choice of tenure that offers security, appropriate design
> and affordability for people who would otherwise have difficulty
> accessing appropriate housing. Community housing has a critical role
> to play in offering people a sense of security and control over their lives.
> (Howe quoted in Prince 1994a)

Figure 5.10 Inanna's House Cooperative being visited during the Fremantle Cooperatives' Open Day. Photo: The author

Unsuccessful attempts were made by the author to ascertain the precise origin of the houses at Inanna's House but as far as is known the cooperative subsequently acquired existing ex-Homeswest stock and refurbished them, rather than build new houses. The cooperative comprises nine detached houses clustered around a corner block of land (figure 5.10). Whilst men are allowed to live at Inanna's House as tenants - and at the time of the author's visit two were - women hold the leases to all the dwellings, thus ensuring that in the event of a relationship breakdown it is not the women who are displaced. A member explained the tenancy arrangement thus: "*I'm the member in my household. I have had housemates*

come and stay but it's always been my home and they've been there at my discretion"
(IH1). However, for an older woman living at Inanna's House, the lack of a substantial
male presence in the cooperative was a security concern:

> *Even though I live in a community I'm still sort of on my own ... when you
> have a women only co-op consequently there are times when if you were to
> say to have more of a male presence ... it would make a difference.* (IH2)

Women are said to be more sensitive than men "to the potential characteristics of their new
neighbours" (Michelson 1977, p.142). Female-headed households are more attracted to
cooperative housing than men not only because of their lower costs but also because of the
sense of community, belonging and shared experiences. In intentional community such as
residential caravan parks it was also found that women more easily made friends and
constructed their social lives and friendships within their own residential setting compared
with men (Beckwith 1998; Secomb 2000).

Inanna's House is the only Fremantle cooperative to have car parking adjacent to the
dwellings as a legacy of the houses being built prior to their becoming a cooperative (figure
5.11). However, because of this there was no opportunity to incorporate a community
building or common space. The cooperative is the only one of the four in Fremantle not to
have either of these and the omission is a disappointment to many of the members. One
commented, "*I think to have the co-op prepare a common space that we could collectively
use would make a great difference to the environment here* (IH2). Another stated:

> *We don't have a dedicated common house or kitchen and space to meet
> or offices or meeting space and in the other co-ops that do they are a real
> asset. Also the co-ops that surround a common space in the middle provide
> a safe space for children to play without running out into the street.* (IH1)

Figure 5.11 Inanna's House is the only Fremantle cooperative to have parking adjacent to resident's homes. Photo: The author

The lack of green credentials was also a concern: "*I really would like to go intensely environmental [but] we are unable to do that collectively, so I suppose it's a big one for me because I [would] love to live [like] that*" (IH2), and "*if we could install solar panels on all the houses it would make an improvement for all the tenants*" (IH3). But it was the opportunity to have decent and affordable housing that was paramount for another resident:

> *The rent [in the private market] continually went up and so I ended up*
> *getting breach notices for non-payment of rent. In the last place I was*
> *in that happened as well and I got a final notice for rent increases.* (IH4)

A problem for high density housing cooperatives built on small plots of suburban land is the lack of space and opportunity to grow. With only nine homes, Inanna's House does not have enough people to undertake fully all the tasks required to run the cooperative without placing an undue burden on members. One suggestion made by a member was to acquire a

vacant adjoining Homeswest property that was available for sale so that the cooperative could expand:

> *We could have that bit more woman power and take a rest from being on the committee ... No doubt someone is going to develop the property and put multiple buildings on it. All we want is for them to give us the management for whatever they are going to build there and extend our membership but I don't know [in] the current [economic] climate if that could happen.* (IH3)

5.7   Self-selection

As noted in Chapter Two, self-selection theory argues that people with similar education, social outlook and economic circumstances will select to live in similar housing types and locations; and that these processes reflect existing characteristics and past experiences (Michelson 1977). However, housing cooperatives, even in the archetypal Australian public housing model, select their own tenants. It is a dichotomy, therefore, that housing cooperative's selection committees confirm Michelson's (1977) theory. The resident bodies of the Fremantle cooperatives studied seemed to be similar in outlook and lacking in diversity. As noted, applicants with strong or different opinions, at least in the one incidence cited, who potentially may be confrontational or cause future conflict appeared not to be selected.

Most people's housing aspirations are limited by their financial resources and within any housing market they do not have complete economic freedom. Michelson (1977, p.247) noted evidence of neighbours who had self-selected into homogenous groupings also had similar economic, education, personal and social characteristics. This generally appeared to be the case in the four Fremantle housing cooperatives where the search for affordable housing was paramount, as indicated by one resident:

> *Probably the three uppermost reasons [why I selected to live here] were*
> *affordable rent, security of tenure and community, so they were the three*
> *main reasons. Probably equal because ... I didn't have a lot of money and*
> *to live in a situation where you paid a rent according to your income was*
> *fabulous.* (Freo3)

Self-selection may be made on the basis of a desire to engage in cooperation with others and share a common vision that can be achieved collectively (Lopez & Calapez 2011, p.617). Selection into a cooperative with a focussed goal such as permaculture may be particularly problematic. A Pinikarri member stated that it is a problem when only people like themselves are selected which, apparently, also lead to disagreements as well as lack of diversity (P1). A former resident was quoted as saying that, "*the process of self-selection works very well, so well in fact that we need to be careful that we maintain diversity*" (Pinakarri Community undated). Conversely, communities established by diverse groups may see themselves as powerless and diversity may complicate a community as decisions commensurate with one group's values will dominate the remainder of the group (Wolfe 1970, pp. 195; 207). A key informant and cooperative housing advocate also cautioned against too much diversity:

> Whatever works and provides the framework for success allows the
> people side of things to get going and make [the cooperative] work.
> A bit of diversity is good, but too much means no progress.

However, a resident Pinakarri pointed out that self-selection into a cooperative housing community is not always desired when it comes to decision-making processes because of the inherent individualism of human nature:

> *When you ask people what sort of community they would like to live in,*
> *they invariably say a community where everybody knows everybody and*
> *there is a real community. But when you say come and join us, they baulk.*
> *They still want their own exclusive space, privacy and individualism.* (P1)

Nevertheless, self-selection into housing cooperatives, while constrained, may be viewed as the preferred option compared with the alternatives available to lower income earners generally. Several interviewees recalled negative experiences in the private rental market. An Inanna's House resident regarded the detached houses in that cooperative as a distinct advantage saying, "*it makes a difference not having a dwelling with a shared wall. I was in two blocks of flats and not having a happy relationship with people on [either] side*" (IH3). Threat of eviction was also a reminder of the precarious nature of the private rental market: "*when you're in private rental eviction is just one more thing hanging over you and [causes] stress*" (First3).

Dealing with landlords was often an unpleasant experience. According to one member her landlord "*came round to the house and started banging on the doors*" and added "*as a tenant you always get taken advantage of*" (IH4). A second member recounted that he was unjustly blamed for a white ant problem and "*the landlord was quite angry when I left*" (Freo4) while a third person stated that "*[the landlord] needed to sell the house ... He broke the lease and chucked us out basically*" (IH3). Disempowerment of tenants and a threatening court system, ironically designed to redress the imbalance of power, only succeeded in exacerbating the situation in another instance:

> *The landlord decided to keep all of our bonds for various things that*
> *apparently needed fixing that weren't true and we took it to court and*
> *that was a really horrible experience ... The magistrate ... didn't really*
> *listen to us ... and everything was geared around [the landlord] even*
> *though we ... had taken it to court. That was pretty horrible.* (Freo2)

5.8   Residential satisfaction

Few people interviewed voiced any substantial negative opinions about their home in the cooperative or their community and this could be taken as a proxy for residential

satisfaction and quality of life (Sirgy, Rahtz, & Lee 2004). Residential satisfaction in the thesis is based on an evaluation of the housing as seen through the lens of the housing cooperatives' members' current situations and aspirations (Michelson 1977). Housing cooperatives provide a residence within an organisational structure adhering to cooperation principles. Compared with normal public housing and community housing, residential satisfaction could be expected to be higher in housing cooperatives because they are self-managed and tenants have control over their housing and governance (Gilmour 2012). One member stressed the importance of resident control saying that "*co-ops can work with different styles of decision making ... as long as the ownership is still there with tenants*" (First4). On the other hand, in a participatory democracy there is the expectation of volunteerism and attendance at meetings.

There was a higher level of educational attainment among the Fremantle cooperative residents compared with that normally associated with public housing. Half of the members interviewed had attained a tertiary-level of education or were currently studying at university, including two at post-graduate level, and others held a diploma or Certificate IV. Several members worked in professional vocations, mainly in the housing or social work sectors. Higher education and employment is more likely to lead to heightened levels of satisfaction with life in general and quality of life in particular, as well as residential satisfaction (Hutton 2012). Many of the residents interviewed had a wider perspective of the world gained through, in many cases, experience of overseas travel or living abroad or living interstate.

A housing cooperative can also provide members with life choices. For example, the low rent for a house in the cooperative enabled a mother of two to stay at home during her

children's pre-school years and afterwards work only part-time. The cooperative also enabled the family to save money to visit relatives overseas which would otherwise not have been possible with less than two full-time incomes. In the case of a post-graduate student, cooperative membership had also led to greater life choices:

> *Because they don't put up the rent I've had the freedom to choose to stay in*
> *higher education longer [and] the freedom to choose to take jobs that I really*
> *want [even] if they're lower paying.* (IH1)

Meanings of home are associated with control over it and the ability to bar others: "We want our home to belong to us, to be our territory, to be a place we can proclaim as our personal domain" (McKay *et al*. 1971, p.44). Several residents remarked that their homes were their sanctuary, but at the same time there were people around them with whom they could engage if they wished: "*Home for me has always been my private sanctuary. Having my home in the co-op has meant that I've actually had relationships with my neighbours in a way that means a lot*" (IH3). An elderly resident expressed joy with her home:

> *My patio has got lovely plants on it ... because it's my individual expression*
> *of who I am and how I feel ... This is the first time I've ever had ownership*
> *of my own place that I can really express myself that way, which is pretty*
> *exciting really.* (IH2)

Like most dwelling places, a home in a cooperative can also establish an individual's identity, for example by the use of distinctive decorative features such as photographs, souvenirs, handicrafts or garden ornaments. Newton noted similar findings in relation to caravan park residents:

> Most human beings have in the continuity of their self-identity and in the
> constancy of the surrounding social and material environments of action,
> housing and residential arrangements that are pertinent to [their] ontological
> security. (2008, p.230)

Many members considered that cooperative housing was similar to home ownership. They commented that they are allowed to decorate in the same way that home owners can. For example, "*it's a home. I can put things on walls. I don't have to worry about a landlord coming around telling me to take them down*" (P4). Some residents referred to the lifetime tenancy, for instance, the cooperative provided "*some sense of ownership, being able to come home to my little house and say this is where I live and this is where I intend to live until I die*" (First3). This sentiment was echoed by other members for whom there was a deeper meaning towards *de facto* home ownership as expressed by the following statements:

> *I regard it as mine and I hope nobody feels that they can take it off me because I feel secure here in my housing ... not as an owner but as someone living here. I'm the only one who's ever lived in this house. I moved in [18 years ago] when it was new.* (Freo4)

And,
> *[I] think it's given me the opportunity to have most of the benefits of home ownership, apart from the capital appreciation, without ever having to come up with the amount of money I would need to buy a house, which I would never have been able to do.* (First4)

Residential satisfaction was also expressed through the feelings of being part of a supportive community. Most residents felt that there was a good community spirit in their cooperative – one felt 'so blessed' - and this gave them a sense of belonging and peace (Savage, Bagnall & Longhurst 2005). For example: "*It feels like it has a village feeling and it's an extension of home and spending time together*" (IH3) and similarly, "*I have a beautiful little home. I feel very peaceful here in the community that I belong to*" (IH2). Another resident stated, "*I really love community living. I don't like living in a place where I don't know anyone and I want to feel safe*" (First1).

All of the Fremantle cooperative residents interviewed appeared to be extremely satisfied with the quality of their housing. One commented about her home that "*it's nice on the eye, it's nicely designed and it's a nice space*" (Freo1), while another remarked, "*I love this house, I love living here. There's nothing I don't like about living here*" (Freo3). Another member stated:

> *I think this is the one [house] where I've been the most contented ... this is certainly making me feel the most settled and it's fabulous. And also I've got a pet, and I think that also makes a difference too*. (IH2)

Home had deep meanings for housing cooperative residents and was a retreat from the world but it was also intimated that the cooperative community itself was all too consuming on occasions. One resident commented somewhat sardonically that her home was "*a retreat from the life of the cooperative itself, although I can't stop people coming to my door*" (Freo4). But the same person added "*[my home] means a great deal I think. I've been here 18 years and I've lived on my own here so it's established a solid based to my life*" (Freo4). For others, their home also provided a solid foundation to their lives: "*when everything is changing around me it's nice to have one stable point in my life. To know that I've got one place [and] to know that ... it's my home*" (Freo1). A younger resident said that the cooperative had increased her quality of life because she had learned what community and tolerance was about. She stated that a home in the cooperative also allowed her to plan for her future:

> *It's a big enough house so knowing when I am ready to have children there will be enough room, and the rent won't sky rocket and I know I can financially afford to have children*. (First1)

5.9   Negative perceptions and conflict

The housing configuration of each particular housing cooperative and the expectation of participation may lead to dissatisfaction and possibly conflict. For example one member stated, "*I have a desire for privacy and miss a backyard. This co-op is intense and high density*" (P2). Volunteerism is a requirement that demands time and may impact on other facets of members' work/life balance:

> *I think [if] you have a really busy social life when you move in, that will slowly go back. There is more than one meeting a week, everything that happens so that's like six things in a month, meetings only, and then you've got twice a week dinners and there are open house dinners so, you know, it's like you have to show your face.* (P3)

Most members in the Fremantle cooperatives participated to some extent but those regarded as not engaging sufficiently were criticised. For example, "*they don't seem to realise the commitment it takes to be part of the community. They don't do any volunteer work*" (P4). About half of the adult Fremantle cooperatives' residents interviewed were employed full or part-time. Members' time spent on volunteering fluctuated but the average commitment appeared to be about five hours per week. Participation was sometimes seen as an onerous and sometimes thankless task of which others in the cooperative had little knowledge: "*No-one understands what's required so therefore there's no recognition or appreciation. They don't have a clue what it takes*" (Freo4). This sentiment was echoed by the following comment:

> *Sometimes I feel being on maintenance you're asked to get quotes and things like that and tradesmen often let you down as they don't front up at the time or don't bother coming ... and then you're in the firing line for being slack and not doing anything.* (First2)

Another member stated that her volunteer role in the cooperative was to collect rent payments every two weeks which, in the public housing system, is assessed at 25 per cent of income or up to market rent. She was required to obtain income statements from her fellow residents in order to determine rent calculations and present the information at a meeting. Perhaps not surprisingly, she commented that "*it's hard ... to get people to show what they're actually earning*" (First1). A housing cooperative is also a business and, like any other business operation, cash flow is a necessary ingredient for success (Merrett & Walzer 2004). Tact and good interaction skills are especially required in a residential situation where members are both landlord and tenant. There is a delicate balance between separating the business principles of the housing cooperative from the daily interactions of neighbours within the cooperative and some form of conflict is probably inevitable in such a close-knit environment. A member noted: "*you have to learn the skills to manage and to appreciate what it is to manage a property as a landlord and not just as a tenant*" (Freo4).

Healthy tension may be regarded as democratic and may not always need to be resolved so long as the parties agree to disagree (Cook 2012). However, in consensus decision-making processes, group decisions have to be adhered to: "*when you're in meetings you have to be objective about decisions that are being made and some people take it as personal attacks but it's never really personal*" (First1). Conflict between members can lead to awkward situations compared with suburban neighbourhoods. As one member put it: "*If you have [conflict with suburban] neighbours you just kind of don't talk to them [but] you have to keep talking to people here*" (Freo2). Another member expressed the issue this way:

> *The whole idea about resolving conflict is a bit of a nonsense. You've got*
> *to resolve them but not through some process where people compromise.*
> *You've got to come to a very good understanding. Ears have got nothing to*
> *do with understanding, that's my opinion.* (Freo4)

A major problem facing the Fremantle housing cooperatives is the small number of dwellings that restricts the potential pool of members from whom suitable skills and attributes to operate the cooperative can be drawn. The possible burden of further government regulations was an unwelcome addition to impact on the workload, but there was an air of resignation of compliance from members despite there being:

> *too few houses to supply all skills necessary to implement new regulations and it's too time consuming [and] all this stuff is defeating the object of community involvement which has been going along fine previously. There's too much legislation and having to tick all the right boxes.* (P4)

Member empowerment in housing cooperatives is a basic tenet, but a tertiary-educated member stated that living in the cooperative resulted in a feeling of disempowerment because there was no flexibility within the public housing system to purchase any equity in her home and thus was a negative perception of the tenure. She argued that tenants should be able to gain some equity as this would provide options and enable them to pass on something to their children. Instead, she believed that cooperatives could lead to a 'poverty trap' that caused tenants to be "*in dead end positions and puts a noose around their necks ... because then you've given up your chance of buying a house to live here [in the cooperative]*" (First2). The higher level of education and employment of the tenant body in the Fremantle cooperatives suggests that such people would potentially be in a position to make a limited equity stake in their homes if they so desired – and were allowed to.

5.10 Social capital and quality of life

Trust, mutual assistance and reciprocity are key elements of social capital as defined by Putnam (2000). Social capital can take many forms and it is claimed that it has now become an extension of public policy (Cox & Caldwell 2000; Stewart-Weeks 2000). The levels of social capital in the Fremantle cooperatives echoed findings from other similar

communities (McCamant & Durrett 1994; Metcalf 1995; Secomb 2000; Park & Village Service 2004). For example, at one Fremantle cooperative it was reported that an unwell resident was regularly taken to hospital appointments and had cooking and cleaning carried out by neighbours. Feeding pets and watering plants for neighbours who are on holiday, and having people in the community on whom others could depend provide other social support.

Social capital also included general watching out for each other and checking on members' welfare. For instance, "*if I hear a loud noise [in the night] I check on [neighbour] or give her a ring and I think people would do the same thing for me*" (First2). Another member commented that, "*you kind of know that if you really need help there's people close by*" (Freo3). An example of community assistance occurred at one of the cooperatives when a collection was made for a member whose car tyres were slashed. Informal childcare was offered in a resident's home at another cooperative. However, the same resident stated that she had to be strict when other community children came to her house uninvited to play at inconvenient times. At another cooperative, a member said that boundaries had to be worked out "*because kids can't just walk in and out of houses all the time*" (Freo2). This younger couple did not initially receive the support they had expected from the community:

> *We were interested in trying out living in a community especially as parents*
> *of young children and we hoped it would be a bit of a support in bringing up*
> *the kids. I guess we weren't realistic enough to know how long it takes to get*
> *to know people. It doesn't just happen straight away. Just because people live*
> *in community it doesn't mean that people know how to be a community, and*
> *they also do want to get to know you before they trust you.* (Freo2)

Housing cooperatives play a role in combating "the de-personalising influence of mass urban life" (Birchall 1988, p.31) and "the culture of increasing separation of people" (Snell

2012c) and thus raising the quality of life for members. Members occasionally felt cooperatives symbolised a nostalgic return of 1950s and 1960s neighbourhoods so lauded by Etzioni (1993). One resident commented that, "*the children can just play outside [in safety] like I did when I was a kid ... All the other adults will keep an eye out as well*" (P3). Social capital can also simply mean getting together as a community and having fun:

> *We have winter solstice [celebrations] and that's really nice with banners*
> *and a feast. There's always weddings and birthday parties. It's all in the*
> *[community] hall and everyone comes along.* (First1)

Another member observed:

> *It's really nice and some people drop in during the day so I don't get lonely,*
> *people from the co-op and people from outside ... I can often have half a*
> *dozen people drop in during the day which is nice.* (Freo2).

While another said:

> *The fact that you walk out your door and you know everyone that lives in*
> *all the houses ... There isn't that same sense of isolation that occurs when*
> *you live in a house in the suburbs. You have that close contact with people.*
> *You have your own space but you can just go next door for a cup of tea,*
> *which actually reminded me of how it was when I was growing up.* (Freo3)

Due to their permanency of tenure, housing cooperatives tend to be relatively stable communities. They rarely conform to the ebb and flows and continual churn of population found in conventional neighbourhoods, as noted by Galster (2001, p.2116). Therefore, in contrast to Forrest and Kearns' (2001, p.2126) suggestion that there is less social cohesion today than in an 'undefined' past, housing cooperatives may still retain some of the claimed attributes of these often imagined idyllic neighbourhoods of previous times. Nevertheless, one member admitted that community ties in the cooperative had weakened:

> *At the beginning there was a stronger sense of community within the co-op*
> *than what there is now. Like we all did a lot of work when we moved in.*
> *We built all our retaining walls and did a lot of work together as a co-op.*
> *We used to have working bees, more get togethers and things.* (Freo3)

While management participation is important, manual skills are also needed in the cooperatives. One unemployed member was also occasionally paid by the cooperative for jobs such as laying paving slabs or painting, or for undertaking private work for members. Another unemployed member volunteered his skills two days a week at a men's shed and also acted as treasurer and was involved in counselling work. He stated he was only seeking part-time work outside of the cooperative in order to facilitate his continued role in the men's shed. While these are valuable contributions to society, they appeared to symbolise disengagement from the full-time paid workforce. Another man admitted: "*Maybe I would be better off [outside the cooperative] because I would have to strive more in life if I wasn't here*" (Freo4). Such examples lend some credence to Arthurson *et al.'s* (2004; 2006) assertions that time spent on voluntary participation in community housing leaves little time, and possibly inclination, to participate in the full-time workforce. By contrast, another member referred to the benefits of the range of transferable skills he had acquired in the cooperative that had equipped him for his job as full-time co-ordinator of a lodging house service:

> *I wouldn't have got that job without the experience I got through this co-op*
> *and sitting on the boards of community coalitions and going to consultations*
> *and a general understanding of social housing and trying to place the co-op*
> *in the context of that. It was really important.* (First4)

5.11 Ontological and physical security

There are two dimensions to security in housing cooperatives: ontological security and physical security. As noted, housing cooperatives are based on long-term security of tenure

and this feeling of ontological security and certainty as defined by Giddens (1990) was expressed by one resident in the following way: "*The difference about here [in the cooperative], I guess, is that I don't have that feeling of uncertainty that I'm going to have to move at any time*" (Freo2). However, there was a fear that Homeswest's mooted change to fixed-term public housing tenancies and greater utilisation of stock may also impact on housing cooperative tenants:

> *[My home] is a three bedroom house ... If Homeswest was to look at this*
> *house they would consider it to be under-occupied, but you know this is my*
> *home, like I put in an enormous amount of work to get the co-op established.*
> *I've been connected with this co-op for 25 years so to move out into the*
> *private housing market again would be horrible. I'm 60 years old now. It's*
> *an awful thought.* (Freo3)

At another cooperative a similar view prevailed from a member resident there for 18 years:

> *They could make a policy that forces you to move into another house then*
> *when you have particularly invested in gardening and got a family history in*
> *that house and children have been born there, that sort of thing, and you want*
> *children to come back and grandchildren to come back then it can then put you*
> *in a worse position than if you hadn't been in the house at all.* (First2)

The feeling of being secure from, or not being threatened by, crime is also an important factor contributing to an individual's wellbeing (Graycar & James 2000). The Fremantle cooperatives have a policy of not tolerating any forms of violence within the cooperative and have developed policies to combat it, even if it involves a member outside the cooperative. In common with most residential neighbourhoods, however, housing cooperatives are not immune from anti-social behaviour and crime and consequently physical security was an important issue for the members interviewed.

