

Affordable Housing: Living Cooperatively Symposium, February 13-14, 2008.
9am Thursday 14 February 2008
Petersham Town Hall

Lord Mayor Cr Paul Barber, Parramatta City Council
An introduction to the day –
Setting the scene on affordable housing - the Parramatta experience

Ladies and gentlemen,

I acknowledge that this is Gadigal Land and pay my respect to the Greater Eora nation, to their elders past and present. I recognise their ancient culture as the oldest surviving culture in the world. And in the wonderful spirit of the Federal Apology yesterday, I confirm the Parramatta City apology first given in 1997.

Reconciliation may be taking a time ... but the development of a successful Australian model for co-operative housing seems to be taking almost as long!

As Julian Disney updated us yesterday, Sydney is now ranked the **third** least affordable city in the developed world.

In Parramatta as elsewhere, opportunities for commercial development and business investment have pushed up land and property values, making housing less affordable. The impact of upzoning land in the 1999 Regional Environment Plan for Parramatta had the effect of pushing up the land and property prices further, increasing the number of new dwellings – and the price, as much of the new stock replaced practical, affordable housing stock. In July 2007, research showed that an income of \$145,000 was required to pay off an average house, far in excess of what 75 % of families earn.

As more and more households are in ‘housing stress’ (paying out more than 30% of their income for rents and mortgages) this is eroding the capacity of households to actively participate and prosper in community life. It is leading to what we now call ‘community stress’.

Coupled with extremely low vacancy rates, the fall-out from the sub-prime mortgage crisis and more interest rate rises on the horizon, the pressure is on all of us to find

solutions. Those deemed the more vulnerable members of our communities, the victims of these changes, is today an even larger group.

And many of these people live just around the corner from me, in my local government area of Parramatta. A recent study on mortgage stress showed NSW has the top seven “worst performing” suburbs in Australia. Guildford is the worst at No1; Granville is No 2.

Most of you here are all versed in the way co-operative housing can answer these challenges. We know the benefits. But it seems we are not very good at communicating these to the state and federal governments, who continue to marginalise the cooperative sector. Allocations from the Commonwealth State Housing Agreements to this sector over the last ten years continue to decrease in real terms. It was diverted instead to bad policy like the first home buyer schemes, which just made this capitalist market more frenzied, more expensive.

Mention the alternative of co-operatives in Sydney and people think you’re lost in the 70s. They think only of Nimbin hippies ... and smoky meetings that go on forever!

Meanwhile the vast majority of funds for low cost housing continue to be pumped into the old model of rented public housing. Meanwhile the NSW Department of Planning continues to stall on mechanisms and reforms to make co-operative housing easier to start and to expand.

In the case of co-operative housing, we must go overseas for our inspiration. Indeed, co-ops are flourishing in the top five capitalist economies of the world. Robust examples are common in places like Northern Europe, Scandinavia, North America, and Singapore. Sure, we have examples here in Australia but there has been comparatively little growth here.

In NSW there are only about 60 housing co-ops and most of these have been around a while. And some are closer to housing cooperative societies; others again use a housing association model of governance, rather than tenant control.

So, it makes you ask whether the co-op sector in Australia is promoting itself strongly enough?

More doors need to open for co-operative housing to develop and grow and become part of a sustainable housing future. But at least with recent changes to legislation and the new debt-equity funding model, there may, after all, be opportunity for growth in co-operative housing, now that providers of community housing can own their asset and develop it further. And we look forward to developments from the research being undertaken by the Office of Community Housing on co-ops.

Certainly it is my belief that there is a natural fit between the governance and community focus of housing co-ops and the role of local government. Those changes to debt equity have further given us as at Council the capacity to be active participants.

Parramatta City Council for the last eight years has committed considerable resources into researching affordable housing issues in our LGA and finding a model that works. Various studies were commissioned that resulted in Council adopting in 2003 a Parramatta Affordable Housing Strategy, and us applying to the Department of Planning for Inclusion zoning under SEPP 70.

This we hoped would allow Council to levy developers at 3% and allocate those monies raised to a local housing provider to deliver affordable housing. If this had gone to plan, we would have accrued about 120 new affordable dwellings by now. Well, so we hoped! Many of you attending here would be aware of this – it has become somewhat of an infamous test case for the NSW housing sector.

In the four years since then, Council has still received no ruling on the SEPP 70 application. Councils across NSW are now of course involved in a fight to preserve their current level of developer contributions under Section 94, and the variety of regional infrastructure they are currently allowed to spend it on. So I don't like my chances of knocking on the door of Planning Minister Frank Sartor and getting a favourable – if late – ruling. He's certainly not now going to *increase* developer contributions, to pay for affordable housing.

So we've pursued other strategies. Our support for this Symposium is an example. Parramatta Council also played a key role in the formation of the NSW Affordable Housing Network, and hosted it in 2007 and will again this year.

Some of you here attend, I know, but I urge relevant staff in all local councils to become involved in this Network. It has a growing membership from across the state and key players include planners and housing officers from councils in Sydney and regional areas, as well as peak housing organisations.

This year the Network will have phone link-ups to its meetings, as requested by regionally isolated housing officers. It has also created an e-group that links members with a forum to generate debate around emerging issues (and sadly no doubt another generation of jargon!).

The Network, for example, generated a wide collective response to the refusal by the Department of Planning to allow Waverley Council to exhibit its draft City Centre LEP until all references to affordable housing were removed. Now that battle late last year amazingly was lost! It underlines our need to unite and advocate strongly for solutions to the affordable housing crisis at all levels of government.

A current exciting initiative by Council is a joint research project underway with our partners at the Urban Research Centre at the University of Western Sydney. This research is looking at sustainable models for affordable housing on some Parramatta sites, with the potential for this economic modelling to be replicated elsewhere. By this means for example we could turn a disused council property, like the old Granville depot, into a thriving community asset, deliver housing to a