Several members commented that their neighbourhood had a higher than average crime rate. All the Fremantle cooperatives had been impacted by some form of neighbourhood crime, much of it petty, but more disturbingly some homes in one of the cooperatives had been broken into. One resident reported that "*my house has actually been broken into five times in the last two or three years*" (First1). Houses have been made more secure by the installation of security mesh window screens and extra security locks paid for out of the cooperative's cyclical maintenance trust. One member commented that, "*I do feel safe in the sense that if I was in need there would be people to help*" (Freo2). Another stated:

> *Security is important really so you don't get frightened and broken into.*
> *Not everyone in the co-op has full security screens like I have, and also*
> *[the co-op] must have been conscious of me being on the end of the property*
> *in this house because they put lights in as well, like sensor lights.* (Freo1)

As noted, housing cooperatives contain a higher proportion of females and older persons living alone than in the general population. Statistically such people are the least likely to be the target of criminal activity. Nevertheless, the *fear* of crime is more real than actually being a victim of crime (Bell Planning Associates 1996; Lawlink 2004). It was noted in Chapter Two that women are more likely to be a victim of crime within the home than on the street (Mallett 2004, p.72). Physical safety and security are intangible values of living in a group setting particularly if there is a physical barrier such as a boom gate (Leyshon 1994, p.47; Watts 1997, p.45) or living in a gated community (Lang & Danielsen 1997; Helsley & Strange 1999). However, none of the Fremantle housing cooperatives possessed any physical barrier to entry from the street.

Inanna's House Cooperative is situated in an area with a particularly high rate of street crime. As an almost all female and children tenant body, all interviewees at the cooperative expressed fears about violence in the street which was often heard and occasionally was

reported as being 'really full on'. Such disturbances within earshot made some of the women feel nervous, though the presence of two males resident in the cooperative provided some reassurance. The cooperative was relatively open to the street with low fences and open driveways but there were no reports of any violence, property damage or theft being inflicted on Inanna's House or its inhabitants, and strong locks to each home provided for well-secured doors and windows. Nevertheless, the threat of street violence close to the cooperative was a continuing challenge that was frequently hovering in the background and a cause of tension for the women. While closeness of neighbours in the cooperative was a source of comfort, there was also an expression of frustration and helplessness:

> *The violence on the street has made me more fearful than I was and I'm grateful that I have neighbours that I can call on if something happens, if I'm not feeling OK on my own.* (IH3)

> *I think ... for me there appears to be a serious frustration with the disturbance across the road in terms of feeling that these are our properties that we live in and love ... and they're interfered with and stuff, and that [the neighbours] has started to have an impact on me in various ways.* (IH2)

Interviewees indicated that the lack of secure car parking was a cause of concern where there was no parking alongside their home. Inanna's House was the only Fremantle cooperative that had its own car parking spaces adjacent to the dwellings, although several houses shared a common driveway. The central areas of the other three cooperatives had been dedicated to pedestrian paths, communal garden space and children's play areas. Consequently, car parking was only available in dedicated perimeter parking areas or in the street. Some residents mentioned the difficulty of managing young children and shopping from their car parked some distance away and others reported that their car windows had been smashed.

A future emergent issue for the relatively recent Fremantle cooperatives is that of population ageing in terms of volunteering and participation. Some original members of the cooperatives were tired of the work that they had been doing for nearly two decades. A younger resident observed that:

> *A lot of them are older and that's a concern really in terms of they'll keep getting older and less able to contribute to the co-op and how's it going to function then? [It's a problem] already in terms of physical work [and] busy bee work ... They just complain about how tired and sore they are now. They'd rather pay someone to do it.* (Freo2)

Several residents were already aware of ageing in place as one conceded: "*At some point perhaps we will have to look at the co-op having to do more within people's personal space as we age as well ... in maintaining [their] grounds and stuff*" (Freo3). Another succinctly summed up a possible effect on the cooperative: "*One of the dangers is that if people become inactive they can become disaffected, if they are falling away through health and age particularly*" (First4). Disengagement theory processes conform that as people become frail and age they begin to withdraw from community life (Estes 1979).

5.12   Chapter summary

This chapter introduced the historical backgrounds to the four Western Australian housing cooperatives case studies. It described the beginnings of each cooperative and noted their similarities and differences. Pinakarri Cooperative was an intentional community because it was founded on environmentally sustainable principles. Inanna's House Cooperative was also intentional in so far as it was created to secure the holding of the dwelling leases to women only. All the Fremantle cooperatives had the common purpose of providing low to moderate-income housing controlled by tenants but operated within the state's public

housing system.   The examples demonstrated that low income people were able to successfully manage their own housing and service their collective mortgage.

The narratives indicated that the main reason the residents self-selected into their housing cooperatives was because it offered secure tenancy, and a good standard of housing at an affordable cost. Most members expressed at least some belief in cooperative principles and community living but the desire for quality housing and the need for lower rents in Fremantle appeared to be the dominant criterion for self-selection into the tenure. The chapter showed that levels of residential satisfaction and social capital in the housing cooperative communities were high but there also some negative aspects, especially concerning housing density, the demands of participation and the threat of neighbourhood crime.   The Fremantle case studies demonstrated successful cooperative housing communities but also illustrated the reliance on government grants and guarantees to finance them and to be operated within the public housing sector. Possible alternatives to develop housing cooperatives outside of the public housing sector and to other sources funding are discussed in the next chapter and also in Chapter Eight.

Chapter Six briefly outlines the history of housing cooperatives in the United States and the key housing literature pertaining to the thesis from that country. It then investigates Community Development Financial Institutions, government supported financial instruments available to low income housing providers in the United States. The chapter then describes the New Hampshire Community Loan Fund as an example of a CDFI and as a possible transferable model for part-equity Australian housing cooperatives. Following this, the chapter describes and analyses the two case studies in the state of New Hampshire. The first example is of a recently created cooperative of transportable homes and the

second is of a conversion of an existing traditional mobile home park into a cooperative, both part funded by the New Hampshire Community Loan Fund.

Chapter Six

New Hampshire Case Studies: Background and Findings

6.1   Introduction

This chapter first outlines the historical roots and political processes that encouraged the development of housing cooperatives in the United States in the 20th century. It will then discuss the introduction of Community Development Financial Institutions (CDFIs), a financial instrument that facilitates funds for low income housing. The chapter will then describe the New Hampshire Community Loan Fund (NHCLF) as an example of a CDFI, which may have potential as a transferable model for funding Australian housing cooperatives. The findings of the two case study housing cooperatives, part-funded by the NHCLF, are presented. The first study investigated is of a traditional mobile home park converted into a cooperative and the second example is the development by the NHCLF of a cooperative of factory-built homes. All dollar amounts cited in this chapter are in US dollars.

The mobile home park was chosen as an example of how low income working class people, with access to capital, can purchase their land collectively, service a mortgage and successfully operate a cooperative housing enterprise. The second case study was chosen as an example of how a financial institution with a desire to increase the supply of lower-cost housing was able to self-develop an affordable housing estate within a cooperative land structure. However, this concept is not entirely new. It harks back to the early years of the cooperative movement in England in the 19th century, as noted in Chapter One. In Australia too, building societies, which have historical ties to cooperative principles, were also the developers of affordable housing estates in Adelaide and Tasmania in the 1950s (Beever 1972; Fricker 1988).

Figure 6.1 State of New Hampshire. The study sites are located 43km (27 miles) east of Concord, just west of Dover. Source: WorldAtlas.com

New Hampshire is a small state with a population of 1.3 million people. Massachusetts forms its southern border and Canada its northern border, with Maine and Vermont to the east and west respectively (figure 6.1). The attraction of New Hampshire as a case study location for the author was the innovative financial model of the NHCLF identified a few years previously while working on an urban regeneration project (Bunce *et al.* 2005). The NHCLF was founded in 1983 and is based on two beliefs: first, that an obstacle faced by low income people seeking housing is their lack of access to credit and, second, that there

are people with capital who are willing to invest in affordable housing if there is a mechanism to facilitate that access (NHCLF Annual Report 2011).

The main mission of the NHCLF is to leverage financial resources to enable mobile home park residents to collectively purchase the land beneath their homes and self-manage their community as a cooperative and secure their long-term tenure. The homes are individually owned but the cooperative owns the land and it is thus a part-equity structure. The two case study sites, Barrington Oaks Cooperative and the adjoining Pepperidge Woods Cooperative are located in a rural area in the south east of New Hampshire, 43 kilometres (27 miles) east of the state capital, Concord (see figure 6.1).

6.2   Background to housing cooperatives in United States

The first non-equity affordable housing cooperative in the United States was built in 1918 in Brooklyn by immigrants from Finland, who formed the Finnish Home Building Association (Siegler & Levy 1986, p.14; Sazama 1996, p.1). By 1920 there were three housing cooperatives in New York City established by either Finnish or Jewish immigrants (Merrett & Walzer, 2004, p.43) and by 1926, 25 housing cooperatives organised by Finns had been constructed (Sazama 1996, p.1). The building of affordable housing cooperatives was encouraged in the State of New York by the passage of the *Limited Dividend Housing Companies Act* of 1927 that granted tax exemptions to developers on the increased value of their construction (Stone in Bratt *et al.* 2006, p.251). Thirteen housing cooperatives were built under this program, one of which grew to 1,400 dwellings and mainly housed union members (Siegler & Levy 1986, p.14) and more than 10,000 low income cooperative dwellings were built in New York City in the 1920s (ICA 2012, p.85).

The Great Depression of the 1930s curtailed building activity but, unlike many investor-equity cooperatives, most of the affordable housing cooperatives emerged unscathed from the major economic difficulties experienced during that decade (Siegler & Levy 1986, p.15; Sazama 2000, p.579). The low construction rate of new build housing and disinvestment in existing housing during the Depression and World War II resulted in substantial post-war housing shortages. Recreational trailer manufacturers saw an opportunity to build trailer homes (Wallis 1997) and experiments were made with factory-built houses but with limited success due to higher than anticipated building costs (Kelly 1951; Herbert 1984). In order to more expeditiously ease the housing shortage some conventionally-built public housing used for war-time defence workers was subsequently converted into non-equity cooperatives to enable low income housing to be made available to returning veterans (Sazama 2000, p.580).

More than half of all housing cooperatives in the United States are located in metropolitan New York City (ICA 2012). This geographic concentration is due to several factors. After World War II, union leader Abraham Kazan founded the United Housing Foundation (UHF) in the city in 1951. The New York State Limited Profit Act of 1955, encouraged developers in the state to construct lower income housing in return for property tax exemptions and low interest loans and this contributed a further 60,000 cooperative dwellings (Sazama 1996; Sazama 2000, p.581). Crucially, the Federal Housing Administration (FHA) provided loan guarantees for the construction of housing cooperatives from 1950 until 1981 (Sazama 1996) and several large-scale housing cooperatives were constructed in the city in the 1950s and 1960s such as Rochdale Village for 6,000 families in 1963 (Eisenstadt 2010).

In the early 1970s, however, the provision of zero and part-equity affordable housing cooperatives was severely affected in a political move by the Nixon Republican Administration to cut housing subsidies across the United States (Sazama 2000, p.581; ICA 2012, p.86). Consequently, most new cooperative developments in the US since then have been developed as full-equity condominiums or as seniors' housing cooperatives. The FHA also phased out loan guarantees in the late 1970s but a Government Sponsored Enterprise (GSE), the National Cooperative Bank, was established in 1978 to make funds available for housing cooperatives. The bank was privatised in 1981 but remains true to its original charter.

In the United States, in 2012, there are 6,400 housing cooperatives totalling 1.2 million dwellings. Of these, 775,000 were full-equity entities and only 425,000 were zero or part-equity (ICA 2012, p.85). Housing cooperatives across the US comprise six per cent of all strata title units but only one per cent of the overall housing stock. However, zero or part-equity cooperatives comprise only 0.33 per cent of the total housing stock in the US.

6.3 Community Development Financial Institutions

In its observation of housing market failure in the United States, the Ford Foundation states that "typically the issues reflect failures of public policy and free markets" (2003, p.14). It is also lower income people's lack of access to credit in the form of mortgage products that prevents them from obtaining affordable housing. The Community Reinvestment Act (CRA) was introduced by the Carter Democrat Administration in 1977 to counter discriminatory lending practices by the mainstream banking sector (Cortese 2011, p.87). Another initiative to overcome the financial under-servicing of lower income groups was the Institute of Community Economics (ICE), founded in 1979. The idea of ICE was to

borrow money from religious bodies, community-minded individuals, and financial institutions. These funds were combined to enable community development loans to be made available for affordable housing, land trusts, small businesses, micro loans and other projects that would benefit and empower local communities (Cortese 2011). Following on from ICE in the early 1980s, Community Development Financial Institutions (CDFIs) were developed as financial instruments that could borrow money at below market rates from socially-minded corporations and individuals and from banking institutions fulfilling their obligations under the CRA.

The intent of CDFIs was to strengthen lower income communities by making it easier for under-served groups to access credit. In 1994 the Democrat-controlled Congress created a CDFI Fund to assist institutions to attract additional investments that could be channelled into affordable housing and community facilities. Since 1996 there has been a significant growth in these funds. The Clinton Administration began placing federal government equity grants, certified by the US Treasury Department, into CDFIs. In 2011 there are approximately 800 CDFIs across the United States, which may be community banks, credit unions, loan funds and venture capital funds (Cortese 2011, p.80). Cortese (2011, p.81) states that:

> [CDFIs] typically focus on a specific geographic region, making them a good
> option for local investors. Community development loan funds, in particular,
> allow individuals to put money to work in their communities in return for a
> modest, fixed rate of return.

Cortese (2011) presents persuasive evidence that investment in local communities increases individuals' social wellbeing as a result of enterprises, services and facilities that enable them to participate in employment, small business or educational opportunities. CDFIs

often operate in specific geographical areas of the United States and attract local investors willing to accept a below market rate of return for themselves, but a high social return for their communities (Cortese 2011).

6.4   New Hampshire Community Loan Fund

Figure 6.2 A 392 unit mobile home park cooperative at Exeter, New Hampshire. The school bus detours through the park to service resident children. Photo: The author

A uniquely American response to the lack of affordable housing and public housing since the 1950s has been trailer homes and mobile homes (figure 6.2) and their more advanced successors, manufactured homes, which are usually double-wide structures bearing more house-like characteristics (figure 6.3).   Mobile and manufactured homes are the main source of low cost housing in the United States.   There are over seven million such dwellings which comprise around seven per cent of the permanent housing stock and house around 17 million people (Ford Foundation 2002; CFED 2009). About one-third of these homes are located in parks where most residents own their own home but rent the land from the park owner. This results in the park owner possessing an unfair balance of power

through the setting of rent and the ability to evict residents in order to sell or redevelop the

land (American Association of Retired Persons (AARP) 2004).

**Figure 6.3 A 300 unit retirement cooperative at Goffstown, New Hampshire.
The dwellings are all double-wide manufactured homes.** Photo: The author

The New Hampshire Community Loan Fund was founded in 1983. Its main mission is the

conversion of privately owned mobile and manufactured home parks into resident-owned

cooperatives. The fund leverages financial resources to enable park communities to

purchase the land beneath their homes and form a cooperative (NHCLF Annual Report

2011). In a personal interview with Paul Bradley (11 November 2011), the former

President of the NHCLF explained that the fund was started by local citizens who wanted

to create an opportunity for a community loan fund whereby:

> local people could lend money that in turn would be responsibly loaned out
> to non-profit community development activities. [The NHCLF] followed
> in the footsteps of ICE with the idea that a local or regional loan fund would
> similarly borrow money from local individuals, religious institutions and
> religious orders and turn around and re-lend locally.

The NHCLF received initial seeding funding in 1984 through a $38,000 loan from the Sisters of Mercy, a radical order of Catholic nuns which had previously made loans to ICE. A start-up grant was provided by the New Hampshire state government and shortly after a local supporter deposited $20,000 and several churches made loans to the fund (Bradley, 2011). In 2011 the fund had 500 individual and corporate investors, with total deposits of $59 million. Depositors are able to choose an interest rate of between zero and five per cent according to personal wishes and the length of the term (NHCLF Annual Report 2011). The NHCLF also attracts debt equity funds from institutions such as the Ford Foundation and Merrill Lynch/Bank of America.

The first mobile home park to be converted into a cooperative by the NHCLF occurred in 1984 when the retiring owners of a small 13 unit mobile home park wanted to sell it and offered the park to the tenants to buy. Bradley (2011) explained the outcome:

> So what happened is the [mobile] home owners one by one went down to the local bank and tried to find money to buy the park. And one by one they were turned down because they didn't have the down payment that they needed and they didn't have the management experience and the expertise to do it.

The story of the park's purchase and its conversion into a resident owned cooperative received substantial media coverage throughout the state. Bradley continued:

> The news of the co-op's purchase ran in the papers and led to an avalanche of phone calls from [people] whose park had just been sold to somebody and the guy just raised the rents, ... where the septic systems were in failure and they wanted to get the place fixed up [and] parks that were being closed down and home owners were facing eviction.

The NHCLF did not possess sufficient finance to fully fund any further resident purchases, and the second and third conversions of parks into cooperatives were made in partnership

with the New Hampshire State Finance Authority (Bradley 2000). Banks were unwilling to lend to cooperatives because they did not fit into standard lending criteria and they were sceptical of residents' ability to successfully manage them. In 1988, when the fourth mobile home park was converted into a cooperative, the community banking sector began to show an interest in providing finance. According to Bradley (2011), this was after "a natural market testing process to engage private capital". Since the late 1980s the financial model used by the NHCLF has been to leverage a first mortgage of 75-80 per cent from the banks supplemented by a subordinate, but first loss, second mortgage of 20-25 per cent. Park residents contribute only $500-$1,000 per household to pay legal costs to form the cooperative and provide a small equity share. The ground rents (referred to as carrying charges) are used to service the mortgage, for infrastructure maintenance, payment of local taxes and insurance and the provision of a reserve fund.

The NHCLF provides what is termed 'credit enhancement' which comprises on-going assistance by the fund and educational training in governance for the cooperative's leaders and this lowers the perceived risk of the cooperative which, "from a lender's perspective is credit enhancement, but from a pure community development standpoint it's what co-ops need to be successful" (Bradley 2011). The problems faced by lower income people seeking financial credit to form and operate a cooperative were summed up by Bradley (2011):

> Until you're ready to put your own organisation's money into it, there's no credit enhancement to the private market; then you're just talking. And capital knows when capital's talking to other capital, or just talking to somebody without any skin in the game ... We're still providing first loss credit enhancement to senior lenders in order to bring them into the deal ... because when you're trying to shoe horn low income people into the economy then you have to go a long distance to meet people where they are to create a qualified borrower.

Training and continued support are an important element to the success of cooperatives and the NHCLF model incorporates Certified Technical Assistance Providers (CTAPs) over the term of the finance. CTAPs investigate due diligence, provide pre-purchase guidance and assist the forming cooperative's board through the legal process. Post-purchase, they meet with the board every six months or whenever necessary. The cost of the CTAPs is incorporated into the financial structure of the loan. The author attended four board meetings at different cooperatives as an observer and also attended a residents meeting of a proposed cooperative conversion. The NHCLF also makes its resources available to other cooperatives that are not borrowers from the fund because, "ultimately it's in [our] interest to have a healthy co-op sector. So even if there's not a borrower relationship there's still a relationship because everyone wants a co-op to be successful" (Bradley 2011).

The mission of the NHCLF model of limited equity cooperatives is to help maintain the preservation of affordable housing sited in mobile home parks, enable asset building through collective ownership of land for low income people, provide fair finance for people to purchase mobile and manufactured homes and assist small business. Pre-Global Financial Crisis research indicated mobile and manufactured homes have a higher resale value when sited in cooperative parks (Bradley 2000, 2005; Rivera 2006; Ward, French & Giraud 2006). Furthermore, residents have control over rental charges and experience greater wellbeing through security of tenure and pride of ownership. The NHCLF recognises that not all residents of privately owned parks, when given the opportunity, may want to join the cooperative and they are free to choose not to participate. However, there is a requirement that at least 51 per cent must initially be in favour of forming a cooperative. Bradley (2011) commented:

> What we see is that with this limited equity co-op model the membership share values are small, and our policies require that the share value is the same for the people who come in early as who come in late ... Our actual model requires less than $1,000 and what happens is as it approaches [settlement] more and more people come in and within a year of ownership 90 per cent of homeowners will become members of the co-op.

Home owners who decide not to join the cooperative may be charged a slightly higher rent, about $20 or $30 a month, than those who buy a share in the cooperative. However, whenever a home is sold the new resident is required to become a member of the cooperative and by attrition the park will eventually achieve full membership. Collective ownership, however, does not necessarily equate to lower rental charges. A frequent reason why a park owner may wish to sell is because the park's infrastructure is run down and requires expensive upgrades. Therefore, when the park undergoes conversion to a cooperative rental charges may have to be raised initially to cover such costs (Bradley 2000; Ward *et al.* 2006, 2010).

In 2008, the NHCLF model was expanded nationally across America as Resident Owned Communities USA (ROC USA) with Paul Bradley as President. CTAPs were provided by contracted local non-profit housing organisations. ROC USA was funded primarily by the Ford Foundation with additional support from NeighborWorks America, NCB Capital Impact (National Cooperatives Bank) and the Corporation for Enterprise Development (ROC USA). By mid-2013, the NHCLF has assisted 105, or 20 per cent, of mobile or manufactured home parks in New Hampshire to convert to cooperatives, and provides security of tenure and stabilisation of rents for about 6,000 households. ROC USA has enabled the conversion of a further 52 parks in 14 other states and helped preserve the

tenure of around 3,500 homes (Bradley *pers comm.,* 24 Sept 2013). None of these 157 cooperatives, at the time of writing, has defaulted on their loan.

The International Co-operative Alliance has lauded the work of the NHCLF and ROC USA for establishing the means by which mobile and manufactured home owners have been empowered to purchase their communities collectively and successfully manage them as cooperatives. According to the ICA, "Resident Owned Communities are now the most widespread and active form of new 'housing co-operatives' in the USA" (2012, p.87).

6.5   Barrington Oaks Cooperative

Barrington Oaks Cooperative was originally a privately-owned mobile home park. It was established in 1975 and contains 49 dwellings. The park was assisted to convert into a part-equity cooperative by the New Hampshire Community Loan Fund. Each dwelling is individually owned but the land is owned by the cooperative. Each member has a perpetual interest and therefore permanent security of tenure, so long as the carrying charge (rent) is paid and the cooperative's by-laws are respected. The conversion of the mobile home park (figure 6.4) into a cooperative began in 2001 when owner decided to sell it together with an adjoining 10 hectare (25 acres) undeveloped wooded lot for which he had previously received planning permission to expand the park. Initially, the owner would only agree to sell the two lots together, as a result of which the purchase price would then be beyond the capacity of the residents to service a mortgage.

Figure 6.4 Barrington Oaks Cooperative, New Hampshire. Although known as mobile homes, they are rarely moved once sited. Photo: The author

There was initial disbelief among residents that they could achieve ownership or raise the purchase price. The NHCLF's policy of providing a dedicated trainer to guide the cooperative and its management board enabled the conversion to resident ownership to proceed. In 2002, a deal was struck that allowed the residents to purchase the land beneath their homes for $1.1m and form a cooperative, part-financed by the NHCLF. The cooperative's Treasurer was reported as saying, "*it's so exciting to own the park. It's a great feeling to have control over where you live*" (NHCLF 2004, p.8). The NHCLF subsequently purchased the adjoining wooded lot and developed it into what would become Pepperidge Woods Cooperative, which is the subject of the next section.

As mentioned, a reason why a park owner may wish to sell is because the park's infrastructure is run down. The President of Barrington Oaks Cooperative stated that, "*it was an investor owned park and [the owner] did little about taking care of things*" (BO1).

However, in 2004 the cooperative successfully applied for a United States Department of Agriculture (USDA) Rural Development grant and low interest loan combination which enabled them to fund a two-year $750,000 major upgrade of the community's water and sewerage systems (NHCLF 2004, p.9). Paving the gravel roads (figure 6.5) had been investigated but water pipes and electrical wiring just below the surface required relocation thus making the project financially beyond the means of the cooperative.

Figure 6.5 Barrington Oaks Cooperative: The gravel roads were unable to be paved due to utility lines just below the surface. Photo: The author

The President (BO1), Treasurer (BO2) and Secretary of the board (BO3) of Barrington Oaks Cooperative consented to an interview with the author. Despite attempts to obtain further interviews with other residents through snowball techniques none were forthcoming. It was noted in Chapter Four that people volunteering for interview are more likely to be actively involved in their community and that appeared to be so in this case study. The three ladies interviewed were officially retired, but during their working lives they were an automotive worker, a bookkeeper and a postal worker. Two had completed high school and the latter had graduated from teachers college but had worked in retail and

as a travel agent before joining the US Postal Service. She now volunteers for a public radio station in nearby Durham and the other two ladies work part-time as a waitress and a cashier respectively.

All homes in the park are single unit dwellings but are quite spacious. Most home are approximately 19m to 22m in length and 4.4m wide (60-70 feet by 14 feet). The homes in which the interviews took place were built between 1971 and 1982. Older homes were not always built to a particularly high standard and consequently, "*it's difficult in the winter time because it's very cold and fuel oil [is] very expensive, so the cost of heating the home is a great expense*" (BO3). Some of the homes had been re-roofed with a metal pitched roof (figure 6.4) which replaced the previous flat galvanised iron roofs (figure 6.5). Re-roofing was reportedly an expensive undertaking, but provides improved insulation qualities.

The park had apparently been transient in the past because "*a lot of people were renting and so they were constantly moving*" (BO3) but since its conversion to a cooperative the park is a more stable community because under its by-laws all homes must be owner occupied. Rents have only been raised from $315 to $365 a month over a 10 year period and the President considers them to be up to $250 a month cheaper than if the park had remained in private ownership. Nevertheless, the cooperative must still be operated as a business for the benefit of all members and it reportedly became necessary to enforce some evictions for non-payment of rent (NHCLF 2004, p.6). Barrington Oaks Cooperative demonstrates that with access to finance, training and on-going support people with few qualifications or managerial experience can successfully manage a cooperative housing enterprise.

6.6　Pepperidge Woods Cooperative

Figure 6.6 Pepperidge Woods Cooperative, New Hampshire: The factory-built homes are set permanently on concrete slabs and include basements. Note the absence of trees and lighting from the streetscape. Photo: The author

Pepperidge Woods (Figure 6.6) was the first factory-built home community in the United States to start as a cooperative. As noted, it was conceived in 2002 when the neighbouring mobile home park was converted to a cooperative and the NHCLF purchased the adjoining wooded lot. Pre-development costs for Pepperidge Woods were funded by the Ford Foundation. The cooperative contains 44 homes and a community house, all built in the neighbouring state of Maine, transported to the site and set on permanent concrete foundations. For logistical reasons, except for the perimeters of the development, most of the wooded lot had to be cleared to enable the roads to be formed, utilities installed, the houses transported into the site and a crane to be used to place each house onto its base (Bradley 2011).

Pepperidge Woods was marketed as an "*Affordable* Country Neighbourhood" with "superb community design that is sensitive to the land and surroundings" where prospective buyers

were invited to "find out how you can become a homeowner *and* share in the ownership of Pepperidge Woods" (NHCLF 2008, original emphasis). The houses were built to a six star energy rating standard and they also contain either half or full basements, thus substantially increasing the usable living area but there is little variation in the size or design characteristics of the houses. The homes were priced at around $150,000 with cooperative ownership of the land, compared with similar homes in the area at the time of about $225,000 but with private ownership of the land. When the last home was sold in 2008 the NHCLF turned over the development to the newly-formed Pepperidge Woods Cooperative. Any profit (or loss) on the sale of the home accrues to (or is borne by) the owner.

Residents at Pepperidge Woods pay a monthly land lease fee (in 2011) of $180 to the cooperative. This amount represented only a $5 increase in seven years, and covers such items as town and school district taxes, maintenance of the common areas, infrastructure, insurance and a reserve fund. The monthly lease fee is half that of neighbouring Barrington Oaks ($180 vs $365) because the cost of infrastructure items such as paved roads and utilities at the former were incorporated into the overall project cost and the price of the homes.

Seven residents were interviewed for the case study, four of whom were board members and three who had decided not to actively participate in the running of the cooperative. Three residents were interviewed in their home, two in the community centre and two by telephone; five interviewees were women and two men. Three ladies were in their early 60s of whom two were semi-retired and the other was working full-time. The remaining four people interviewed were aged under 45. All but one of the interviewees held a college

or university degree and was, or had been, employed in a professional capacity such as management, teaching and accountancy.

In the northeast of the United States winter blizzards are common and snow ploughing the roads is the responsibility of both Pepperidge Woods and Barrington Oaks Cooperatives because their internal roads are not public roads. The annual budget at for snow removal at Pepperidge Woods, in 2008, was $4,500 and a contractor provides the service. Other budgeted items were water system service and septic maintenance $9,000, garbage removal $6,060 and real estate taxes of $2,500. A commercial lawn maintenance service was the most expensive item at $10,000 and the cooperative subsequently decided to buy its own ride-on lawn mower and train some residents to do the mowing and lower costs. There is street lighting in Barrington Oaks, but a majority of the members at Pepperidge Woods voted not to install lighting. A board member explained it this way: "*I wanna be able to look outside and see the stars at night and if you've got street lights you can't. I mean, if you want the street lights stay back in the city*" (PW6). However, installing security lighting sensors outside the community house and communal mail boxes and illuminating the adjacent playground area have been placed on the agenda for future discussion and possible implementation.

Pepperidge Woods was the New Hampshire Community Loan Fund's first development under its proposed Manufactured Home Program, which began in 2004. However, the NHCLF decided not to continue the program and therefore no other such developments have been built. Reasons given for the discontinuation of the program was the amount of staff time consumed by the development and the fact that the NHCLF failed to break even on the project (Bradley 2011). Nevertheless, it is likely with the benefit of hindsight and

lessons learned from the development of Pepperidge Woods Cooperative that new developments under this or similar programs would be financially successfull.

6.7 Self-selection

All the interviewees at Barrington Oaks Cooperative had originally self-selected into a privately-owned mobile home park, rather than a cooperative. In the United States a mobile home is the most affordable type of home ownership available, albeit without the land. However, it was a preferred choice compared with a rental apartment, the main other alternative. The cooperative's President stated that a mobile home "*is a lot better than being in an apartment*" (BO1). Pepperidge Woods, on the other hand, was aimed primarily at younger, first home buyers with greater financial resources to service a mortgage. The NHCLF offered 95 per cent, 30 year fixed rate home financing packages through its Special Homebuyer's Program. In addition, the USDA lower income families' Rural Home Purchase program offered subsidised interest and no down payment. Therefore, the major attraction for self-selecting into Pepperidge Woods was the affordability of the houses and conducive financing leading to the opportunity to become home owners. One purchaser, stated:

> *I think they did a great job, giving us the opportunity to own a home which a lot*
> *of us would never have been able to do. I mean, I couldn't. I was a single mom*
> *for many years bringing up my son. I didn't think I was ever going to be able to*
> *afford a home to be honest and the opportunity came up and I jumped on it*. (PW6)

The low energy-use of the dwellings was also an attraction and the cooperative's ability to negotiate bulk purchase propane gas and fuel oil at a lower price for members was a further inducement as a recent retiree explained:

It's so affordable because we've looked around at other co-ops and elderly
housing and the monthly fees were outrageous ... in these days with this economy
the efficiency and energy consumption is big ... These houses are really energy
efficient and I'm really pleased ... Financially less stress because things are more
economical. (PW4)

Pets are accepted at both cooperatives, compared with bans or restrictions in apartments or rental housing. Self-selection processes (Michelson 1977) reflect existing characteristics of pet owners to move into a pet friendly environment. Companion animals are an integral part of many people's daily life and contribute to their wellbeing and happiness (Gabriel & Jacobs 2008, p.532). One resident stated, "*mostly it was affordability but also it was the fact that I was able to have my dog ... so I felt I could be happy*" (BO3). For this person it also meant selling a mobile home in another park and moving to Barrington Oaks:

You couldn't have a dog and I got a dog and consequently I couldn't live there
because I had the dog. So I sold that home to the owner of the park and purchased
this home ... So that's what I did and then I could have my dog. The dog passed
away about five years ago but I had him for a long time. He was a good boy. (BO3)

Another resident spoke of her two dogs, one recently acquired:

The poodle, he's with me 13 years. They are both rescued dogs. The
poodle is now deaf but the other little dog gets him to respond when I
can't get his attention. I discovered that he was going after the poodle
to get him to respond, that's when I knew it was going to work. (BO1)

Pepperidge Woods Cooperative also accepts pets but it was not mentioned by any of the interviewees as a reason for selecting the cooperative as a place of residence. However, it was still seen as preferable to an apartment as one person observed: "*I don't have somebody living upstairs from me and I don't have somebody living downstairs from me*" (PW3). Some of the older residents had self-selected into Pepperidge Woods to be close to adult children and grandchildren living in the cooperative. This had led to a more

demographically balanced community. Two semi-retired people interviewed had adult children and young grandchildren living in the cooperative and the three generations formed a strong family bond and sense of belonging, as illustrated by the comment, "*the most special thing is that my daughter and her family are around the corner. That was the big motivation for me [to move here]*" (PW5). Another resident voiced similar sentiments: "*I needed to be close to my daughter to [baby sit] my granddaughter which I do every day ... I am really involved in her life*" (PW4).

Unlike in Australia, basements are common features in houses in the United States and serve a similar function to that of family or rumpus rooms in the Australian housing context. Basements were also a motivator for selecting to live in Pepperidge Woods. One member stated that she may not have moved to the cooperative at all had the house not had a full basement: "*I was very fortunate to have a wonderful family room downstairs plus storage ... and for when my [six] grandchildren are there. That's why I needed that family room downstairs*" (PW5). Another was able to add a substantial amount of extra living space: "*we remodelled the basement and added 700 square feet*" (PW3) while someone else found the basement ideal for entertaining: "*It's the size of the whole house, probably 1,000 square feet. I have ... a walk out basement so I have sliding glass doors where I can walk out to my fire pit*" (PW6). The fire pit also held a special significance for this resident similar to that of the fire pit at Pinakarri Cooperative in Western Australia, mentioned in the previous chapter.

Overall, self-selection in both cooperatives was largely related to affordability. In the case of Barrington Oaks the purchase of a mobile home is regarded in the United States as a form of working class home ownership at the lowest point of entry. On the other hand,

home buyers at Pepperidge Woods appeared to have a few more housing choices. They were a predominately middle class cohort, better educated and more discerning but affordable housing combined with generous home financing packages to obtain a brand new house was still the prime motivator for most of the residents.

6.8   Residential satisfaction

High levels of residential satisfaction are common amongst residents of mobile home park communities in the United States (Johnson 1971; Deck 1972; Wallis 1997). This feature has also been observed in similar parks in the United Kingdom and Australia (Niner & Hedges 1992; Beckwith 1998; Bunce 2008). The interviewees at Barrington Oaks Cooperative had lived in the park for between 17 and 33 years and long-term park residents are more likely to express greater satisfaction with their lifestyle (Secomb 2000; MacTavish & Salamon 2001).

Compared with mainstream homeowners, it is possible that people living in mobile homes may have lower aspirations and be less discerning in analysing self-assessed needs of their home situation. Nevertheless, an interviewee commented about her mobile home in Barrington Oaks, "*I like the home I've got now, two bedrooms, two baths, nice living room, good size kitchen, it's very comfortable*" (BO3). A further advantage of the cooperative compared with an investor-owned park or a rental apartment was noted by another member: "*we have a say in what we can do [here]*" (BO1). Galster (1985) argues that residential satisfaction is not an ideal social indicator and contends that it relates not only to the dwelling but also to the surrounding neighbourhood. Barrington Oaks is set in a tree-studded environment and is adjacent to conserved farmland and recreation lands. Being

surrounded by woodland, more so than Pepperidge Woods, it attracts an abundance of wildlife. The natural environment brought joy to residents and visiting grandchildren alike:

> *We had wild turkeys out there. At one time [my granddaughter and I] counted*
> *over 50 ... All the little kids in the park were watching to see where the turkeys*
> *were going to be ... and we had deer that occasionally come through.* (BO1)

The park was also a peaceful location for one person compared with a previous city life in Boston where:

> *it was like we were always hearing fire engines and police cars going by at*
> *night and to move to ... this place it's so quiet, so peaceful you hardly ever*
> *hear a siren which is nice.* (BO3)

The downside to this apparent idyllic location is that both Barrington Oaks and Pepperidge Woods are almost completely devoid of nearby public services and facilities. Car ownership or other means of accessibility is essential as there is no public transport, except for the school bus, and the nearest shopping centre is four kilometres away. This was recognised by one semi-retired person who said: "*I have a car. When you don't have any physical problems it's OK but what if I couldn't drive? It's fairly essential*" (PW5). About a quarter of the residents in each cooperative were reported to be semi- or fully retired. Ageing was recognised as a looming problem, especially coping with winter conditions: "*As we get older it gets harder dealing with the snow. My husband's not able to do a lot anymore*" (BO2). Population ageing is therefore likely to have an impact on both cooperatives in the future and may result in less residential satisfaction given their isolated rural location and the current absence of public transport and local services and facilities.

Meanings of home for many people at Pepperidge Woods were connected with children and nostalgia (Heasman 1978). For example, memories of bringing home a new baby, measuring children's growth on a door frame and children's parties and family

Christmases. One member said, "*this is the home [my daughter] will always remember as her first home*" (PW1). A home can also be the site of several functions (Kearns & Parkinson 2001). An additional room built on to a mobile home at Barrington Oaks served as a sewing room and a place to make ceramics as well as a place from which to view wildlife. A house at Pepperidge Woods represented the opportunity for a mother to stay at home with her two children and also to be a site of relaxation and family time:

> *[That] I could stay home with the kids without a second income was very important. I wanted to be home with the kids and if we had chosen another home that wouldn't have been an option for us so I guess that really is what this house means to us ... Kind of make[s] it a place where you can all come together at night after a meal with the kids.* (PW2)

Outdoor living and a backyard sapling that had grown tall over seven years were also the subjects of fond memories and nostalgia for this resident: "*in the fall it has the brightest red leaves I've ever seen on a tree before. You know, it's those kind of things that are a bit sentimental after a while*" (PW1).

Homes at Pepperidge Woods were also seen as a place of retreat, as one member stated: "*it's a place to come to and feel comfortable especially when the outside world gets too much*" (PW4), while another said, "*you think in America [that] the home is a retreat*" (PW1). A resident at Barrington Oaks regarded her mobile home as a retreat from work stress: "*I worked for many years for automotive companies ... and this [home] was like where I would come to, to get away from the stress of that kind of work*" (BO1). A Pepperidge Woods resident featured in the local press recalled a previous imagined lifestyle. She was quoted as saying: "*This is not just a house. This is our home. It's like the neighbourhood I grew up in. There are lots of people walking around ... and the playground is packed [with children]*" (*Foster's Daily Democrat*, 26 November, 2007).

It was noted in Chapter Two that single women are claimed to regard their homes as a site of greater autonomy than families (Kearns *et al.* 2000, p.399). At Pepperidge Woods, single women's attachment to their homes was augmented by a sense of accomplishment and self-pride that they had achieved home ownership alone, as the following statements attest:

> *Now this is mine. I paid for it [and] I take care of it. I have to make sure I can do it without any help ... This is the first time I've been on my own as an adult in my life*. (PW7)

> *I think the fact that I bought it on my own and I furnished it myself and decorated it myself. I mean, it's enjoyable to have your own little place*. (PW5);

> *It's something I did on my own. I didn't have a family to fall back on to help me with the money or to pay for the down payment. I had to accomplish it by myself and I feel pretty good about being able to do that*. (PW6).

Men, on the other hand, tend to be less emotionally attached to their homes (Gillis 1996, p.123; Somerville 1997, p.228) and they regard the choice of a house more as an investment, as Michelson also noted (1977, p.124). At Pepperidge Woods, a man talked in fiscal terms about the cash impact of his house declining in value due to the GFC, but acknowledged that his wife had a more emotional attachment to the home:

> *I don't put much weight on it. For me there's no emotion, it's more an opportunity to save money. But I know my wife does. It's important to her and an emotional thing to own our own home and be secure*. (PW3)

Figure 6.7 Pepperidge Woods Cooperative: The well-equipped children's playground is adjacent to the community house. Photo: The author

It was reported that there are more than 20 children living in Pepperidge Woods and there is a well-equipped central children's play area (figure 6.7). The lack of a play area in Barrington Oaks was lamented as there are also a large number of children resident and also visiting grandchildren. The cooperative's Treasurer commented that Pepperidge Woods residents "*were fortunate [because] they started from scratch, and they weren't investor owned – big difference*" (BO2). Barrington Oaks also does not possess a community house and while the board has discussed such a building, it was stated that there was a lack of space in which to accommodate it. However, Barrington Oaks' members are able to use the Pepperidge Woods community house for their Annual General Meetings. The incorporation of a community house (figure 6.8) in the design of Pepperidge Woods was overwhelmingly praised by the interviewees. For example "*it's really a good facility ... I think it's really needed, this is great that they put this in, absolutely*" (PW5).

Figure 6.8 Pepperidge Woods Cooperative's community house. The structure at the front (foreground, right) contains the community's mail boxes. Photo: The author

Residential satisfaction was also associated with opportunities for year-round outdoor pursuits in the local area and the adjacent recreation preserve and lakes under the jurisdiction of the University of New Hampshire directly across the road from the two communities. One resident said "*I love to go walking and hiking and rides. We live in a great place for paths and trails and swimming in the summer and cross country skiing in winter*" (PW4) and another added "*[there's] lots to do here, sports, mountains, ocean, we're in a good location here*" (BO3).

Pepperidge Woods owes its existence to Barrington Oaks and perhaps members of the former cooperative feel a debt of gratitude to the latter, for example, by the occasional use of their community house. However, there did not appear to be a great level of personal interaction between the residents and children of the two cooperatives. While it was never

stated explicitly, it could be due to the different socio-economic origins and housing types of the two communities.

6.9 Negative perceptions and conflict

A substantial proportion of house buyers at Pepperidge Woods are young and required a mortgage, while fully or semi-retired persons who had a house to sell prior to moving to the cooperative were able to purchase their home outright. Pepperidge Woods follows many of the hallmarks of forming communities noted by Gans' (1982) Levittown study. As noted, all the houses in the development came from the same builder and although there were different types, stylistically they were similar in size and appearance. The houses sold within a very narrow price band thus establishing a form of housing equality among the homogenous, though demographically diverse, middle class resident body. However, none of the houses came with a garage or a carport, leading to complaints that "*we have to leave the car out in the weather*" (PW1). At Barrington Oaks there were few garages and the tree canopy was said to provide some protection for vehicles.

Some of the older residents felt that first home buyers at Pepperidge Woods were not sufficiently aware of the principles of living in a cooperative. For example one member stated: "*what a lot of people around here don't realise is it's not just you. It's the community ... they want things their way and in a co-op it doesn't work that way*" (PW6). It was also remarked by a board member that a possible future threat to the cooperative was that younger residents did not understand that the community is responsible for its own infrastructure and major replacements such as renewing the septic system which, if required, could result in escalating monthly fees for which younger members may not be financially prepared.

Due to the sub-prime mortgage and global financial crises that began in 2007, house values across the United States declined. Loss of home values was acknowledged by the President of the NHCLF, Juliana Eades, at a speech attended by the author (Concord, New Hampshire, 9 Nov 2011). Eades stated that the value of land owned by the fund's cooperative conversions had fallen 25 per cent since the start of the Global Financial Crisis. As a result, many households at Pepperidge Woods, in 2011, had a negative equity in their homes and this point was raised by several interviewees. It was not possible to determine whether the land ownership structure had exacerbated the decline in house prices at Pepperidge Woods but this concern may have been widely reflected across the community. Several members expressed disappointment at the loss of home value, the inability to re-finance and possible stigma as the following comments indicate:

> *The way that the real estate market has gone ... put it this way, I owe more than my house is valued at right now and that's a little discouraging.* (PW6)

> *Well, you don't own the land technically, so for instance we wanted to refinance and we weren't able to because we don't own the land.* (PW2)

> *The difficulties of getting financing for the homes. I keep wondering if we could re-finance like condos but we couldn't.* (PW3).

The parlous state of the United States economy at the time of the author's visit in 2011 was a cause of concern for residents, some of whom were reported as being unemployed. As a result there was some member turnover as people looked for work elsewhere or left for personal reasons. At Barrington Oaks the President of the cooperative stated that, "*we have three mobile homes for sale [right now] but we average maybe one a year and it's usually either because [of] a death ... and some have retired and gone south*" (BO1). Four homes had been on the market at Pepperidge Woods just prior to the author's visit but three of

these had been newly-occupied. The serious plight of the US economy, in 2011, was illustrated by the comment:

> *I sure hope I won't get kicked out for some reason or another. But the way the market is right now you never know. Most of us are probably only a couple of pay cheques away from something with what's happening. Very few of us in here own our homes outright.* (PW6)

But even for outright home owners in the cooperative the loss of much of their home's capital value restricted future housing and lifestyle options:

> *[I feel] secure in the fact that I own my house and I don't have a mortgage [but] I'm saddened by the fact that if I wanted to go buy a condo or move to a home closer to my sisters in Massachusetts I can't do it because for what I could sell my house at is not enough money for me to buy anything else.* (PW5)

There is also greater potential for conflict in close-knit, rural communities. Wolfe (1970, p.205) observed that residents in isolated communities may "get on each other's nerves" especially if they are at home all day. Conversely, Flyvberg (1998, p.6), regards conflict as useful and states it should not be suppressed as this may lead to an ultimately oppressive community. Nevertheless, member conflict that can become confrontational may need to be averted by strict enforcement of the cooperative's by-laws. A cooperative's board has the responsibility for enforcing adherence to rules and regulations and the timely payment of rent by members. At Barrington Oaks the majority of households complied but frustratingly, *"it's always the same group of people again that you have problems with"* (BO2). The cooperative's Secretary added:

> *There's certainly some people that you'd like to have a good talking to ... So we talk to people and if it's something that we don't feel we could handle we have a very nice lawyer who is willing to help us out and send letters ... It makes [members] sit back and think this is really important. [It's] not just those ladies on the board who are trying to give me a hard time.* (BO3)

A lawyer's letter, pointing out non-conformity with by-laws, usually brought transgressors into line:

> *A guy thought he could just do things his way and he was bothering his*
> *neighbour and the letter said no, the rules and regulations say you cannot*
> *do this. Once it was official, and it could go further than that, he just*
> *backed off.* (BO1)

Gans observed that residents straying from expected neighbourhood standards were "brought into line through wisecracks" (1982, p.48). Conformity to community norms at both cooperatives is enforced through its rules. However, it was expected that an aggrieved member would speak to the other person concerned first before taking comparatively trivial matters to the board for resolution. As one Pepperidge Woods board member put it, "*if you're concerned your neighbour's parking on his lawn for five days in a row you fill out a form and give it [to] a board member and someone talks to these people*" (PW5).

For members at Pepperidge Woods who had been previous home owners adherence to rules required some personal adjustments, as the following comments illustrate:

> *I think one of the first things I realised was when I was planting some trees.*
> *I had to get permission and I wasn't used to that. When you have your own*
> *property you can pretty much choose what you want to plant.* (PW4)

> *If you want to have a kiddy pool in the backyard that's bigger than what they*
> *say you have to get permission. I've had three homes and a summer home*
> *and I'm used to doing what I want when I want to.* (PW5)

Board members at the cooperative, at the time of the author's visit, included a number of professionally qualified people who had recently assumed the positions apparently because "*there was bad blood over decisions made by previous boards in the past*" (PW6). Conflict had arisen over poor governance because the previous office holders had no a background

in administration or experience in a business environment. Therefore, ideals could not be realised because of the board's lack of knowledge or understanding of the goals (Flyvberg 1998). Worse still, some of the board members resigned and then attempted to create a rival organisation to the incoming board. The new President compared the cooperative with previous rental experiences, concluding that, "*personality-wise, the landlord was easier than the co-op. You only had to deal with one person*" (PW3). The transition to the new board was anything but smooth as the President, a marketing manager, recalled of the first meeting of the new board:

> *We were just handed a pile of corporate minutes and it took us months to get enough information to put budgets together and run it according to our values which every new company goes through ... You listen to it and define the issues but don't put your emotions into it and then you solve issues. And then just when we were leaving the meeting three people came up and they were still mad with us.* (PW3)

Forty-five houses on a 10 hectare site may not be regarded as a high density environment in many urban jurisdictions but at Pepperidge Woods it was: "*As a community it's really good being this close [to neighbours] but at the same time a little difficult because you don't want to have issues with your neighbours [because] they're right there*" (PW7) and, "*you are always too close to your neighbours and there are always different personalities*" (PW3). Applying to the board for permission to do something was an uncomfortable experience and placed the board in a difficult situation because, "*[its] hard to do anything when we all own the community and make decisions ... so that makes it just a little bit awkward*" (PW7). Members felt that such matters should be left to the homeowner's discretion rather than have the board usurp the prerogative. However, as one resident remarked, unlike in many rental situations, "*we can at least bring it up to the board and if we don't like something we can try to change it*" (PW6).

6.10   Social capital and quality of life

Social capital is a complex and contested term (Forrest and Kearns 2001, p.2141) but in the form of neighbourly assistance and mutual aid it may be found within many communities (Bourdieu 1986; Winter 2000). In intentional communities such as housing cooperatives and caravan parks it is often possible to find higher levels of social capital (Kilner 2002; PAVS 2004). Michelson (1977, p.158) found that neighbours in new detached housing suburbs tended to retain close friendships with people from previous neighbourhoods. However, at Pepperidge Woods, the pattern of friendships altered as many residents became more closely linked to others living in the cooperative. It is likely that because of its geographical isolation, residents at Pepperidge Woods would make more friends within the community while ties to past acquaintances in a previous neighbourhood would decline due to distance. One interviewee commented, "*I think I had just as many friends before but those friends were not connected to the region or community [as they are now]*" (PW3).

A group has to attain a critical mass before it can effectively shape the behaviour of all. (Galster 2001, p.2119). Following Barrington Oaks' conversion to a cooperative social capital increased. Most of the residents reportedly took more pride in their homes and cleaned up their lots, but one of the greatest obstacles that the cooperative encountered was altering the perceptions of some long-term residents from 'rental mode' into 'part-owner mode'. The Secretary of the board said, "*it's like the landlord has to come and do this for me. Whereas if you live in a cooperative you have to be willing to help out ... we're the board, we're not the landlord*" (BO3). Nevertheless, the President commented she had not previously witnessed the situation where residents would support each other so much: "*It's like a big family ... if you need help basically we fix it [and] I've made it verbally known to*

everyone if you have any problems just call me" (BO1). The President saw herself as a storehouse of information:

> *I like to get up on what's going on around and if there's financial assistance in some way out there I like to let people know that it's there because we have young families with small children that might not know that there's eligibility for day care, and in [nearby] Dover there's a mothers' cooperative ... I read everything ... so if people come to me with a problem ... I can refer them to different places.* (BO1)

A perennial difficulty of many housing cooperatives is to persuade members to serve on boards or to volunteer (Birchall 1988). The lack of volunteers results in the same people carrying the workload which may lead to them getting burned out or feeling unappreciated (Bradley 2000, p.28). The Treasurer at Barrington Oaks had served for nearly 10 years and found it difficult to estimate her volunteer hours but was usually something every day. However, she added that, "*generally people will do things if you go up and ask them. You know, are you able to do something and they'll probably do it*" (BO2).

Lower participation rates in the cooperative by younger adults may be explained by their working full-time, studying, family commitments or volunteering at their children's schools. A younger board member at Pepperidge Woods operated a bookkeeping consultancy business from home and contributed about five hours of volunteer time to the cooperative each month. However, before she would accept a board nomination she set down her conditions: "*I said, you do understand that I have to be home by eight [pm] to put my son to bed unless you can find a babysitter*" (PW7) and thus she serves, to some extent, on her own terms. The difficulty of balancing family life and active participation in the cooperative is something perhaps not well understood by other members, but for some individuals it was the affordability aspect of the cooperative that appeared to be paramount:

> *There's a couple of young families here that don't come to any meetings; they won't come to the AGM; they do their own lawn mowing, whatever. They don't get involved. I don't know why they're living here except for the fact that the house was affordable. So I think you really need people who are going to get involved and yet there's a lot of people here that don't.* (PW5)

Gans (1982, p.xvi) contended that what is important in any community is not the high level of participation but rather that when problems arise the community pulls together to provide solutions effectively and democratically. This is illustrated by a Pepperidge Woods resident who stated that, "*I've chosen not to be on the board [but] if there was a need [to correct] something that was detrimental I'd be there*" (PW4). Most residents who chose not to attend meetings were still regarded as being community-minded. According to one member these people "*are usually the first one if you have a problem to help you out ... they'll be right there to help you and that's what counts in my book*" (PW6). Participation and social capital can, therefore, be provided in different forms, such as neighbourly assistance.

As mentioned, New England winters can be severe and power outages are frequent. The weight of snow on power lines regularly causes blackouts, often for up to 24 hours. However, the board's President at Barrington Oaks ensures there is a high level of caring in the community:

> *When we lost the power I was out checking. This is not part of the job but I check on some of the older people. [I say] if they're cold come in my house. I have a generator for light bulbs and we can play cards and keep warm ... I also have a wood stove and I also have a propane [gas] fire place in my living room.* (BO1)

At Pepperidge Woods the community house is equipped with a generator and it serves as a refuge where members can evacuate when necessary. In these instances the community again watches out for one another:

> [when] we have power outages everybody is outside walking around looking out for the elderly people here and the kids. It really is a great community. And they have a program [called] 'Neighbor Helping Neighbor' and I think it's really great to start in your own backyard and then go global. (PW4)

The local area also possesses what many of the cooperatives' members consider to be a large amount of social capital. The two cooperatives fall under the jurisdiction of the small town of Barrington, approximately a 10 minute drive away. It was stated that Barrington "*is a really great town. I think they do a really great job with community activities and services ... there's a library and a town hall and a recreation department that's very active*" (PW5). The school district is also considered to be of a particularly high standard, even by grandparents of pupils: "*The school system is great which is important for my granddaughter, so it is for me*" (PW4). A resident with an eight year old child at the school said, "*I really like the school district so that really makes me want to stay here. I also like the high school so maybe I won't want to move*" (PW7).

One of the strengths of Pepperidge Woods is seen as mutual aid and neighbourliness: "*I've gone away for six weeks and I knew my house was fine because my neighbours were always watching it*" (PW5) and, "*you know, if I need some eggs I can go and ask a neighbour*" (PW2). Informal child care is often available at homes in the cooperative and children unintentionally facilitated an introduction for their parents: "*Basically, you just walk around the neighbourhood and the children start to play and the parents become friends*" (PW2).

Quality of life for some of the older residents was enhanced as a result of lifestyle decisions to move into the community to be close to their family as one observed, "*coming to Pepperidge Woods was like a pre-retirement move, downsizing, so it worked out really well*" (PW5). The common house also provides a venue for members of the cooperative to join together for social events such as birthdays, anniversaries, Christmas parties and Halloween celebrations.

6.11   Ontological and physical security

Giddens (1990) argued that people often have little control over their ontological security and prior to Barrington Oaks conversion to a cooperative, the residents' permanent occupation of the land was uncertain. At both Barrington Oaks and Pepperidge Woods Cooperatives, residents' security of tenure is guaranteed through their membership and control of the cooperative. The importance of certainty and continuity in people's lives is paramount as the following examples demonstrate:

> *To me it's home ... from my perspective [as] an older citizen it is being secure. I know that no matter what happens we own this ... I just take it for granted that this is my home now, it will continue to be my home hopefully for as long as I'm able to live.* (BO1)

> *Before we bought the park that was my one big worry, selling it out from under us. You have no options, what can you do? You just can't pick your house up and go somewhere. That certainly is a big thing. The main advantages are the security of owning it [and] that we have control over the costs.* (BO2)

> *There was always that underlying feeling that at any moment the shoe could fall on your head, the envelope could fall out of the sky and the park could be sold and then what would you do? It wasn't enough to make you miserable but there was a little black cloud there ... The big load is off our minds ... It's very different living in a cooperative where you own the land ... You feel like you have some control.* (BO3)

Safety and physical security are also regarded as important at Barrington Oaks but none of the respondents felt unsafe: "*We've lived here for a long time and I feel very safe in the park ... We've never had any problems in here with anything*" (BO2). Similarly, "*the most important thing [is] to feel safe where I live ... It's my home and a secure place to live and enjoy life*" (BO3). The safety of children was also important and brought about some nostalgia and reflection of times past:

> *One of my biggest concerns is little ones. I see so many young people out here and we have a lot of children in the park here. And I don't see the moms being as careful with them as they should be, I don't think. And I try to think back to myself, was I that careless when I was young with mine? But I didn't like to think that I was, but it's not the same world now that it was 40 some odd years ago.* (BO1)

Similarly, residents at Pepperidge Woods also felt very safe in their homes and no knowledge of house break-ins were reported by interviewees. It is likely that the high level of safety is attributable to both communities' isolated rural location and relatively high density. There is only one road in and out of Barrington Oaks and two out of Pepperidge Woods. The close proximity of neighbours enables them to keep a watchful eye on each other's houses. However, it was mentioned that 'a few things had gone missing' at Pepperidge Woods and there had been incidences where some residents' cars had been broken into at night. Overall though, the general consensus on neighbourhood safety was summed up by the comment:

> *I feel very secure. There's been a few things stolen out of cars and such but in the seven years we've been here we've only heard of two instances. To me it feels nice and secure, you have neighbours that are close enough to notice that something's odd.* (PW2)

6.12   Chapter summary

This chapter provided an outline of the historical background to housing cooperatives in the United States and an introduction to the case studies. This was followed by a discussion of Community Development Financial Institutions that are designed to channel money into local funding initiatives for under-served communities and non-profit organisations. The New Hampshire Community Loan Fund's business model and activities were then discussed as an example. Barrington Oaks and Pepperidge Woods Cooperatives' case studies showed that housing cooperative structures are flexible enough to adapt to different situations, levels of member equity and forms of financing. Barrington Oaks was instructive as it suggested that housing cooperatives can be successfully operated by people with few qualifications or experience provided they are given technical assistance and guidance.

Interviewees' narratives indicated that self-selection was mainly based on affordability or in some cases family ties rather than cooperative principles. Residential satisfaction in the two case studies was enhanced by the natural environment and isolated rural location which enabled a close-knit community to develop. Harsh winters' increased social capital as neighbours assisted each other in various ways. The common house at Pepperidge Woods added to residents' quality of life as a meeting place and a site of celebratory gatherings and get togethers similar to those in the Fremantle cooperatives that possessed one.

While it is acknowledged that that the housing and finance markets and regulatory regimes are different in Australia, the New Hampshire Community Loan Fund nevertheless offers a potential transferable model. Such a financial model, if adopted in Australia, may be able to provide the means for housing cooperatives to access partial funding to purchase land

and construct houses, or to form a Community Land Trust. Furthermore, the model could also enable the conversion of Australian residential parks to cooperatives. The potential of the NHCLF and how it may be adapted to Australian conditions is considered further in Chapter Eight.

Chapter Seven briefly outlines the history of the cooperative movement and housing cooperatives in Canada. It examines the policies pertaining to the Canadian federal government's Cooperative Housing Program which operated for two decades until 1992. The program provided for non-equity housing cooperatives to operate outside of the state public housing system. The chapter then discusses the findings of the two Winnipeg case studies through the narratives of residents interviewed and also from key informants. Willow Park Housing Cooperative was chosen for study because it was the first family housing cooperative in Canada. It is a large, well-established and apparently successful housing cooperative. The second case study, Greenheart Cooperative, is one of the few recently established cooperatives in Canada. It was selected for study for the valuable lessons that may be learned in order to avoid the pitfalls of what became a dysfunctional cooperative that required rescue.

Chapter Seven

Winnipeg Case Studies: Background and Findings

7.1   Introduction

The strength of the cooperative movement in Canada was critical to the introduction of family housing cooperatives in that country. Producer, retail and financial cooperatives have played a significant role in the Canadian economic and social fabric since the 1860s and the prairie provinces of Manitoba, Saskatchewan and Alberta (Figure 7.1) have been at the forefront of the movement (Cole 2008). The first student housing cooperative was established in Canada at the University of Toronto in 1936 and was followed by others in the 1940s and 1950s through to the rapid expansion of universities in the 1960s (Cole 2008, pp.18-27).

Figure 7.1 Canada showing the mid-west location of Winnipeg, Manitoba, just north of the United States border, and the adjacent western prairie provinces of Saskatchewan and Alberta. Source: Knights Canadian Info Collection

After World War II many thousands of ex-servicemen were successfully settled on Veterans' Cooperative Farms, notably in Saskatchewan, and producer cooperatives began to obtain influential political support on the prairies (Infield 1956). The idea of family housing cooperatives started to gain a foothold in the political housing debate in Canada in the late 1950s. In 1958 the cooperative and student movements joined with the Labour movement to form the Canadian Union of Cooperatives (CUC) to encourage joint ventures, a major focus of which was housing cooperatives (Cole 2008, p.31). In 1961 credit union finance was guaranteed by the wider cooperative movement and this enabled construction to begin of Canada's first family housing cooperative, Willow Park, in Winnipeg, Manitoba which is the main subject of the fieldwork in this chapter.

In 1962 the Central (now Canada) Mortgage Housing Corporation (CMHC), the federal government's housing finance arm, provided financial assistance to the CUC to undertake research into the feasibility of non-equity family housing cooperatives. In 1964 the National Housing Act was altered to enable student cooperatives to obtain 90 per cent mortgage loans from the CMHC. Amid escalating house prices in the late 1960s, the CUC was asked, in 1968, to contribute to a federal government-appointed Task Force on Housing and Urban Development. In its response, the CUC highlighted the generally successful student housing cooperatives and called for the recognition of cooperatives in planning and housing policies (Cole 2008, p.45).

Delegates from the CUC formed the Cooperative Housing Foundation (now Federation) (CHF Canada) in 1968. Representatives of the United and Catholic churches were invited to join the CHF board in 1969 as their organisations had previously provided seed funding for housing cooperatives (Cole 2008, pp.49-54). In 1970 the federal government

established a special $200 million innovative social housing fund to examine other ways of providing affordable housing separate from public housing (Cole 2006*8*, pp.54-61). The CHF leveraged $30 million from this fund to finance 11 non-equity housing cooperatives for pilot programs in Vancouver, Calgary, Winnipeg, Ottawa, London (Ontario) and Toronto (Hulchanski 1986, p.4).

The ability to obtain government funds was due to the strong cooperative movement and the alliances it formed with student and labour unions. The CHF with its board representative of the wider community was able to lobby for, and receive, considerable political support. As a result, the Cooperative Housing Program, which operated from 1973 to 1992, was funded directly by the federal government through the CMHC. The funding arrangement altered in 1978 to one of an insurer of mortgages. Nevertheless the two decade program produced a total of around 91,000 dwellings in 2,200 cooperatives, including some financed by the provinces, and provided affordable housing for approximately a quarter of a million people.

7.2 Background to post-war housing in Canada

Canada, in common with the United States and Australia, experienced a shortfall in housing after World War II due to the Great Depression of the 1930s and wartime materials rationing. Post-war government housing policies in Canada, as in the US and Australia, promoted owner occupation of detached suburban houses through subsidised mortgage funds, capital gains tax exemptions and other preferential tax treatments (Miron 1993). The Canadian federal government established the Central (since 1979 Canada) Mortgage and Housing Corporation in 1946 to address the country's housing shortage and to find "ways and means for private enterprise to look after needs in the [housing] field" (Miron 1993,

p.137). The CMHC was set up to facilitate home ownership, and to insure the housing loans of financial institutions (CMHC 2011). In common with the United States and Australia, Canada has a high proportion of households in home ownership, a large private rental sector and a small public housing sector (Dalton 2009, p.69).

Canada was a comparatively late entrant into federally funded public housing due to "vague and complicated inter-governmental responsibilities" (Cole 2008, p.15). The first such development, in Newfoundland, was not built until 1951 and as late as 1963 fewer than 12,000 public housing dwellings using federal funds had been built (Miron 1993, p.206). By contrast, 188,000 public housing dwellings were built in Australia between 1945 and 1963 (Wilkinson 2005). The lack of public housing for lower income people contributed to the promotion of housing cooperatives in Canada by the wider cooperative movement in the 1950s and 1960s. Housing cooperatives are now a feature of the Canadian housing landscape and, although they house fewer than one cent of the population, they are often discussed in the Canadian housing literature as part of a broader study (for example Sayegh 1987; Miron 1993; Hulchanski & Shappcott 2004). Housing cooperatives were seen as an alternative option to the landlord/tenant relationship of the public and private rental housing sectors. Self-managed housing cooperatives were thought to have the potential to become a strong third sector within a new form of collective home ownership (Hulchanski 1986; Sewell 1994).

7.3   The Cooperative Housing Program

As noted, the Canadian federal government's Cooperative Housing Program began in 1973 and was legislatively formalised to enable non-profit housing cooperatives to be funded by the CMHC (Cole 2008, p.69). The program adopted a mixed incomes policy for members

and was the government's preferred alternative to the expansion of public housing (Hulchanski 1986, p.5; Miron 1993, p.329). In order to simplify the process, the CMHC set up regional offices that were staffed by administrators trained in housing cooperative financing, provided start up grants to forming housing cooperatives and used its own mortgage funds (Cole 2008, p.69). Subsidies were provided for low income households under a rent-geared-to-income formula for the duration of the cooperatives' mortgages (Miron 1993, pp.401, 402). Government social mix policies required that housing cooperatives accommodate between 15 and 25 per cent of low income households to make projects viable and to overcome possible resistance from local residents (Miron 1993, p.329).

Funding for the Cooperative Housing Program was made in three tranches. The first program operated from 1973 to 1978 and produced 10,000 homes in 240 projects (Cole 2008, p.68). An expanded second program built 39,000 dwellings from 1978 to 1986 (CHF 2011a). In this tranche the CMHC altered its policy in 1978 from being a provider of mortgage finance direct to housing cooperatives, to that of insurer of private mortgages because, according to Cole, "it did not want to add to public debt" (2008, p.99). The third cooperatives housing program from 1986 to 1992 was threatened by pressure to reduce spending but the then housing minister, William McKnight, was sympathetic toward housing cooperatives having previously been associated with cooperatives as a farmer in Saskatchewan (Cole 2008, p.138). He stated that the main objective of housing cooperatives was to:

> provide security of tenure for moderate and middle-income households as an
> alternative to home ownership [and to] provide a level of assistance intended
> to help that group of people with incomes above those in core need that are
> unable, through no fault of their own, to afford home ownership.
> (quoted in Hulchanski 1986, pp.6, 7)

McKnight's support for housing cooperatives was crucial in the altered neo-liberal political environment. Some households were paying less than 30 per cent of their income on shelter and were therefore benefiting from housing cooperatives' public funding (Cole 2008, p.139). In response, government policy amendments raised the proportion of rent-geared-to-income subsidised dwellings to up to one half in 1988, compared with the maximum of one-quarter previously (Cole 2008, p.144). This third program produced only 15,000 new dwellings, or 38 per cent of the previous total (Cole 2008, p.173), but an additional 7,000 cooperative homes were built under a cost share agreement between the CMHC, the federal government and some provincial governments (CHF 2011a). Additionally, the Ontario provincial government funded its own cooperatives program from 1989 to 1995, which produced a further 14,400 dwellings (Cole 2008, p.176).

A fourth Cooperative Housing Program was planned to add a further 2,000 cooperative dwellings from 1992 to 1994. The program was approved but subsequently cancelled against a backdrop of economic recession. Instead, the federal government devolved responsibility for housing to the provincial governments (Cole 2008, pp.169, 202). An affordable housing advocate in Winnipeg stated that "the Canadian government (regardless of who has been in power) refuse[s] to create a national housing strategy" (*pers comm.,* 29 Sept 2012). In 1995 the CMHC phased out its remaining roles in facilitating new housing cooperatives and not-for-profit housing (CHF 2011a). For the next decade successive governments erroneously placed their faith in market-based solutions to supply lower income housing (Sousa & Quarter 2004b). Housing cooperatives thus became a casualty of devolution, neo-liberalism and government perception that the program should be targeted at people in core need (Cole 2008, p.169).

Table 7.1 shows that in 1999 there were 2,220 housing cooperatives across Canada. They contained nearly 92,000 affordable rental dwellings which comprised 0.78 per cent of the total housing stock (Gilmour 2012, p.10). In 2012, according to the International Cooperatives Alliance (2012, p.15), there were 2,339 housing cooperatives in Canada totalling 96,742 dwellings. This figure represents only about a five per cent increase in stock over more than a decade but it demonstrates nearly half a century of continuous housing cooperative construction.

Table 7.1 Number of cooperatives and dwellings in Canada 1999

Provinces/Territories	Number of Cooperatives	Number of Dwellings
British Columbia	264	14,698
Prairie Provinces: Alberta, Saskatchewan, Manitoba	127	6,892
Ontario	557	44,287
Quebec	1,129	22,445
Atlantic Provinces: New Brunswick, Nova Scotia, Newfoundland, Prince Edward Island.	138	3,362
Yukon Territory, Northwest Territories, Nunavut	5	162
Total	2,220	91,846

Source: Co-operative Housing Federation of Canada (2011a)

Moreover, housing cooperatives have proven popular with the Canadian public. In 1987, 72 per cent of those polled supported public funding of cooperatives while a 1990 poll recorded 75 per cent in favour (Cole 2008, pp.150, 165). Housing cooperatives were described in 2005 by the then federal housing minister as "a Canadian and international success story" (Cole 2008, p.214), though fewer have been built since federal funding was withdrawn in 1992. One of the more recent developments is Greenheart Cooperative in Winnipeg, the second case study in this chapter.

7.4   Willow Park Housing Cooperative

Figure 7.2 Willow Park Housing Cooperative, Winnipeg. Photo: The author

Willow Park Cooperative in Winnipeg (figure 7.2) was initiated by a study action group of faculty members and staff at the University of Manitoba in 1959 to enquire into the feasibility of building a 980 unit family housing cooperative (Cole 2008, p.33). The original plan was deemed to be too ambitious and later revised down to 200 units. The cooperative was incorporated in 1961 and built in two stages with all the dwellings completed by 1966. The CMHC initially refused a loan application from the cooperative on the grounds that the homes would not be individually owned. A $2 million loan was eventually obtained from the Co-operative Credit Society. It was not until the first stage of construction was completed and occupied that the CMHC would advance a 30 year, $2.3 million mortgage to complete the buildings (Cole 2008, p. 34). Willow Park's design incorporates a network of six vehicle-free courtyards and walking paths (figure 7.3). The complex sits on land leased, originally for 60 years, for a peppercorn rent of one dollar per

year from the City of Winnipeg. Most Canadian cooperatives are built on land leased from governments or local authorities.

Eight women and two men participated in the interviews at Willow Park Cooperative including the current President of the board and two who had served previously as board members. Six of the interviews took place in the relevant member's home and four in the cooperative's office. All of the interviewees had completed high school except one who had finished in year 11, two possessed university degrees and others had obtained community college diplomas or vocational certificates. Three of the interviewees were retired and employment was, or had been, in predominately lower middle class white collar occupations such as nursing and office administration. The ages of people interviewed ranged from the early 30s to the late 80s. The members' narratives are augmented by interviews with five key informants from Manitoba Housing, the Cooperative Housing Federation (CHF Canada) and housing cooperative administrators.

Figure 7.3 Willow Park Cooperative's design features a network of courtyards.
Photo: The author

Willow Park is situated about 20 minutes north-west of the Winnipeg Central Business District in a mixed residential and light industrial area relatively close to the airport. In the early 1960s the area was regarded as an undesirable fringe location (Cole 2008, p.33) but it is now well-serviced with a wide range of amenities and good public transportation. The cooperative pays property taxes which, in 2009, totalled $120,000 but was reduced on appeal to just below $86,000. At the time of the author's visit in November 2011 the cooperative had full occupancy. The annual household turnover reportedly varies between eight and 15 households.

The stated purpose of Willow Park Cooperative is to provide good housing at cost to its member residents. The cooperative's 2011 Annual General Meeting report states: "Co-op Housing offers an attractive compromise to renting ... along with pride of ownership, the security of steady monthly payments, and a voice in the management of the community" (Willow Park 2011, Introduction). Canadian legislation has ensured that housing cooperatives cannot be converted into market rate entities. This legislation has been challenged in court and upheld on a number of occasions when cooperatives have attempted to demutualise. Willow Park's by-laws state that should it be liquidated or dissolved the "property is to be transferred to ... not for profit housing cooperatives ... that have similar objectives and limitations, or charitable organizations with similar purposes" (Willow Park 2000, p.3).

The monthly housing charges in the cooperative, in 2012, are shown in Table 7.2, together with the unit sizes and minimum income requirements. Accommodation in the cooperative is provided in a range of one to four bedroom units. The cost of a member share on entry is a refundable $750 plus one month's rental. There is no maximum income for eligibility but

if a member's income falls below the minimum requirement their membership is unaffected, so long as they continue to pay the housing charge. The charge includes local taxes, power, water, maintenance and repairs, stove and refrigerator, drier and heating furnace, lawn mowing and snow clearing (Willow Park 2012). Willow Park does not receive government subsidies for low income residents because it was built prior to the Cooperative Housing program. Conversely, there is no requirement for the cooperative to accept a proportion of low income residents. All homes have a basement, some of which are used for storage, an extra bathroom, guest bedroom or children's play area. Two maintenance men and two office staff are employed by the cooperative to carry out routine day-to-day tasks. In order to reduce the workload on the nine member board, the paid staff has been given more responsibility, for instance, to inspect out-mover's units and show homes to prospective members.

Table 7.2 Monthly housing charges at Willow Park Cooperative, 2012

Composition	Share Price	Monthly Housing Charge	Minimum Yearly Income	Unit Size in Square Feet
One bedroom lower (20)	$750	$478	$27,000	700
One bedrooms upper (20)	$750	$522	$27,000	740
Two bedrooms (42)	$750	$647	$30,000	928
Three bedrooms (101)	$750	$739	$35,000	1,138
Four bedrooms (17)	$750	$820	$37,000	1,320

Source: Willow Park Housing Cooperative 2012

Several of the original inhabitants from its opening in 1966 are still living at Willow Park at the time of the author's visit, one of whom was interviewed. Six of the 10 interviewees had adult children or other relatives also living in the cooperative in their own home and a seventh had an aunt who had previously lived there. Existing residents are given

preferential treatment if they wish to move to another unit within the complex and for adult children to be housed in their own unit, as one responded commented: "*I was born and raised here and when I got ... married I didn't have to go on the outside waiting list ... You go to the head of the queue*" (WP9). The board's President saw these familial bonds within the cooperative as one of its strengths. She stated:

> *Our intent was always to keep our families here and I still have both of my*
> *daughters here living in their own homes. They've never lived anywhere*
> *else. Since I was 20, I've never lived anywhere else [for 42 years].* (WP10)

As in the Pepperidge Woods Cooperative discussed in Chapter Five, there is a real sense of residents' feeling of belonging to the Willow Park community.   Family bonds and attachment to place have endured over the cooperative's 45 years existence (at the time of the author's visit) thus confirming the importance of ontological security and certainty in people's lives in Willow Park (Giddens 1990; Savage *et al.* 2005).

7.5   Self-selection

The main criterion for self-selection into Willow Park Cooperative was affordability. For example one resident stated "*[It] was affordable ... firstly money, then I saw it, then I liked it*" (WP2) and another, "*we discovered to rent, costs have accelerated out of mind ... what channelled me here was [lack of] finance*" (WP1). Similarly, "*the cost is good, that was a big reason why I moved out the other place, the way it was going up and how much the difference was here including everything*" (WP3).   There was a realisation among interviewees that financial constraints had funnelled them into Willow Park initially. Alternative choices, predominately owning a home, had finances permitted, would probably have resulted in vastly different outcomes. Nevertheless, while there was a sense that fate had led to life in the cooperative there appeared to be few regrets:

> *Well, if I had the money ... I probably wouldn't have ended up in a co-op. I'd*
> *have probably gone with the Joneses. It's as simple as that. But it seemed to*
> *channel me in here and it worked very well.* (WP1)

Other reasons mentioned by people for selecting to live in Willow Park were that they had a childhood connection, a relative or friend lived in the cooperative or they had grown up in the district and knew Willow Park children at school for example: "*[I] grew up around here ... We knew all the kids who grew up in here*" (WP6). Few of the younger interviewees mentioned a specific desire to live at Willow Park because of a belief in cooperative principles. An elderly original member, resident since 1966, offered this explanation:

> *At the beginning it was a like-minded group of people and we kept it going [but]*
> *40 years later ... a lot of people look at it like cheap living accommodation and*
> *it's hard not to have that aspect. It's because of all the laws. You can't say to*
> *someone when they apply, are you going to embrace the co-op style of living or*
> *or you can't live here. So I think that can be a problem and it blows up the whole*
> *concept.* (WP8)

Several of the interviewees had lived in an apartment prior to moving into Willow Park and, in common with some of the American interviewees reported in the previous chapter, negative experiences were palpable and again rental apartments were frequently used for comparison with the cooperative. For example: "*[Willow Park] is nice as opposed to an apartment; you have your own entrance ... it just appears that you're in your own home*" (WP2) and, "*I would never want to live in an apartment block because that is very, very bad*" (WP1). Another member recalled:

> *The apartment I lived in was crap ... all the smells, all the people. It was horrible*
> *[and] nothing would get fixed. [Willow Park] has improved my quality of life compared to*
> *those other places.* (WP6)

Anticipated residential satisfaction with the home and a safe neighbourhood environment are important factors in selection processes (Galster 1985; Woodbridge 2003). The geographical location of Willow Park was also a positive attraction for self-selection into the cooperative. As noted, it is relatively close to the Central Business District and nearby public transport operates until after midnight which is convenient for shift workers or people without a car. Public services such as a medical clinic, pharmacy, library, a shopping mall and a community centre containing an ice hockey arena have been built in the area since Willow Park opened and the residents made use of these facilities:

> *I do take a bus a lot and I don't have a vehicle, it just happens there's a grocery centre here and a library ... and everything within walking distance ... we have buses so location-wise it's great.* (WP2)

> *If you didn't have a car you've got all the stores, everything's close by. You can walk anywhere in 10 minutes and you're there ... the bus route's right there and it goes anywhere you want to go.* (WP7)

> *I grew up not too far from here. So I know the area and where we've got all the stores and everything, it's great. I don't have to take the car all the time, I can walk.* (WP3)

The acceptance of pets by Willow Park was also a reason for self-selection. Companion animals were again an important part of many people's lives, as a member confirmed: "*the fact that you could have pets, we really wanted pets. That was important*" (WP6). A dog can also be a means of social interaction with others: "*it's a pet friendly place so if you're out walking you get to know other people's pets*" (WP2) and, "*there's a lot of dog walkers so we usually gather or meet each other out for walks*" (WP5). A pet dog may enhance the health and wellbeing of owners and even those without one. A resident, without a dog of her own, accompanied a dog-owning neighbour for exercise and also took an elderly resident's dog for a walk. For people living alone a dog can be a close companion, as one

resident remarked: "*I like having a dog around ... I think if you go out when you come home someone's happy to see you*" (WP3).

7.6   Residential satisfaction

Sirgy, Rahtz and Lee (2004) used several indicators to measure residential satisfaction including the strength of community spirit, safety and security and wellbeing. As noted, the greatest level of satisfaction accrues to those who have lived in their home the longest. The length of residence of those interviewed at Willow Park ranged from nine years to 45 years and half had lived in the cooperative for more than 30 years. Two interviewees had also previously lived in another housing cooperative. Residential satisfaction is also bound up with nostalgia, long-time friendships and continuity when seen through Giddens (1990) lens of ontological security and continuity. For example, one long-term member recalled:

> *We had a good social life here. I can remember ... one time a bunch of the*
> *fathers went out and built igloos over there with kids and stuff like that ...*
> *many people in Willow Park I've known for 30 years, many of them I've*
> *known since they were three years old. They were friends of my kids, now*
> *they live here.* (WP8)

A home at Willow Park was referred to as "*the next best thing to owning your own home ... it's your own space, you have the security*" (WP2). Another stated, "*it's just you feel like you have your own home*" (WP2). Others described a home in the cooperative as a place where the household "*can relax and be safe ... and warm*" (WP4) and, "*just the fact that it is home. I'm comfortable here and if I go away for a trip or vacation, I'm always glad to come back because it is home, it's me*" (WP3). Another resident commented:

> *It's that feeling when you come in the door and you close the door and take*
> *a deep breath and it's like OK I'm home, and it's not like it's a mansion and*
> *it's worth millions of dollars and got all the latest technology. It's just to me*
> *I love that feeling of getting in the door and you know work is done.* (WP5)

Willow Park was also seen by some members as a place to save money in order to either to buy their own home or a holiday home in the future. One interviewee reported that 'a lot' of residents owned holiday cabins. Three of those interviewed volunteered the information that they owned a summer home. Another person had lived in Willow Park since childhood but married and bought a house 10 blocks away. The couple returned to live in the cooperative 17 years later, in 2006. In the meantime their house had doubled in value and the proceeds from the sale purchased a holiday home. She stated:

> That's exactly the way that story went. The house made the profit and we
> bought that [holiday home]. We go away every weekend and holidays. ...
> We could not afford to have that place if we didn't live in Willow Park. (WP4)

She continued:

> There's many, many people in here. They've been here 30 years. They grew
> up, married and they're still here. [They've] never owned a home but they have
> summer houses and that's been their way of life because [the cooperative] is
> affordable. (WP4)

Another member expressed the view that as living costs in the cooperative were low members should be able to do whatever they want with their excess money:

> We bought a cottage instead at the lake and stayed here. We still have it
> ... We would spend all our free time there pretty much for about 30 years,
> every weekend ... When we bought our cottage we didn't want a big yard
> in the city as well. (WP8)

These sentiments also express an emotional attachment to a holiday home (Matarrita-Cascante *et al*, 2010). The ownership of summer cottages suggests that the low housing charge in Willow Park enabled several members to fund an alternative lifestyle as holiday home owners elsewhere. It is possible that some members' ability to purchase a summer home may have influenced their perspective and outlook on the cooperative from a constrained choice initially to an enhanced lifestyle choice subsequently.

Pride in home and community is also a predictor of residential satisfaction (Sirgy *et al.* 2004). Many members of Willow Park, as mentioned, regarded themselves as home owners, as opposed to renters, and they viewed their homes and the cooperative as a source of pride. For example, it was stated, "*I have a tremendous sense of pride about the co-op [and] happy, happy memories*" (WP4). Another commented that:

> *It's more a sense of pride ... just again some pride of ownership. There's*
> *not a lot of garbage on the ground [but if there is] it's part of your home*
> *so you might just stop and pick up that trash.* (WP2)

This level of pride in the cooperative is in stark contrast to private rental tenures and public housing. According to another resident:

> *Here people take pride in their stuff whereas in an apartment or if you drive*
> *through Manitoba [public] Housing ... you can tell the difference. People just*
> *don't care. It's only natural too because when you're renting, people just don't*
> *care.* (WP7)

Notwithstanding the high levels of residential satisfaction in Willow Park, several older members commented that the cooperative is now seen by some younger members more as affordable housing or as a transition to somewhere else, rather than the original concept of a secure lifetime tenancy based on cooperative principles. As one such member said: "*you try and build up [savings] for a house of your own*" (WP6). Some of the children of established members were reportedly keen to move out when they reached adulthood through a desire to own their own homes. New members without a long-term commitment may lead to less cohesion and reduced stability in the cooperative. To combat this, a nearby cooperative has altered its terms of agreement to include a short-term penalty if the accommodation is vacated within two years (Willow Park East Cooperative undated).

About 20 younger families were reported to have moved into Willow Park during the previous three years but apparently, "*only one of those families came out and said what's this about? I'm excited; I want to be a part of that*" (WP9). However, the reluctance to embrace the cooperative and participate may also be due to the dominance of established groups or cliques (Wolfe 1970). The President of Willow Park stated that, "*we're all about 60 [years old] so we need the younger generation to step up [but] it's not happening so easily*" (WP10). She continued:

> *We've found the second generation isn't so involved [and don't] have the community spirit. It's a sort of stepping stone to either buying a house or transition to somewhere else. They don't look at their unit as their home as us long-term guys do.* (WP10)

An emergent issue is the over-housing of some elderly residents (Murray & Pearson 2008). According to one Willow Park member it was a 'touchy subject' to ask an older person to move out of their home. Two elderly people interviewed at Willow Park had voluntarily moved from a larger to a smaller dwelling but one of them had downsized from a three-bedroom unit to a one bedroom to enable her married daughter to move into the original family home. Reluctance to move to a smaller unit may be attributed to adult child pressure, for example: "*My dad contemplated going to a one bedroom [unit] and asked the kids and [we] said don't you dare. We said until you can't physically use the stairs anymore stay here*" (WP9). Willow Park's President stated that as far as she was concerned over-housing was not an issue:

> *We have lots of that and we don't care. It's their home ... We would never ask them [to move] because for the most part the people who have been in the three bedrooms have been here many, many years and they are the family members that we always encourage to stay.* (WP10)

On the other hand, some younger members saw it as unreasonable that a couple or a now single person occupies a three or four bedroom home when there are families on the waiting list. According to one member, "*there are quite long waiting lists ... for the three or four bedrooms, you're waiting four or five years. So when you get in here it's like you struck the lottery*" (WP6). A CHF director suggested that cooperatives needed financial assistance to expand where possible on their existing sites and build seniors accommodation "and then make [three and four bedrooms] town homes available for families" (personal interview, 17 Nov 2011).

The large public sector investment in health, community facilities and infrastructure close to Willow Park Cooperative increased members' feelings of wellbeing and contributed to the high level of residential satisfaction. The success of Willow Park is also reflected in the longevity of the cooperative itself and of the many long-term residents who have been able to construct satisfying lifestyles as alternative home owners of summer cottages. However, some of the community spirit of the early years has diminished and younger members tend to regard Willow Park more as affordable housing or as a transition to home ownership.

7.7   Negative perceptions and conflict

Overall, the self-evaluation of residential satisfaction at Willow Park by members interviewed was positive. However, several disadvantages to living in the cooperative were spoken about by interviewees. These disadvantages included a lack of privacy, small yards and everybody knowing what everybody else is doing. The necessity to apply to the board to make alterations also irked some members: "*[you have] to ask permission to do any major things. You're not in a rental situation but you're still accountable to somebody*" (WP2). While the board was generally regarded as doing a good job in often difficult

circumstances, it was not always seen as being even-handed: "*I know they say you have a vote in what happens but that's not necessarily the way it is ... and it's written we should abide by the rules and sometimes that doesn't happen*" (WP5).

Willow Park Cooperative is a high density living environment. Consequently, noise and the closeness of neighbours have the potential to lead to conflict. However, there is an expectation by the board that members would try to resolve relatively minor issues themselves, such as barking dogs or car parking matters, as would have to occur in a suburban neighbourhood. In a one bedroom unit at Willow Park there is always someone living upstairs or downstairs and incompatible or difficult neighbours living at close quarters could lead to stress, as one resident recalled:

> *We had a very nasty neighbour. He'd yell and scream at us and knock on our*
> *door for laughing at 10 o'clock at night ... every tenant who lived above him*
> *had to leave because he made their life a living hell.* (WP6)

In the above instance, Willow Park's board eventually engaged another cooperative's board to adjudicate on the matter from a neutral position and the long-term resident's membership of the cooperative was subsequently terminated. Willow Park's buildings reflected the lower construction standards of the 1960s. The common walls, for example, are concrete blocks which do not possess high sound proofing qualities. Several interviewees mentioned noise intrusion from adjoining or nearby dwellings. One long–term member recalled a situation about a neighbour:

> *I had neighbours before that were insane with loud parties and music ... I*
> *phoned the [office] lady to complain about it ... and I said seriously I nearly*
> *called the police. Problem was, he was a policeman and she said what good's*
> *that gonna do? And I said well for starters he should know better.* (WP3)

Another resident approached the problem of noise more philosophically:

> *If you want to think of disadvantages I suppose the noise. We do hear the*
> *neighbours ... [but] it's close quarters, your neighbour's door is right there ...*
> *but you know what, it's co-op living and if you're not prepared for that it's*
> *not the place for you.* (WP4)

It is a challenge to recruit new and younger members to serve on the board or committees of housing cooperatives (Birchall 1988; Kilner 2002; CHF 2010). Board members at Willow Park were mostly long-term residents and the President observed: "*it's the same people who have been here for so many years who supply things every time we want to do something. [The others] expect everything to be done for virtually nothing*" (WP10). According to a younger former board member, "*my generation just wants instant gratification and wants somebody [else] to do something for them and they don't want to put in any time*" (WP9).

Reluctance to serve on the board may be due to modern working patterns or family commitments. Shift workers found it difficult to attend meetings or stand for the board as one member pointed out: "*life is not geared for the evening folk ... I'm a nursing assistant, hospitals never close*" (WP2). Another said, "*all the years I was working I was on nights so I just didn't have time for that*" (WP3). However, more subtle reasons for non-participation may also be found in the perception of an 'us and them' attitude and a desire to be liked, as these comments from an ex-board member suggest: "*It becomes difficult if you're ... on the board because then people see you differently. Almost like cast suspicion because oooh she or he is on the board now*" (WP5). This person observed of those who serve on the board:

I think sometimes ... they want to be [on] the board that never raised the rent.
Well, that's not really practical though [but] they want to be liked as the good
person who didn't raise it; whereas so and so last year when they were on the
board they raised the rent. (WP5)

The lack of member volunteerism is a growing concern to the board but interviewees who had declined to actively participate in the cooperative still saw themselves as committed community members and some volunteered to work in outside organisations. Various means, including door prizes, have been tried to encourage members to participate at Willow Park's Annual General Meetings. However, as the President explained it was found necessary to alter the format of AGMs:

We'd have a drink first and the bars were open. By the time we'd have our
meeting, which might have been two hours into the evening, more people
were half-smashed and get brave and, you know, the complaints would come
out. [Having] the meeting first ... we find it keeps saner heads. (WP10)

7.8   Social capital and quality of life

Willow Park members appeared to enjoy high levels of bonding social capital through mutual aid and assistance (Kropotkin 1972; Forrest & Kearns 2001). One member said she had "*made a very good friend with my next door neighbour [and] we get together to watch the different TV shows*" (WP2). Neighbourly assistance included help with snow shovelling: "*the gentleman next door shovels my walk [way of snow] all the time*" (WP3). Another member commented, "*if you walk outside people are waving and even if they don't know you they'll still say good morning or good afternoon*" (WP2), while another said, "*we can be outside as a group and sit around and talk and visit and socialise and things like that*" (WP5). The availability of community facilities nearby also enhanced the quality of life for Willow park residents:

> *The library I love of course. The library is the best thing ever. I've been a member of the library for 50 years and we've got a very nice one here. I'm very pleased with that.* (WP8)

Relying on a neighbour to watch over their home was frequently mentioned, for example, "*I feel like I can go on vacation and know that my place is going to be OK*" (WP5). Neighbours knew each other's routines and looked out for each other, especially for women living alone or working late shifts:

> *I work evenings and I don't get home until midnight and I think if something were to happen one of my neighbours would ... call the police or something. I think everyone's kind of aware of what's normal and what's not normal.* (WP2)

Willow Park residents also watched out for neighbours' children. One person recalled that as a child she was allowed to stay out later than other children:

> *All my friends could be out till 8:00pm but I could be out till 9:00pm because all the neighbours [knew me] and there was always a house that you could get to quickly ... because you knew everybody and everybody looked out for you.* (WP9)

One member who had become visually impaired and could no longer drive stated that the cooperative had contributed to her wellbeing through the support of neighbours and she was able to continue working: "*when I lost a large per cent of my vision I happened to work just a block down the street ... so I was able to walk to work*" (WP4). Economic security also contributed to this person's life. She continued: "*People don't believe what we pay [in housing charges]. I don't believe [but] it's definitely improved the quality of our life ... financially for sure it's improved the quality of our life*" (WP4).

Quality of life is also enriched through the elimination of stress and the ability to continue to live an independent life, as one person noted: "*If it wasn't for the co-op and the lower*

rental we'd probably have to go and live with our daughter" (WP1). Willow Park enabled members to enjoy greater wellbeing compared with living in a rental apartment and financial security and lifetime tenancy was alluded to by the comment: "*for what we're paying here and what's included you can't even get a one bedroom [apartment] for that. So I'll stay here until they take me out in a pine box*" (WP3). Comprehensive indoor and outdoor maintenance services are provided by the cooperative including lawn mowing, plumbing, and the repair or replacement of white goods such as stoves, driers and heating furnaces, if they broke down. These services also contributed to members' quality of life through the knowledge that they would not incur unexpected individual expense, as the following statement attests:

> *[The housing charge] is a set amount. The only thing I pay on top of my*
> *housing charge is for phone and cable [TV]. The fact that I can ... phone the*
> *office and say something has broken, can one of the guys come over and fix*
> *it, and I know in a day or two they'll be here.* (WP5)

7.9 Ontological and physical security

Willow Park Cooperative operates on the principle of long-term secure occupation of the dwelling subject to members' adherence to the cooperative's by-laws and timely payment of the housing charge. Several households, as noted, had resided in the cooperative for over 30 years and therefore residents' security of tenure is commensurate with Giddens (1990) concept of continuity, predictability and control. However, Winnipeg has experienced escalating rates of crime in recent years and personal and property security was an important issue which culminated in the suggestion that more visible security was required in the cooperative: "*Big time, that's one thing that I wish they had in here [is] security walking around*" (WP7). Tenants from a nearby public housing estate were, perhaps unfairly, alleged to be the perpetrators of local crime and were stigmatised by some interviewees. For instance one member said, "*the area's probably gone downhill*

somewhat in the last 20 years. There's a Manitoba Housing project fairly close" (WP4). Two members interviewed said that their cars had been stolen on multiple occasions from the cooperative's open car parking area and another reported that their barbeque had been stolen from their yard: "*We had someone walk away with our barbecue at one o'clock on a Friday afternoon. Just walked away with it*" (WP6).

Crime sprees, however, appeared to be a seasonal pursuit but it was still the public housing tenants who were the alleged culprits: "*In the winter it's great [because] it's too cold for anyone to go outside [but] in the summer when it's warm there's a lot more crime ... because there's Manitoba Housing here*" (WP6). The board's President was no less critical of the public housing authority stating, "*we're close to public housing and that causes us a lot of grief. That was the main reason we put up the wrought iron [perimeter] fence*". She continued:

> *I think the problem ... is because they don't own anything they have no pride.*
> *They don't care what happens to anything ... Across the road from here [the*
> *government] built a health centre to look after their health issues and they*
> *broke 13 windows, they just don't care.* (WP10)

However, another member who had served in a volunteer capacity with Manitoba Housing offered a more sympathetic view of public housing tenants:

> *The team that I was on was trying to make it a safer environment for the*
> *people who were living there because there are still good people living*
> *there and unfortunately for whatever reason their life is different but they*
> *still deserve a good quality of housing.* (WP5)

Despite some internal theft and nearby vandalism, the high density living environment and the network of courtyards within the cooperative contributed to the feeling of physical security. A retired person said that she put safety and security at the top of the list: "*To live*

in a house by myself ... would be kinda scary where[as] I know my neighbours, they're

good, they help out. I feel safe here" (WP3). A visually impaired resident remarked that

"*the co-op is much safer than a normal home ... I have a real sense of security in Willow*

Park. When I walk my dog there are always people around" (WP4). A nurse summed up

her overall feeling of safety within the cooperative, stating:

> *I feel secure and even going for a walk when I work shift work. I would get*
> *home at midnight and I would feel very comfortable going for a walk here in*
> *the co-op and take the dog out, so to me that is really important.* (WP5)

7.10   Greenheart Housing Cooperative

Greenheart Housing Cooperative was chosen as a case study for the valuable lessons that

may be learned from the experiences of a new cooperative that subsequently became

dysfunctional. Therefore, the findings discussed in this section will deviate from the

previous case study format. Two members of Greenheart Cooperative, the President and

another board member, female and male respectively, were interviewed, both of whom

have undertaken Masters degrees. Additionally, key informants from Manitoba Housing

and the Cooperative Housing Federation of Canada were interviewed and another person,

from Greenheart's sponsoring organisation, was contacted by email. Greenheart

Cooperative was sponsored by the West Broadway Development Corporation (WBDC), a

Winnipeg inner city regeneration authority and it was part-funded by Manitoba Housing.

An attempt was made to obtain a detailed breakdown of the cooperative's funding but was

unsuccessful. However, it was stated by a WBDC spokesperson that 'some environmental

dollars' was likely to have been included (*pers comm.* 29 Sept 2012).

Greenheart Cooperative is situated on a previously developed site in a somewhat rundown

area that, at the time of the author's visit, was in the process of regeneration. The

cooperative is close to the Central Business District and is well-located to services and

amenities and public transport. Greenheart is a four-storey building (figure 7.4) comprising 24 units, referred to as suites, and configured as one to three bedrooms, eight of which are wheelchair accessible. Construction began in 2008 and the building was completed in mid-2009 at a cost of $3.6 million. A community space formed part of the original plans for the cooperative but the final budget was unable to accommodate it. Greenheart's environmental credentials include solar hot water, a ground source heat pump, heat recovery ventilation and green material selection (Prairie Architects 2012).

Figure 7.4 Greenheart Housing Cooperative was built on environmental principles using 'green' materials. Photo: The author

Local authority on-site parking requirements were waived and car parking was limited to small locked area at the rear of the cooperative. A bicycle storage area, communal laundry and a central court with room for a children's play area and a vegetable garden was incorporated into the design. Access to the building is by a security door and visitors are admitted through an intercom system which gives access to a lift to the upper floors via the entrance lobby. Greenheart was the only cooperative in the case studies that did not have open access from the street. The suites are cross-ventilated and are accessed by an exterior

balcony deck instead of enclosed corridors. According to the architects, "90% of occupied spaces have a direct line of site [sic] to the outdoors. This provides residents with a connection to the outdoors improving their wellbeing" (Prairie Architects 2012). Unlike all the other cooperatives featured in this study, pets are not allowed at Greenheart except as part of a medical therapy program. In keeping with its green principles the building was designated from the beginning as a non-smoking area, which was later to cause a great deal of angst amongst some of the cooperative's early members.

Table 7.3 Monthly Housing Charges at Greenheart Cooperative, 2012

Composition of suite	Share Price	Monthly Housing Charge
One bedroom	$500	$625
Two bedrooms wheelchair access	$500	$720
Two bedrooms	$500	$825
Three bedrooms	$500	$955

Source: SAM Inc Management 2012

The cost for a prospective resident to join Greenheart Cooperative is one $10 share but a further 49 shares are required to be purchased upon occupancy of a suite, thus taking the total cost of shares on entry to $500, refundable upon vacating subject to the satisfactory condition of the suite. Table 7.3 shows the monthly rental costs, in 2012, for the various suite configurations. The housing charges at Greenheart are about one-quarter higher than at Willow Park. For example, a three bedroom dwelling at Greenheart costs $955 per month compared with $739 at Willow Park as noted in Table 7.2. The difference reflects Greenheart's better building quality, increased costs associated with the smaller scale of the cooperative and, significantly, the recouping of past financial losses. As at Willow Park, central heating, electricity, water, white goods and maintenance are included in the housing

charge. As a part-funder of Greenheart, Manitoba Housing accommodates a proportion of households from its public housing waiting list and provides subsidies to all eligible tenants. Other members pay up to market rent according to their income.

The managing agency for Greenheart is SAM Inc Management (SAM), a non-profit housing organisation which also manages seven other housing cooperatives, as well as some Manitoba Housing and church groups' housing stock (SAM 2012). SAM took over the management of Greenheart in 2010 after considerable early difficulties experienced by the cooperative. An email from the author to SAM provided an introduction to the President of the board of Greenheart and she consented to an interview. The President subsequently suggested the name of another board member with whom to speak and he also agreed to be interviewed. Both interviews took place in the homes of these members.

In general terms, the outsourcing of cooperatives' management, according to a Manitoba government housing official, leads to a situation where "the members don't do much more than in a regular rental situation ... some understand, but very few, that [cooperatives provide] some control over their life" (personal interview, 17 Nov 2011). The official stated that several founding members of Greenheart, who had a vision for the cooperative, had already moved and added: "I'll be honest with you; Greenheart is not much of a co-op" (personal interview, 17 Nov 2011). However, the two board members interviewed at Greenheart disagreed. The President stated that the board of the cooperative and SAM were committed, together with community partners and new members, "*to try to reclaim the dream that was Greenheart*" (GH1).

The Cooperative's President had previously lived for two years in Lesotho, southern Africa, as part of a missionary calling, and had been involved there in village community development. Upon her return to Winnipeg, a friend on the board of SAM suggested that with her experience in Africa she might be interested in Greenheart Housing Cooperative. The President said she had been deeply moved by the rich community life in Lesotho and that she also had a cooperative upbringing on the Canadian prairies. She stated:

> *When I saw the opportunity to create a village, which a co-op really is, then*
> *I jumped at the chance ... I'd really experienced community so I thought ...*
> *I might [have] the skills to create a village, even though the challenges of*
> *this particular village are pretty immense.* (GH1)

Greenheart was the only cooperative in the case studies that exceeded two levels in building height. The two interviewees resided on the fourth floor and felt that this gave them a greater sense of security "*as there was very little movement of people walking past*" (GH2). It was stated that: "*there are different mindsets for each of the [four] floors and as you move up to this level it's a completely different co-op*" (GH2). This situation may have occurred because ethnic groups were accommodated close together, perhaps with the intention for mutual support. For example, refugee Somali and Sudanese immigrants resided on the first floor. Groups from the Congo and Ethiopia were also present. These different 'mindsets' were further expounded as follows:

> *It almost seems like the lower floors get their definition from the surrounding*
> *neighbourhood whereas the upper floors find their definition in the structure*
> *of Greenheart itself, both intellectual and infrastructural ... The culture [is]*
> *quite different to the bottom two floors.* (GH2)

These differing mindsets, members' diverse refugee immigrant ethnic origins and people selected from Manitoba Housing's waiting list, together with the issue of Greenheart

Cooperative being designated a non-smoking building was soon to create a toxic residential environment.

7.10.1 A cooperative in dysfunction

The challenges faced by Greenheart Cooperative from its opening in June 2009 through to the author's visit in November 2011 were substantial. An informant at West Broadway Development Corporation stated that, "Greenheart has left a bad taste in people's mouths due to the incredible stumbling along the way" (*pers comm.,* 29 Sept 2012). A director of the Cooperative Housing Federation commented:

> [Greenheart] never got going in the right way and now they're struggling ...
> because they had difficulty with governance [and] getting by-laws in place.
> I think that's what happens when a co-op starts out the way it shouldn't
> start out. (personal interview, 20 Nov 2011).

Greenheart's problems were largely caused by the poor selection of some original members and their lack of capacity to run the cooperative. It was stated that Greenheart "*is still evolving the co-op aspect; it started out as a co-op, the vision was that, but then it got taken over by public housing*" (GH2). Smoking was a sensitive issue from the outset. Although well-meaning from a public health aspect, it was a curious decision to declare Greenheart a non-smoking cooperative without any apparent thought as to how such a ban could be enforced. As far as is known, although smoking was discouraged, none of the other case study cooperatives had an outright ban on smoking anywhere on the premises, including in members' own homes.

The no-smoking became a major source of conflict because, according to the President of the cooperative, "*of course [the public housing tenants] all smoked and they just ignored that because they were used to ignoring rules*" (GH1). Some of the original members of

the cooperative who had a vision for what Greenheart could be, lost control of the board to *"people that would prefer not to have by-laws"* (GH1). The composition of the original board and members' terms of office is not known, but in hindsight an initial board should have included a member from the major funder, Manitoba Housing, the sponsor, West Broadway Development Corporation, and from the Cooperative Housing Federation. Such a membership may have enabled early stability through experience, mentoring and guidance. However, the resultant board of Greenheart became dysfunctional:

> *Some people came to control the board through manipulation and it was low*
> *income people that have no skills in community building or administration*
> *and they come from public housing and were mostly either welfare people or*
> *refugees and have no idea ... and basically ran it into the ground in a year*. (GH1)

Eventually, CHF Canada and the WBDC intervened in the operation of Greenheart. Manitoba Housing was also included because, as a major funder, it had a long-term interest in its success. The placement of a large proportion of disadvantaged people into a new housing cooperative proved unsuccessful. These included persons with mental health and drug and alcohol issues, without support systems, who were accommodated in Greenheart by Manitoba Housing, together with several newly arrived African refugee immigrant groups and other welfare recipients. To most of these people the cooperative ideal of volunteerism, participatory democracy and self-managing a 24 dwelling housing complex was a difficult, if not alien, concept. The cooperative's President said that the building plan envisaged for Greenheart was unsustainable and the cooperative lost $30,000 in its first year. An evicted alleged gang member also trashed a suite before leaving and caused $6,000 damage which the cooperative had to absorb. Several residents were allegedly drug dealers and an effort to rescue the cooperative was begun:

We started off by clearing out the most dangerous people, and there's a lot
of problems with people with alcoholism and drug addiction and they are
very resistant to any kind of order. (GH1)

Greenheart's problems stemmed from its initial lack of social capacity, poor member selection processes and the anti-social behaviour of some of its members. Residential satisfaction and quality of life in the cooperative were compromised by the smoking issue and the lack of social integration exacerbated the problems. The location of Greenheart in a threatening external environment was also not conducive to a feeling of wellbeing for the cooperative's members and it made it difficult to attract the preferred type of people to membership of the cooperative. The President stated: "*in this neighbourhood there's no such thing as security. I'm talking crack houses across the street from here*" (GH1). She continued:

It's very hard to live here. I went through periods when I felt my life was in
danger ... It's a struggle because I'm seen as the enemy by a tiny group of
people ... I've been on boards all my life and dreamed the dream but to try
to live the dream and make it come true is very different. (GH1)

The difficulty of integrating immigrant residents from different cultural African backgrounds has also been challenging because, "*it's very hard to get them to volunteer ... they're so busy struggling to keep their heads above water*" (GH1). It was claimed that the cooperative ideal was compromised by the failure of these and other individuals in Greenheart to adapt:

The desire's there to create something but there's also a certain number of people
in the co-op who are still in the public housing stream as opposed to the co-op
stream and so to try to weave that into something coherent and community-like
can be difficult. (GH2).

The early momentum given to Greenheart and the board following the intervention soon waned. At the time of the author's interview, the President noted in frustration: *"there are so many people that care so much and mean well but it's been six months that we've had any group effort to try to make this dream come true"* (GH1). The lack of follow-up demonstrates that it is imperative agencies' assisting a housing cooperative in difficulty establish frequent follow-up meetings with the board or President and continue to provide support for as long as is needed.

7.10.2 Reclaiming the dream

The restoration of financial stability to Greenheart necessitated increasing the housing charge by 20 per cent. Manitoba Housing made all the suites dependent on the rent-geared-to-income formula to enable suitable members to stay, for instance, even if they lost their job, and for appropriate low income newcomers to join. A new set of occupancy by-laws were passed and this action reinforced the cooperative's legal structure as by-laws are mandatory under Canadian cooperative legislation. Conflict resolution and supporting structures were established under the re-constituted by-laws to try and resolve disputes and enforce regulations through an effective and committed five-member board, rather than one person being seen as 'the enemy'. Collective problems can usually be solved more easily when a group has developed a high level of cohesion and trust (Morgan & Hunt 1994). Previous disagreements between some evicted members and the board possibly reflected discontent with those perceived to be in positions of power (Gamson 1968).

All members of the cooperative were required to sign a new lease agreement in which they agreed to adhere to the by-laws. A grandfather clause was inserted to allow smoking on the outside decks of the cooperative, but not inside the suites or lobby area, for a further 18

months. A first contravention of the by-laws would result in a warning, followed by a second warning if the behaviour was not changed. Further non-adherence to the by-laws would culminate in an appearance before the board where another agreement was required to be signed. If that agreement was broken, membership of the cooperative could be terminated.

For new applicants for membership of Greenheart, the managing agency, SAM, emphasised the expectation of volunteer participation in the cooperative on its application form: "If you become a resident of GHC Ltd., you will be expected to contribute a reasonable amount of time to the co-op's programs and activities" (SAM 2012). Following this there is a check list of roles that the applicant is requested to select and volunteer for. In an attempt order to overcome past tenancy selection failings the membership application form also requested landlord reports for the previous five years or three character references, a written description of the applicant's community participation and completion of a questionnaire discussing 'Co-op Lifestyle Involvement' (SAM 2012).

At the time of the author's visit, Greenheart had not yet reached the stage where it was a cohesive community with high levels of participation, residential satisfaction or social capital. Nonetheless, the cooperative has achieved some notable successes. These include an Honourable Mention Accessibility Award from the Mayor of Winnipeg, and several grants for a children's play area, vegetable garden and composting (figure 7.5) (*News Briefs Manitoba,* various 2010-2012). Greenheart was also awarded certification in Leadership in Energy and Environmental Design (LEED) which recognised efforts to be more environmentally friendly. The cooperative's President was quoted as saying: "Many people have worked to make this dream come true. This LEED designation is one of

several signs that the dream is manifesting as a living reality" (*News Briefs Manitoba,* Spring 2012). Twelve children were resident in the cooperative at the time of the author's visit and the President's comment that, "*we've got two babies that we're expecting in the next two months and we'll celebrate that, and the babies will get an armful of books*" (GH1) suggests a building-up of social capital and cohesiveness within the cooperative.
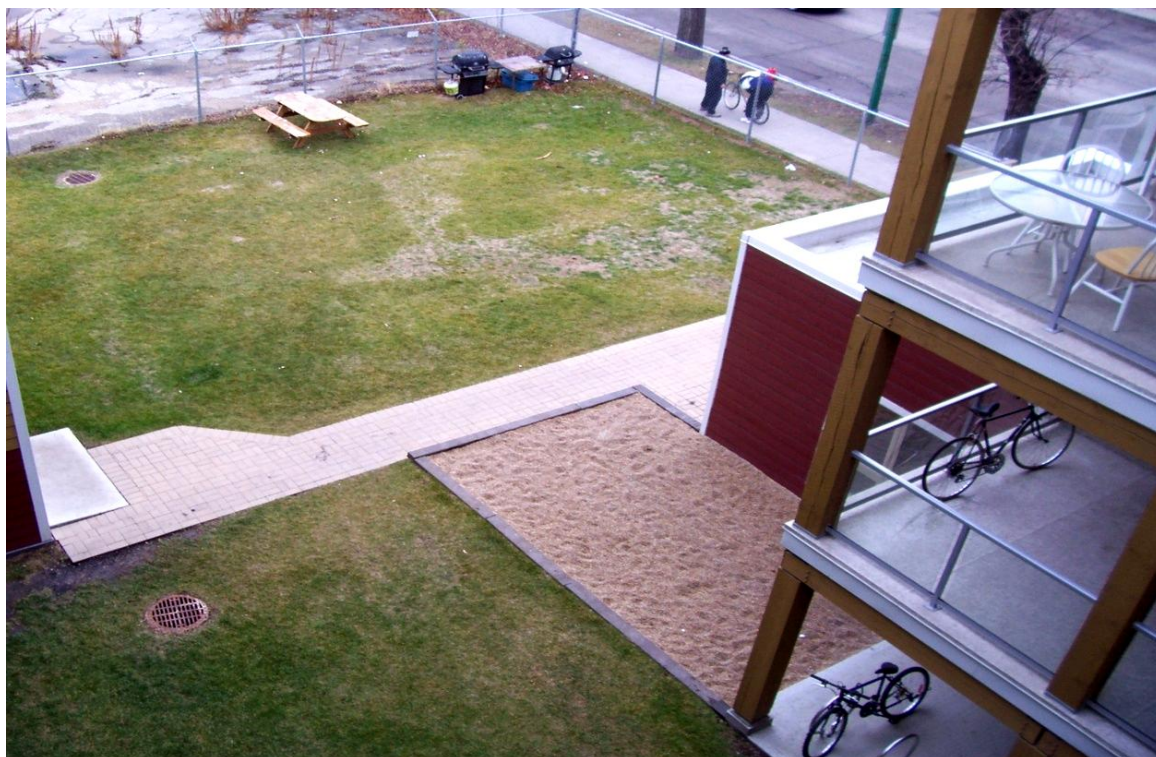
Figure 7.5 Greenheart Cooperative showing courtyard and proposed children's play area, vegetable garden and composting location. Photo: The author

It was noted in Chapter Five that a severely disabled resident was an accepted member of the Pinakarri Cooperative in Fremantle. Disabled residents living in housing cooperatives often experience positive personal growth in their lives and have become valuable members of a diverse and welcoming community (Cooper & Rodman 1992; *News Briefs Manitoba,* Fall 2012). A disabled person at Greenheart Cooperative, described by the President as a 'crackerjack' board member, is confined to a wheelchair and a respirator but is nevertheless studying for a Master's degree as well as working part-time. Another disabled member of Greenheart was reported as saying:

> When I moved into Greenheart I cried. Greenheart was the first decent place I
> have ever lived in and [it] allowed me to use my wheelchair when I needed to
> and live comfortably. (Quoted in *News Briefs Manitoba,* Fall 2010)

Several university students who have moved into Greenheart have brought their skills to the cooperative including the second interviewee who also serves on the by-laws committee. Neither of the two people interviewed possessed a car, but Winnipeg's two universities are easily accessible by walking or by public transport. Subsidies for students at Greenheart have been established by Manitoba Housing, as one appreciated:

> *I'm a full-time graduate student on a low income but it's based on income.*
> *So even the first year out of my graduate program, if I'm not earning a certain*
> *amount of money I don't lose the subsidy.* (GH2)

The two board members who participated in the interviews may not be indicative of the entire membership of Greenheart Cooperative, especially given its diversity. Nevertheless, their comments indicated that a higher level of residential satisfaction may be attainable for residents in the future, especially with an influx of new members who have an understanding of cooperative principles. Great satisfaction was, however, expressed with the building itself by the board's President: "*This apartment is lovely, it's warm and it's beautiful and it's well built ... It's lovely living in such a beautiful building*" (GH1)*. Another board member stated:

> *[The building] always gets compliments and also inside the suite there's quality in*
> *the way the place is constructed. Its design facilitates healthy living with lots of*
> *light and lots of space for storage ... I find it a lovely place to live ... [and] the*
> *actual physical building itself is great, it's wonderful, it's beautiful*. (GH2)

* *For a postscript see Footnote 1, page 279.*

7.11   Chapter summary

This chapter outlined the historically strong cooperative background in Canada that culminated in the Cooperative Housing Program in the early 1970s. It discussed the findings of interviews with member residents at Willow Park and Greenheart Housing Cooperatives in Winnipeg. The two cooperatives studied were very different: old and new, large and small, well run to dysfunctional. Willow Park had been successful at providing housing at cost for 45 years and its members appeared to enjoy a high level of residential satisfaction and quality of life, augmented in some instances by an alternative lifestyle as holiday home owners. Willow Park has retained long-term membership across two and even three generations of families within the cooperative. The main disadvantages mentioned by members were the high density living environment and noise intrusion.

The more recent Greenheart Cooperative required a rescue intervention within its first two years of operation and the case study provided critical insights into its governance and the valuable lessons that can be learned from the experience. Greenheart demonstrated the importance of appropriate member selection, effective by-laws, leadership training, mentoring and continuing support. While Greenheart was a salutary lesson in how *not* to start a housing cooperative, it also provided an inspiration through member resilience and belief in the face of adversity to restore the cooperative to its original purpose. However, the vast majority of housing cooperatives in various parts of the world have been successful enterprises. Moreover, they can be successfully operated and managed by ordinary people as this chapter and the previous two have shown. The voices of the member residents interviewed in these chapters indicated, overall, a very high level of residential satisfaction, wellbeing and quality of life as well as social capital within the housing cooperatives

themselves.   The residents' voices suggest that housing cooperatives should be made available for more people in Australia to participate in the benefits of the tenure.

Chapter Eight follows on from the fieldwork and examines the possibilities for new financial instruments to fund housing cooperatives in Australia.   It considers the lessons learned from the overseas case studies and the potential for transferable models.   The chapter notes the barriers preventing the establishment of housing cooperatives in Australia and possible responses to those barriers are identified though the lessons learned from the research.   Alternative funding methods are also suggested and recommendations for the expansion of housing cooperatives in Australia outside of the public housing realm are made.

Chapter Eight

How can housing cooperatives contribute to affordable housing in Australia?

8.1 Introduction

The purpose of the thesis was to investigate the lived experience of people resident in housing cooperatives as consumers of housing. This was investigated through case studies and the narratives of residents' interviewed and key informants. Chapters Five to Seven presented the residents' voices and an analysis of their narratives indicated that they held positive feelings toward cooperative housing and, overall, high levels of residential satisfaction were expressed. The secondary aim of the thesis was to ask how, and by what means, could housing cooperatives become more widely available in Australia and contribute more dwellings to the country's affordable housing stock? The current Australian archetypal housing cooperative model, as noted, is situated within the public housing system. It is reliant on public funding and is unlikely to be developed on a large scale within the existing system. This chapter suggests that there is a greater potential for the growth of housing cooperatives in Australia to occur outside of the public sector. It discusses different structures of housing cooperatives in terms of how each might offer the possibility of expansion in Australia.

Several factors affecting affordable housing provision in Australia were noted in Chapter Three. These included the decline of funding for the public housing sector and the failure of the private housing market to provide affordable house purchase opportunities for low to moderate income earners. High rents and the lack of long-term tenure in the private sector have also led to housing stress and social exclusion. These issues indicate that the Australian housing market has excluded many households from obtaining decent and

affordable housing in suitable locations close to employment opportunities and amenities. It is thus appropriate to consider the potential of housing cooperatives in Australia to increase the stock of affordable housing and to make housing cooperatives available as an option to greater numbers of consumers.

In less than two decades since the establishment of the first publicly supported urban housing cooperatives in Australia in the 1980s, revised housing policies have resulted in cooperatives not being favoured as an affordable housing option by the Australian federal government and most state and territory governments and there has been little growth in the tenure. The nexus between cooperatives and the public housing sector and their reliance on government funding has also limited their opportunities for expansion. This situation occurred because state and territory housing authorities, with the possible exception of Victoria and New South Wales, have been reluctant to provide funding for cooperatives because of risk mitigation policies. Publicly funded housing is not a high priority for the Australian federal government, as evidenced by its cessation of the Commonwealth State Housing Agreement and the decline in funding for public housing. State and territory governments' housing policy has been directed towards consolidation of not-for-profit and community housing sectors into larger entities such as housing associations and the transfer of portions of public housing stock. Housing cooperatives' lack of access to government funding and alternative sources of finance in the private institutional market has therefore curtailed their capacity for growth.

Given federal government and most state and territory government's housing policy it is unlikely that there will be any large-scale cooperative housing developments occurring in the foreseeable future. It is therefore argued that the development of cooperatives outside

of the public housing realm may be the most appropriate method to expand their supply and provide an alternative source of affordable housing for low to moderate income earners in Australia (Open Windows 2006; FOHCOL 2010; Cheong 2011). The lack of funding options in the past has been a formidable barrier to the creation of more housing cooperatives but it is suggested that this situation may be overcome with a comparatively small amount of taxpayer-funded grants in conjunction with more innovative methods of private and institutional financing.

8.2   Lessons learned

The Canadian Cooperatives Housing Program has some pertinent lessons for Australia because it was successful, at a relatively modest cost to government, in what it set out to achieve. As noted in Chapter Seven, by 2012 a total of nearly 97,000 housing cooperative dwellings in over 2,300 cooperatives had been built in Canada under the program or its provincial-based successors. The program was initiated and situated outside of the Canadian public housing system and it was well received and supported by public opinion, as two research polls taken at the time showed (Cole 2008). Although the program ceased in 1992 after two decades, it was not due to failure or because cooperatives were uneconomic in terms of government finance and resource costs. Rather, the program was withdrawn, first, because of the Canadian federal government's fixation that some household's incomes were above core need and were receiving a publicly funded benefit. Second, it was the victim of neo-liberal federal government policies to absolve itself from a national housing policy (Cole 2008). However, following a decade-long hiatus, since the early 2000s a revised cooperatives housing program has been steadily evolving, principally based upon joint funding between the Canadian federal and provincial governments.

Housing cooperatives in Canada reduced the need for a larger expansion of public housing and provided the social and community benefits of diverse, mixed income communities. However, social mix policies present dilemmas for governments because a portion of the stock houses people above the threshold for social housing. On the other hand, as in Australia, social mix adheres to most state and territory governments' housing policies. Mixed income communities are a vital element in the success of the small housing cooperatives sector in New South Wales (Gilmour 2012). There are many desirable benefits attached to social mix. These include minimising community concerns about the tenancies of the housing, helping to overcome stigma and improved social and behavioural outcomes (Groenhart 2012).

The vast majority of housing cooperatives around the world are successful enterprises. However, a few have failed or had to be rescued and valuable lessons can be learned from these experiences. Greenheart Cooperative in Winnipeg, investigated in the previous chapter, presented an insightful case study and offered valuable lessons. It demonstrated that while housing need is a major consideration in member selection into a cooperative, it must be balanced by recognition of the advantages that a mixed income community can bring to the overall success of the development and public acceptance. It is not in the government's or the public's interest that a housing cooperative should fail. Strict adherence to by-laws and regulations need to be enforced and dispute resolution policies formulated. Housing cooperatives are not suited to everyone. They are usually a high density living environment that requires a high degree of cohesiveness and cooperation between all members if the cooperative is to function effectively. In the event of difficulties, prompt intervention by a supporting organisation is essential and regular meetings should continue for as long as required until the problems have been rectified.

Greenheart Cooperative demonstrated that a high level of conflict can be potentially catastrophic.

Situating a new housing cooperative in a place of disadvantage may not necessarily yield beneficial neighbourhood effects (Gilmour 2012, p.20). As Greenheart Cooperative showed, the location of a cooperative is important in order to attract the necessary cohort of desirable and committed members with a willingness to participate in its management. At the commencement of a cooperative's formation a strong leadership team of members or sponsors who have a vision for the cooperative is vital and there should be a clear statement of direction and purpose. The need for member training and the on-going support of an umbrella organisation to guide and mentor a new cooperative is also paramount. The value of support and continued mentoring and training was emphasised in Chapter Six. Not one of more than 150 mobile and manufactured home park cooperatives using the New Hampshire Community Loan Fund and Resident Owned Communities model have defaulted on a loan.

An important lesson learned is that personal agendas and tactical considerations may dominate rationally informed consensus decision-making by boards (Flyvberg 1998). The two previous chapters highlighted that housing cooperatives' volunteer boards may lead to power being concentrated in the hands of those who control the budget or to power being placed in inexperienced hands, or both. Power can be used inappropriately as was demonstrated at Greenheart Cooperative or unwisely as at Willow Park Cooperative where housing charges were maintained below a long-term sustainable level. This unwise use of power ultimately caused major problems in many Canadian housing cooperatives and resulted in high cost rectification of deferred maintenance and repairs (Cole 2008, pp.203-

206; ICA 2011b). A CHF director stated that for many cooperatives, "the mortgage is about to be paid off but they need to go out and take out a new mortgage to do capital repairs" (personal interview 17 Nov 2011).

Volunteer boards may have little, if any, management or administrative experience in a business environment, as an earlier board at Pepperidge Wood Cooperative in New Hampshire demonstrated. Therefore, to ensure good governance, as far as possible, it may well be advantageous to outsource management of financial matters in particular to a specialist, preferably non-profit, organisation. Professional fiscal management, like member training and assistance providers offering on-going support, may also be regarded as a form of credit enhancement, should the cooperative need to apply to a financial institution for a loan. Outsourcing, however, is a dilemma for housing cooperatives' boards because it conflicts with traditional cooperative principles of self-management, participatory democracy and volunteerism. Nevertheless, it appears likely that at least some, if not all, management functions will increasingly be outsourced in future (CHF 2010). It is apparent in many of the case study cooperatives, discussed in Chapters Five to Seven, that it is difficult to get newer and younger members to volunteer their time and this situation will deteriorate as members age.

8.3   Overcoming barriers

As noted in Chapter Two, housing cooperatives are removed from the normal processes of the Australian housing market and challenge theoretical concepts of traditional understandings of home and land ownership in a society dominated by home ownership (Reeve 1986). Housing cooperatives have not always received positive public comments. Metcalf (1995) reported that they have often been stigmatised as a relic of the 'hippy' movement of the 1960s and 1970s. Crabtree (2005) noted that some members of the public

and local government officials referred to cooperatives as havens for 'dole bludgers'. Altman (2010) likened cooperatives in general to an organisational type supplying solutions to the economically marginalised. Local governments planning regulations in some jurisdictions have mandated low density requirements and building height restrictions to effectively reduce or prohibit affordable housing developments for multiple dwellings on a single title or in established suburbs (Radford & Sarris 2002). State and territory governments control titling but council planning laws have often been inflexible to adapt to housing cooperatives' structures of collective home ownership compared with strata title developments for example. Furthermore, the rise of protest groups such as 'Save Our Suburbs' have contributed to the loss of housing diversity, most notably in well-serviced inner and middle-ring suburbs, amid unfounded fear campaigns of resultant falls in surrounding house values (Forster 2004; Rivera 2006; Groenhart 2012).

To help to counter misinformation and prejudice against housing cooperatives, there is a need to establish a national housing cooperatives resource and information centre and lobby group, similar to the Cooperative Housing Federation in Canada. Housing cooperative advocate Mark Snell, of Equilibrium Community Ecology in New South Wales, stated that if housing cooperatives are to become more widespread there must be a structure and templates in place, such as a 'one-stop shop', which "is something easy for people to become part of, [that] people can pick up and run with" (telephone interview, 6 Nov 2012). Seed funding from government, producer cooperatives, the union movement or benefactors, may facilitate the establishment of a national federation.

Non-equity and part-equity housing cooperatives, situated outside of public housing, are collectively owned 'at cost' housing and should be regarded by governments and local

authorities as self-help private housing. Within a neo-liberalist political environment self-help housing cooperatives outside the public housing system and facilitated through the use of commercial financing may well be regarded as an appropriate policy setting. In order to brand and expand, cooperatives need to be viewed by housing consumers, especially the younger generation, as a new and exciting alternative to the existing forms of housing (Alves 2012), especially if located in middle and inner ring suburbs where many of the younger generation want to live but cannot afford to buy. As mentioned, housing cooperatives have an image problem in Australia. Therefore it is vital that developments should be aesthetically pleasing in order to gain local authority and neighbourhood support (NHCLF 2004). It is also suggested that while the word 'cooperative' or 'collective' may be required in legal terminology, a change to a marketing term of 'resident owned community' may be more acceptable from the public and lenders' perspectives. Similarly, the American and Canadian terms of carrying charge or housing charge respectively may resonate better than rent, and resident or member better than tenant.

8.4   New financial mechanisms

It was noted in Chapter One that the possibility of an Australian Cooperatives Bank had been suggested during World War II and again in the 1950s, 1970s and 1980s (Paris 1984; Lewis 1992). This type of institution could deliver mortgage finance to housing cooperatives. However, such a bank has yet to eventuate in Australia even though cooperative banks and cooperative building societies exist in the United States, United Kingdom, Canada, New Zealand and many European countries. In the absence of a Cooperatives Bank in Australia it may also be possible for a national cooperative body to develop a regulatory compliant business plan with a credit union or building society to make available a tailored financial product to suit housing cooperatives. Such

arrangements are already in place in other countries for trading cooperatives (Altman 2010) and, in Canada, for housing cooperatives (Cole 2008).

Small, localised financial institutions in Australia such as credit unions and regional banks are faced with disproportionately higher capital, regulatory and compliance costs than the big four banks and this has led to mergers and take-overs in order to for some to survive (Burkett & Drew 2008; Wilson 2008). Regulatory requirements to operate within the standardised mainstream housing finance arena are onerous and need greater flexibility for smaller institutions. In Australia, for example, 'tier 2' capital, such as debt equity, cannot exceed more than half of a credit union's capital base, a requirement that does not apply to banks (Wilson 2008). As one credit union director put it: "We have to have the same kind of procedures and policies as Westpac [Bank]" (Green 2011, p.63).

As noted, few Australian financial institutions have an understanding of housing cooperatives' legal structures and the concept of collective ownership and are therefore generally unwilling to advance more than 50 per cent of the required loan because of the perceived risk involved (Open Windows 2006; Cheong 2011). Furthermore, shares in a part-equity housing cooperative are not regarded as sufficient security in the case of a default because they are not divisible in the same way as a strata title or a registered title over a plot of land (Cheong 2011). Barrington Oaks Cooperative (described in Chapter Six) demonstrated that low income people are able to successfully collectively own and operate a cooperative. The supposed lack of capability and management experience of low income people could, in any event, be overcome by building up member capacity through educational training and support such as that provided by Certified Technical Assistance Providers in the New Hampshire Community Loan Fund in the US, or through the backing

of a national umbrella organisation similar to the Cooperative Housing Federation in Canada.

There are very few financial intermediaries in Australia similar to American CDFIs (described in Chapter Six) and Burkett and Drew (2008) point out they must be developed to suit the Australian context and its financial and regulatory regime. A financial model that works well in one country or geographical region does not automatically guarantee that it will be viable or applicable elsewhere because of differing local factors. An example of the latter in Australia is that there would be little expectation of large philanthropic donations given as debt equity. It is also unlikely that there would be direct government policy drivers such as Treasury Department certification for the creation and support of CDFIs or the possibility of tax credits to investors as there is in the United States. Nevertheless, some form of Australian-tailored community development funds supported by people and organisations who are convinced of their value to their local communities, and of the wider social benefits, could be as successful as they have in the United States and the United Kingdom (Berry 2003, pp.421-428; Wilson 2008).

Belinda Drew, Chief Executive Officer of Foresters Community Finance, based in Brisbane, stated that Foresters is one of the very few genuine CDFIs in Australia "because Foresters is structurally organised to have at its core a community purpose" (telephone interview, 13 Nov 2012). The organisation has its roots in the friendly society movement of the 19th century and its current mission is to support community sector organisations such as youth and disability housing services, women's legal and health services, and early learning facilities. Foresters' operates a Community Finance Fund that provides loans at standard interest rates to not-for-profit organisations that would be unable to access

mainstream finance. This enables them to purchase property assets and expand their services to the community on a continuing and secure basis. A Social Enterprise Fund offers development loans to businesses whose main purpose is social outcomes. A new initiative, Fair Finance Australia, provides a microfinance program for individuals experiencing financial exclusion. A modest social rate of return is distributed to investors on the profits of the fund at a rate usually slightly below that of the Reserve Bank of Australia's cash rate (Foresters Community Finance 2012).

Drew stated that the fund does not have access to external sources of capital in the same manner as American CDFIs but added there was no reason technically, legally or regulatory why an Australian-style CDFI could not apply the same business model as the New Hampshire Community Loan Fund (*pers comm.*, 13 Nov 2012). Drew confidently predicted that CDFI-type institutions in the Australian financial sector are "an alternative to mainstream banking that isn't going to go away" (*pers comm.*, 13 Nov 2012). Encouragingly, she said that Foresters had recently entered into a brokerage agreement with MECU Bank, Australia's only customer owned mutual bank, to provide loans on a 50/50 basis (*pers comm.*, 13 Nov 2012). *

* *For a postscript s*ee *Footnote 2, page 279..*

8.5 How could housing cooperatives expand in Australia?

Organisationally, housing cooperatives can be very flexible in their structure and for their intended members. As mentioned, cooperatives can be situated within the public housing system or outside it and have different levels of resident equity ranging from zero to full-equity. Cooperatives can have environmental and permaculture credentials, or cater for other like-minded groups such as seniors, students, artists or ethnic groups (Gilmour 2012).

However, in the case of the latter it is important to ensure that such a cooperative is not in conflict with government integration policies A new cooperative in Winnipeg intended exclusively for occupants of a particular immigrant faith had to modify its membership base because, according to a Cooperative Housing Federation director, "it was not the Canadian way".

It is difficult to demonstrate housing cooperatives as a successful affordable housing model in Australia because almost all of those that exist are within the public housing system. Consequently, there is a lack of consumer information and public awareness of cooperatives and little information is available concerning their governance structures, performance and long-term potential. There is a growing disjuncture between the types of houses currently being produced and the lack of affordable housing in established suburbs in Australia's major cities (Alves 2012). It is pertinent, therefore, to consider ways in which another tier of housing cooperatives situated outside of the public system could be introduced and enable more people to participate in the benefits of the tenure. As there is currently little distinction in Australia between cooperative housing and public housing, it is likely to be difficult for politicians, housing officials and the public to fully understand the difference of new, independent, models of housing cooperatives.

Alves' (2012) study of Berlin housing cooperatives suggested the re-establishment of terminating cooperatives. Under this model a building group acts as a developer to supply housing constructed to household needs rather than as a speculative venture. This proposal appears to follow principles similar to the successful self-build cooperative programs that operated in Nova Scotia and Quebec from the 1930s to the 1950s (Cole 2008, pp.8-13) and also to terminating building society concepts used in many parts of Australia prior to World

War II (Hill 1959). Alves claims that costs are 20 to 30 per cent lower and the medium density dwellings are more innovative and environmentally efficient. In the Berlin example, a state-sponsored agency supplied land for the development but, as Alves (2012) points out, there are no similar agencies that can broker such an arrangement in Australia. However, the National Housing Supply Council (2013, p.80) identified the possibility of entering into partnerships with governments which could act as a catalyst or contribute land to affordable housing projects. Additionally, it may be possible to lease land from a municipal or government authority or form a community land trust.

8.5.1   Public housing cooperatives

Despite the general lack of funding for public housing in Australia, it may still be possible to expand housing cooperatives. Interviews with residents in the Fremantle cooperatives (noted in Chapter Five) indicated that some members wanted to buy a stake in their home. This suggests the possibility that the public housing authority could sell a part-share in a cooperative dwelling to members who prefer to have some financial equity in their home. The funds generated could then be used as start-up capital for the establishment of new public sector cooperatives. Appropriate legislation would be required to prevent future selling for private capital gain, perhaps restricted to an inflation-based formula, to ensure continuing affordability and the right of tenant selection by the cooperative. Concern has been raised regarding how individual equity could be encouraged without it destroying the essence of the cooperative (Birchall 1988, p.193). However, Pinakarri Cooperative in Fremantle showed that social housing and home ownership could successfully blend together so long as all residents agree on the aims and principles of the cooperative.

It was demonstrated at First Fremantle Housing Cooperative, that a combination of a 40 per cent government grant and a 60 per cent private mortgage with a government guarantee was successful as a model that retained the cooperative within the public housing system in exchange for the mortgage guarantee. In such cases the financial risk for a state or territory government is minimised by the reversion of the cooperative's dwellings to the public housing authority in the event of the cooperative defaulting on its loan. Housing cooperatives within the public system manage the dwellings, are responsible for their own maintenance and repairs, collect rents and select and their own tenant body within the eligibility framework set by the housing authority. Therefore, while the state housing authority has oversight of the cooperative, it is relieved of the cost of management and maintenance of the housing and this offset in savings over the life of the asset should be factored in when the level of any government grant application is considered.

8.5.2   Non-equity cooperatives outside the public housing system

The Canadian federal government's Cooperatives Housing Program demonstrated that a federal grant of 10 per cent, and a government-backed guarantee for a commercial mortgage loan, provided the stimulus for housing cooperatives' development. In Australia a similar program may be possible or, with a grant only, the cooperative may be able purchase Mortgage Lenders Insurance similar to most first home buyers. An Australian trial in a few selected cities based on the Canadian program would be an opportunity to test the viability of housing cooperatives outside of the public sector. In the absence of a Cooperative Bank, another financial option could be for the Australian government to channel money into credit unions to support loans to housing cooperatives and other affordable housing initiatives similar to that which occurred in the 1950s to enable building societies to advance more home lending in the private market (Hill 1959).

The benefits of a housing cooperatives program could also filter through to other housing sectors. For example, some households in the public housing sector may elect to move to a cooperative thus freeing up properties for others on the public housing waiting list. The availability of affordable housing cooperatives may encourage some tenants in the lower end of the private rental market to vacate thus freeing up cheaper properties for rent. As noted, it may also be possible to offset government grant expenditure costs against savings in other housing areas such as in maintaining or building more public housing while also providing a social return on investment.

8.5.3 Part-equity housing cooperatives

Part-equity cooperatives can be structured to incorporate minimal through to substantial member financial contributions and these may hold particular attraction to retirees or to individuals and families wanting a stake in their own home. According to the structure of the cooperative, individual share amounts may be fixed or could vary according to personal circumstances. While housing cooperatives in Australia are perceived as an unknown investment risk by financial institutions, a cooperative may need to raise as much as 50 per cent of the loan to valuation ratio until the finance sector becomes better acquainted with this new form of collective home ownership (Snell 2004; 2012b). A part-equity stake would allow for some capital appreciation for members based on a pre-determined formula such as Consumer Price Index movements or as a percentage by which the mortgage had been collectively paid down. Alternatively, the cooperative structure could be based on individual ownership of the dwelling and the land being owned by the cooperative as at Pepperidge Woods Cooperative described in Chapter Six, or by a land trust. Buyers then arrange their own private mortgage but at a more affordable cost without the land value.

At a meeting held by a forming housing cooperative for artists in Fremantle, attended by the author, members expressed their desire for a partial equity structure even if only comparatively small amounts could initially be contributed. The convenor of the meeting stated that "we are looking at a mixed equity co-op with some return. There may be some cashed up people with say $10,000 who could pool the money and buy in". This suggests that a proportion of people, if they are in a position to do so, would prefer to have some limited equity in their home. Ridley-Duff (2009, p.50), although referring to business cooperatives, observes that access to external finance is easier to obtain where individuals have made a personal investment in the cooperative and this lending yardstick is likely to also apply to housing cooperatives.

Although a limited amount of taxpayer-funded grants or subsidies may be required to form new housing cooperative developments initially, both non-equity and part-equity, a cost/benefit analysis of more affordable housing dwellings may reveal a better outcome for governments than the negative social and economic impacts experienced through the lack of affordable housing. The government's role could be limited to start-up funds to groups or agencies, guaranteeing mortgages and regulatory supervision as Birchall suggested (1988, p.82). Statistically, as noted, cooperatives are very low risk and the outsourcing of financial management to professional managers should further mitigate concerns of a cooperative defaulting on a loan.

Under most housing cooperative structures full membership has been conditional upon residing in the cooperative. Recent legislation in Canada has allowed housing cooperatives to be formed by utilising 'multi-stakeholder' finance from non-resident members. Multi-stakeholder legislation was passed in Manitoba in 2011 which allows for different

categories of cooperative membership. Seniors' housing cooperatives, for example, are seen to be particularly suitable for this model. It is a growth area in Canada because, it is claimed by a Manitoba government housing official, "seniors have more time, skills and experience to take ownership of the project and attract funding" (personal interview, 17 Nov 2011). A similar new financial instrument, developed in New South Wales, and also passed into legislation in Western Australia, is Cooperative Capital Units (CCUs) (Cheong 2011; Mazzarol *et al.* 2012). CCUs also facilitate different kinds of cooperative membership, such as outside investors and may hold possibilities for raising finance to fund new housing cooperatives in Australia.

8.5.4 Strata title housing cooperatives

Cheong (2011) proposed adapting present Australian strata title legislation to a limited equity housing cooperative model that would adhere to cooperation principles but each property would be separately titled in order to access mainstream finance and therefore overcome current lending discrimination. This proposal is similar to that of some northern European countries where cooperatives have greater appeal to middle class housing consumers (Andrusz 1999). In Norway, for example, members buy shares in the cooperative at full market value for the right to occupy a specific dwelling (ICA 2012). However, Snell is not entirely convinced of this application to Australia, claiming Cheong's scheme could be a precursor to profit taking as the strata corporation would be an autonomous organisation rather than one in which the cooperative owned the assets (telephone interview, 6 Nov 2012). As a safeguard, Snell suggests that a stake in the cooperative between the share value and the capital value should reside with a national cooperatives' finance institution to prevent future demutualisation.

8.5.5   Partnerships and creative networking

A partnership with an established community housing provider that possesses access to sources of funding and is able to offer expertise and on-going support may be particularly appropriate to a forming cooperative lacking in initial financial and technical capacity. A partnership to form a cooperative was investigated by the Secretary of a New South Wales residential park association but it was not proceeded with over concerns the cooperative would not be completely independent (*pers comm.,* 26 Oct 2012). In such instances there would have to be recognition that the partner organisation's due diligence would require it to secure its own interests. There would, however, appear to be many tangible advantages for a new cooperative to enter into a partnership, for example the benefit of technical assistance and on-going support, especially if the alternative would mean not proceeding at all.

Possibilities for some government finance may include environmental sustainability, community development or migrant funding, as occurred for Greenheart Cooperative described in the previous chapter. Creative networking to raise finance for housing cooperatives, for example, through friends and associates, vendor finance, private benefactors and religious bodies has been advocated (Cheong 2011). Religious organisations have been active with financial support for affordable housing programs in the United States and Canada (Cole 2008; Bradley 2011) and specific examples were mentioned in Chapters Six and Seven. Other alternative sources of non-government finance may be private or institutional donors convinced of the value of housing cooperatives to society.

8.6   Chapter summary

This chapter reprised the lessons learned from the case studies, noted the barriers to the expansion of housing cooperatives in Australia and suggested possible responses. It noted several factors contributed to the difficulty of establishing housing cooperatives outside of the public housing system were noted. Paramount among these were the absence of public awareness of housing cooperatives, financial institutions' lack of knowledge of cooperative structures and principles, institutions' reluctance to provide mortgage financial services, and local authority planning attitudes to alternative forms of housing. It was advocated that the establishment of a strong national peak body could help to promote and lobby for housing cooperatives and act as a public resource and central information centre. A name change to 'resident owned community' was suggested to project a better public perception of housing cooperatives. Within the public sector, in most states and territories, housing cooperatives have been a casualty funding reductions and altered political agendas which have focussed more on the private provision of housing. Furthermore, governments have an aversion to risk and policies have favoured larger entities such as housing associations. However, Chapters Five to Seven showed that ordinary people were capable of managing their own housing within the housing cooperative framework.

The chapter showed that a new model of housing cooperatives situated outside of the public housing realm would best enable an expansion of cooperatives to occur. An Australian trial based on the Canadian cooperatives housing program was advocated. However, the greatest barrier to the expansion of cooperatives in Australia is the lack of access to finance. To facilitate such an expansion alternative financial mechanisms were explored and Australian-tailored variants of the American Community Development Financial Institutions (CDFIs) were suggested. There appeared to be no legal or legislative

impediments to CDFI-type funds being introduced into Australia and, indeed, there is one example already operating in Queensland. However, it was surmised that there was little likelihood of government financial support or philanthropic donors. The chapter concluded with an overview of several different types of housing cooperative structures and suggestions for funding, including creative networking and partnerships.

The final chapter first reiterates the aims and the theoretical perspectives of the thesis and demonstrate the relevance of the research findings to the Australian housing situation. The chapter then pinpoints emerging issues for existing housing cooperatives in the context of current government housing policies in Australia and the severe reductions in government funding for public housing. The chapter suggests that traditional housing cooperatives' principles of community, participatory democracy and volunteerism are becoming less relevant in the 21st century due to population ageing and other emergent issues. The chapter then asks whether housing cooperatives can be reinvented and marketed to a new generation of housing consumers as a new and vibrant housing alterative. Finally, the chapter presents a conclusion and summarises the findings of the thesis.

Chapter Nine

Thesis summary and conclusion

The primary aim of the thesis was to give voice to members of housing cooperatives and allow them to speak through their own narratives as consumers of housing. The thesis adopted a multi-disciplinary approach to build an understanding of factors that affect housing supply in Australia. It discussed residents' self-selection processes, levels of residential satisfaction, social capital and quality of life and wellbeing as well as negative perceptions and conflicts. The research was undertaken by case studies in eight housing cooperatives in Australia, the United States and Canada. Forty-two in-depth interviews were carried out with housing cooperative residents and 13 interviews were conducted with key informants working in the housing, advocacy and financial areas. The secondary aim of the thesis was to investigate how the small housing cooperative sector in Australia could expand and contribute to the stock of affordable housing and how this might be achieved. This final chapter reprises the theoretical frameworks that underpinned the thesis and its findings. It considers the relevance of the research to housing cooperatives in Australia, emergent issues and asks how cooperatives can be re-defined to appeal to new and younger groups of housing consumers.

9.1 Theoretical perspectives

The theoretical frameworks that underpinned the thesis were explored in Chapter Two. The thesis was based upon multi-disciplinary approaches that, from a theoretical standpoint, intersect several mainstream economic and social theories. These theories framed the way that housing, and housing cooperatives, are portrayed and presented through the media in Australia, and thus how they are perceived in the wider social context by the public and the government. Friedman (1980) argued from a market focus that free

enterprise is the most efficient means of supply and demand provided the operation of the market is left unhindered by regulation. However, it was contended that the reality of the housing market is that it is not fair and just or equal to all participants. Market efficiency in an economic sense bears little resemblance to social justice (Reeve 1986; Ryan 1987). Since World War II, home ownership has become increasingly associated with individual status and prosperity through housing wealth (Badcock & Beer 2000) and a 'right' to decent and affordable housing (Mann 1976; Bratt *et al.* 2006). People, therefore, attach meanings and identity to their homes as well as their long-term ontological security (Giddens 1990; Arias 1993; Clapham 2005; Fox 2007).

Most of resident interviewees in the case studies, including those in the public system Fremantle cooperatives, regarded themselves as home owners and aligned themselves with the virtues attributed to owner occupiers such as better, more stable and civically-minded citizens (Retsinas & Belsky 2002; Colton 2003; Schwartz, 2006). Collectively, they paid down their cooperative's mortgage on the entire property or, in the case of the New Hampshire examples, owned their own dwelling individually. So long as the members paid their housing charge and adhered to the cooperative's by-laws, they could not be divested of their interest in the cooperative. At Willow Park Cooperative members' self-perceptions of home owner status was reinforced by a government home owner tax rebate. In the public housing Fremantle cooperatives, members regarded themselves as separate from traditional public housing tenancies by virtue of their self-management and, in some instances, through the opportunity to design their own houses.

Self-selection processes were examined through Michelson's (1977) theory of congruence that examined the interrelationship between environmental choice, human behaviour and

residential satisfaction. It was found that the self-selection of people into housing cooperatives only partially subscribed to Michelson's (1977) theory of congruence. It was evident that most interviewees entered into housing cooperative tenures because they were constrained by their inability to pay for housing in the private market. Self-selection into housing cooperatives, however, occurred not because people freely moved to be with people whom they aspired to be like, as Michelson asserted, but rather they joined people who were already like themselves because they too were financially constrained. Thus members self-selected into housing cooperatives on the basis of lack of financial resources rather than as an aspirational choice.

Residential satisfaction is enhanced by locational convenience with the home and neighbourhood (Forrest & Kearns 2001). In nearly all the case studies residential satisfaction was expressed in the interviewees' narratives by the quality of their dwellings and local amenities such as nearby shopping facilities, community centre, library or public transport. On the other hand, a congenial natural environment, as found at Barrington Oaks and Pepperidge Woods Cooperatives in New Hampshire compensated for a lack of local services. Wellbeing and quality of life of those interviewed were expressed through friendships, social interaction, mutual assistance and a sense of belonging in the housing cooperative. The housing cooperative tenure itself enhanced ontological security through continuity and predictability in members' lives (Giddens 1990; Thorns & Dupuis 1998). Low housing charges also enabled some members to make life choices, such as to stay at home with children, undertake university studies or, in some cases, to purchase a holiday home.

In Sirgy *et al.'s* (2004) exploration of community indicators it was recognised that negative issues could affect people's satisfaction levels. For example, the local crime rate and levels of social or physical change in the neighbourhood could compromise people's quality of life and feelings of wellbeing (Forrest & Kearns 2001). It was also acknowledged in the thesis that there were some disadvantages with housing cooperative tenures such as the high density living and noise intrusion. There were also some internal conflicts among residents and some instances of poor decisions made by volunteer boards. Local crime and vandalism were mentioned by members in several of the cooperatives including reports of theft, break-ins and anti-social behaviour within or nearby, though perhaps no more than that experienced in most suburban neighbourhoods.

Social capital was investigated in the context of theories forwarded by Bourdieu (1986), Etzioni (1993) and Putnam (2000). A central tenet of the cooperative movement is for linkages to develop between the cooperative and the community. Several residents interviewed stated that they volunteered in local schools, participated in community groups, attended church and assisted disadvantaged people. Social capital was often enhanced by the high density living environments and concomitant neighbourly interaction. Bonding social capital, as defined by Putnam (2000), was particularly prevalent in all the cooperatives visited, except Greenheart. This social capital consisted predominately through neighbours watching out for each other and their children, looking after each other's homes when the occupiers were away and an expectation of neighbourly assistance if required.

There was no concrete evidence in the narratives of the New Hampshire and Winnipeg case studies of bridging capital that enabled people to get ahead through knowledge of

employment opportunities (Bourdieu 1986; Putnam 2000). However, several Fremantle members indicated that management experience obtained in their housing cooperative had created opportunities for personal growth and empowerment within its self-management processes. This had led, in some instances, directly to securing employment and in other cases enabled members to make positive contributions to society through volunteer work outside the cooperative. These outcomes contradict the view that there is little evidence that residents are able to obtain employment emanating from their roles in the management of their housing (Arthurson 2004).

9.2   Research relevance to Australia

Australia has a different housing market and financial regulatory regime compared with the United States and Canada. However, lessons learned suggested transferable models in terms of funding mechanisms and structures to enable an increase in housing cooperatives in Australia. The establishment of appropriate policy and regulatory settings and suitable financial and structural mechanisms may enable an expansion of housing cooperatives with only minimal government start-up grants. Housing in Australia is increasingly seen as a form of capital investment and an indicator of social status (Beer & Faulkner 2011). Housing cooperatives cannot compete with the fiscal benefits of long-term home ownership. However, for individuals and families on low to moderate incomes they may offer other, though less tangible, benefits that are no longer found in many modern suburban neighbourhoods. Willow Park and Pepperidge Woods Cooperatives demonstrated that two or even three generations of the same family could reside in separate dwellings in the same close knit community. This allows older people to age in place and still be close to their extended family and there is also evidence of this trend at one of the Fremantle cooperatives, as noted in Chapter Five. This is of importance to Australia as

about two-thirds of people polled expressed a desire to age in place (cited in NHSC 2013, p.62).

Greenheart and Pinakarri Cooperatives contained dwellings specifically designed to accommodate disabled residents and cooperative housing has successfully integrated disabled members into their communities (Cooper & Rodman 1992). Cooperatives' social capital and informal support networks may also enable disabled people and senior citizens to live independently in their own homes for longer. Low housing charges in housing cooperatives, for example, enable senior citizens to enjoy an acceptable standard of living and to be part of a caring community. Thus, from the perspective of a social return on investment (Gilmour 2012), government cost savings may be achieved through housing cooperative members' enhanced employment prospects, increased wellbeing, informal supports and social cohesion in a mixed income community.

Street appeal is an important characteristic of housing. It is therefore important for housing cooperative projects to be attractively designed in order to gain local authority support and minimise community negativity (NHCLF 2004, p.10). If housing cooperatives are to expand in Australia, it will need to be achieved through larger-scale developments. The average size of housing cooperatives in Australia is 17 dwellings compared with about 60 in Canada. Gilmour (2012) suggests that around 30-35 dwellings per cooperative would best suit Australia in terms of economies of scale and flexibility of management structures. A board member of First Fremantle Cooperative stated that 40-45 homes might be the optimum amount in order to obtain a sufficient range of skills and personal attributes of members to manage the cooperative and avoid member burn-out. Importantly, to enhance success, housing cooperatives should be mixed income tenures.

The New Hampshire Community Loan Fund and Resident Owned Communities USA mortgage financing model showed that mortgage loans to housing cooperatives are extremely low risk. This is supported by the *Cooperative Housing Bulletin* (2011, p.15) which reported that despite the effects of the sub-prime mortgage and Global Financial Crises not one of almost 4,400 building loans advanced to cooperatives suffered foreclosure, compared with about 3.75 per cent of conventional single family homes. This emphasises the need for a specialised financial institution such as an Australian National Cooperative Bank that understands the purpose, financial requirements and legal structures of housing cooperatives.

9.3   Emergent issues

The ideal of participatory democracy within housing cooperatives has been compromised in recent decades and this is apparent in the United States and Canada as well as in Australia and Sweden (Bengsson in Andrsuz 1999; Kilner 2002; CHF 2010; *Cooperative Housing Bulletin* 2011, pp.7, 8). The thesis showed in mature housing cooperatives in particular, as members' age, it has proven difficult to sustain involvement or to encourage newcomers to participate in the operation of the cooperative and this has led to the outsourcing of some of the management functions. A question that traditional housing cooperatives must face is whether their original principles are still relevant in the 21st century to a different generation of housing consumers for whom a home in a cooperative may mean little more than an affordable housing opportunity.

In Canada, a decline in participation has been noticeable since the 1980s and the Cooperative Housing Federation suggests that it is timely to think beyond participation and consider new ways of managing housing cooperatives (CHF 2010). In a reversal of past

cooperative principles, volunteer management of Canadian housing cooperatives is now actually discouraged. The CHF's (2010) current stance is that active member participation in cooperatives is viewed more in terms of being a good neighbour, taking care of the property and not being in arrears with housing charges. Poor management outcomes have occurred most notably through incompetent governance and the lack of financial provision for maintenance and repairs, often as a result of boards' unwillingness to raise housing charges (CHF 2010; ICA 2012). Deferred maintenance costs has emerged as a serious issue for older housing cooperatives and some have required a building condition audit that has identified expensive repairs for which there was insufficient reserve funds (Cole 2008, pp.203-206; Murray & Pearson 2008; CHF 2011b).

Some board members at Willow Park Cooperative regarded contracting out as a betrayal of cooperative principles, but the ageing of members and younger members' lack of time or reluctance to get involved suggests inevitability. According to the CHF (2010), outsourcing will lead to more professional governance, better provision for future maintenance funds, greater efficiencies of scale and less duplication of effort. A key informant in Canada envisaged a professional board of qualified directors serving all the housing cooperatives in one geographic region. In the Australian context it may be possible for cooperatives to achieve improved administration and maintenance outcomes through collaboration with other cooperatives to contract management and share resources and costs.

Another major concern facing most housing cooperatives is ageing in place. Murray and Pearson (2008) tackled the vexed question of 'over-housing' in cooperatives. They argue that the barrier to greater numbers of housing cooperatives is not access to finance but

rather the cost of new housing. To address the situation they controversially propose that older, single people be re-housed in newly built one bedroom accommodation, thus freeing up two and three bedroom dwellings for families. However, it was indicated in the case study interviews that it is unlikely many existing members will voluntarily move to a smaller dwelling even within their own cooperative, a finding confirmed by other research (Cooper & Rodman 1992, p.262).

It was noted in Chapter Five that concern was raised in the Fremantle cooperatives about the lack of interest shown by younger adults and the relevance of cooperatives in their lives. Young children were said to enjoy the cooperative lifestyle because they always had friends to play with but as they grow up they tend to disassociate themselves from the cooperative because they are 'not cool' for youth who prefer to be around their peers. A suggestion made by members in Fremantle to address the situation was through existing cooperatives using their resources and equity to acquire rental houses close by to enable students and other young people to access subsidised housing and be associate members of the cooperative. However, some younger members in Fremantle cooperatives reportedly experienced difficulty in settling in and being accepted by older members. 'Junior' cooperatives have been suggested in New Hampshire by Bradley (2000). In Canada, youth cooperatives with activities and opportunities for personal growth and training and community engagement have been initiated by the CHF with some success (CHF 2011a). At Willow Park some children moved out as they entered adulthood but subsequently returned to the cooperative, while others moved seamlessly into their own dwelling. Interestingly, of the eight now adult children known by the author to be living separately in the same cooperative as their parents, all are daughters.

9.4 How could housing cooperatives be reinvented in Australia?

It was noted in Chapter One that housing cooperatives in Australia house less than 5,000 people and comprise just 0.06 per cent of the total housing stock. The thesis suggested that to enable the housing cooperative sector to grow more substantially in Australia it will be necessary to consider new developments outside of the public housing system and that these may need to be funded by alternative and more innovative financing methods. Very positive sentiments were expressed through the narratives of almost all the housing cooperative member residents in the case studies presented in Chapters Five to Seven. Therefore, in the Australian housing context, are housing cooperatives an anachronism of the 1980s and 1990s, or can they be (re)presented, especially to younger generations, as a new and exciting addition to the affordable housing stock as Alves (2012) suggested? A poll taken in Australia quoted by Gilmour (2012, p.16) showed that 89 per cent of residents are satisfied with living in a housing cooperative. This figure compares with 79 per cent in community housing and 73 per cent in public housing tenures (AIHW 2010) and suggests a consumer preference for housing cooperatives.

Shelter is a basic necessity of life and the question remains whether some groups in the community should be socially excluded or suffer housing stress because decent and affordable housing as determined through the operation of the speculative private housing market is unavailable to them. Neo-liberalist political thought asserts greater individualism and reliance on the privileged private market to supply public goods. However, in Canada, for example, even with government encouragement, the private market was unable, or unwilling, to provide affordable housing for all low to moderate income earners (Cole 2008) and this constitutes market failure. The expectation of an ever-increasing capital gain may no longer apply, at least in the short to medium term, even for home owners. As

noted in Chapter Three, home ownership in some outer suburbs of Australia's capital cities may lead lower income groups into financial distress (Hulse & Burke *et al.* 2010).

As noted early in the thesis, it is frequently pointed out that there is a lack of affordable housing in Australia (Berry 2002; 2003; Brotherhood of St Laurence 2004; Dunstan Foundation 2006; Yates & Milligan 2007; NHSC 2013). However, only a few observers have considered that housing cooperatives have the potential to contribute to the affordable housing stock, given suitable regulatory settings and government encouragement (Dalton 2009; Alves 2012; Gilmour 2012). Although cooperatives in Australia, and indeed Canada, have experienced a hiatus since the 1990s, that should not infer that there is anything fundamentally wrong with the concept. As mentioned, new housing cooperative developments are re-appearing in Canada under joint federal and provincial funding programs.

A major finding derived from the narratives presented in the thesis is that housing cooperatives are popular with consumers and provide high levels of residential satisfaction and other societal benefits. Therefore, consideration should be given to making them available to a wider section of the Australian community as an alternative housing tenure. However, risk mitigation processes are in place across housing bureaucracies and state and territory governments are reluctant to take on new housing developments that may be perceived as a risk (see for example Homeswest 2012). Consequently, despite some activity in Victoria and New South Wales, there are unlikely to be many large scale housing cooperative developments within the public housing system in Australia. Therefore, it may now be timely to facilitate cooperatives' growth outside of the public sector. Suggestions as to how this might be achieved were discussed in Chapter Eight.

Housing cooperatives fulfil both affordable housing and mixed income housing policies of most levels of government in Australia. It was acknowledged that in the selected European countries discussed in the first chapter, as well as in Canada (Chapter Six) that housing cooperative developments have suffered a decline over recent decades. Nevertheless, to use a transport analogy, trams and railways also fell out of favour and both have made substantial comebacks in recent years to become popular transport options. Housing cooperatives also have the potential to return to favour by appealing to a younger generation of middle class non-home owners and key workers or to people able to make only a limited stake in their home. Housing cooperatives would have special appeal if located in middle ring suburbs and presented as an attractive and affordable housing option on or near arterial roads with good transport options or near railway stations.

9.5   Summary and conclusion

This thesis used case studies and in-depth interviews with housing cooperative members to record their lived experiences. The information contained in the interviewees' narratives provided robust findings for the thesis and these were complemented by key informant interviews and the author's personal observations within the case study sites. Analysis of members' narratives indicated high levels of residential satisfaction, quality of life and wellbeing and social capital. The methodology used enabled a different perspective to be presented compared with much of the existing housing research where only housing officials and bureaucrats are interviewed. Just over half the member interviews were conducted in the resident's home and this provided further insights into their living environment.

Housing choice is governed more by lack of finance and capacity to pay rather than a lack of housing availability *per se*. Residents self-selected into housing cooperatives on the basis of housing need and financial constraints. Most interviewees in the study had been precluded from purchasing their own home due to an absence of good standard affordable housing within their means to pay, or were unable to afford rents in the private housing market. Housing cooperatives offered long-term tenure, lower housing costs and higher standards of accommodation compared with the private rental market.

Early members of the case study cooperatives tended to be more highly motivated and inclined towards participatory democracy and volunteerism than later entrants. This was possibly due to their involvement in forming the cooperative initially and subsequently working to establish it through communal activities such as working bees. This likely gave early members a sense of ownership in their new housing project either from the start of the process or through being one of the first to occupy a dwelling in the cooperative. For later members, access to affordable housing was their main motivation rather than cooperative principles. However, recent members have fewer opportunities to make contributions to an already established community and may feel hesitant to break into established cliques. The thesis' case studies of the smaller Fremantle housing cooperatives showed that they, in particular, continue to adhere more to the ideals of participatory democracy and volunteerism, albeit through necessity due to their being smaller cooperatives. On the other hand, the New Hampshire and Winnipeg cooperatives suggested a move away from traditional cooperative principles to a focus on affordable housing and to outsourcing of management functions, particularly in the financial area.

The lack of capital gain in housing cooperatives, compared with home ownership, may be compensated for through an enhanced sense of belonging, personal security, and community living in a good location. The low housing charges had allowed, in some cases, for surplus discretionary income to be channelled into superannuation or equities as an alternative vehicle to create additional retirement income or other lifestyle options. The latter was evident at Willow Park Cooperative where several long-term residents had purchased a holiday home. The propriety of buying a holiday property by people who received a taxpayer-funded subsidy for their principal place of residence may be questioned. However, it would little different to home owners in Australia who receive First Home Owners Grants and indirect taxation benefits or draw on their housing equity to buy a second home or investment property. From an economic perspective the availability of cooperatives as a low cost housing option is more likely to result in discretionary spending being circulated through the local economy rather than being absorbed into higher housing rental costs in the private market or servicing large mortgage repayments.

The housing cooperatives in the case studies tended to be tightly held tenures and several were known to have waiting lists. This may indicate high levels of satisfaction, or entrapment, by existing residents, or a lack of alternative choices in affordable housing by those on the waiting list. The two New Hampshire cooperatives had higher rates of turnover but this appeared attributable to the mortgage crisis and high unemployment rates in the United States that necessitated some residents to move elsewhere for work. Some interviewees in each case study site lacked the means to leave their cooperative as it provided them with secure low-cost housing. In the Fremantle cooperatives, several people held middle income level employment and may have been in a better financial position to move to an alternative tenure, or to purchase a stake in their cooperative home if allowed to

do so. For such people, however, their housing situation may no longer have been about affordability but rather about community, cooperative ideals and participatory democracy. Kemeny observed in 1981, that all housing should be regarded simply as a place of residence irrespective of the type of tenure. Perhaps this should be the principle by which to measure the success of housing cooperatives.

Footnotes

1) During the final write up stage of the thesis the author communicated with the President of Greenheart Cooperative and was informed that she had moved out in 2012 and now resides in a small town in Alberta. No reason was given for leaving Greenheart.

2) In 2013 Foresters Community Finance made a decision to wind-up the assets of their CDFI-type fund because it was illiquid. This action would indicate that some form of government support will be required if such funds are to operate successfully on a large scale in Australia.

RESIDENT INTERVIEW SCHEDULE

A   Housing history

1) Please tell me about the previous homes you have lived in
Type(s) of home; house, apartment etc

2) How many homes have you lived in over the past 10 years?
Where was the last one? (Town/city/state)

3) Including this one, which is the *best* home you've ever had? In what ways?

4) Was there a *worst* home that you ever had? Why was this?

5) Have you ever owned or were buying a house previously
If previous home owner, ask why they dropped out of home ownership

6) Have you rented a home previously? What was that experience like?
Were you satisfied? Were there any problems?

B   Current housing
Please tell me about your home.

1) How long have you lived in *this* home?

2) What does your home mean to you?
Eg, security/choice/happiness/neighbours/what aspect of your home gives the most pleasure?

3) What are your best memories of your time living in this home so far?
Nostalgia/family/attachment

4) Have you added anything distinctive to your home, either inside or out?
Any additions, symbols or ornamentation that may signify individual identity or interests

5) In what ways do you see your home as a retreat from the world?
eg, safe from perceived outside threats, somewhere secure, a place to relax, quiet

7) What for you, are the best things about living in this home?

8) What are the disadvantages of living in this home?

9) If you could add one thing to your home what would it be?

C Community & Social Capital

Please tell me something about your community

1) Apart from affordability, what were the reasons that attracted you to live here?
Eg, community/location/people/self-selection or constrained choice

2) Compared to where you lived before, in what ways do you think your quality of life has, or has not improved, since moving here?
Well being indicators/less stress/long-term security/neighbourliness

3) Again thinking about where you lived before, do you have more friends in this community than previously?
Who are your friends here?: neighbours, people working on committees or volunteers?

4) In what ways is safety and security important to you?
Do you feel more safe in this community than previously

5) Do you help out as a volunteer or serve on a committee in this community?
If yes, in what capacity? How many hours roughly do you contribute each week or month?

6) Do you do any outside volunteer or community work?
eg, school/other. If yes, in what capacity and how many hours roughly?

7) What are the advantages of living in this community?
Eg, location, neighbours, community spirit, near to work, schools, public transport, amenities

8) What is the *one* best thing about living here?
Eg, Security of tenure/neighbours/happiness/sense of belonging, safety

9) What are the disadvantages of living in this community?
Levels of dissatisfaction

10) How is conflict in the community resolved?
Probe for signs of any discord

11) In what ways do you feel that it takes an extra effort to live in a co-op compared to a normal suburban lifestyle?
Indicators for level of commitment

12) If you could turn back the clock, would you still choose to live here? Why or why not?
Probe for regrets and reasons

13) If you could add *one* thing or facility to this community what would it be?
Eg, more get togethers, signage, park bench, BBQ

D   Personal information
Please tell me something about you and your family

1) Who else lives here with you?
Adults, children. Do you have other close family living nearby?

2) What are your main leisure activities or hobbies either indoors or outdoors?
Life interests/pastimes/background

3) What personal transportation do you have? Do you use public transportation?
Number of cars, motor cycle, bicycle, public transport use

4) Please tell me about your education. Where did you go to school? What is the highest level of education that you reached at school?

5) What is the highest level of education you have reached now?

6) Are you currently taking any educational courses?

7) What type of work do you do now (or did previously)?
Do you work f/t or p/t?
Which job did you like best?
What other jobs have you had?

8) What is the main source of your household's income?
Wage/salary, benefits ,retirement pension

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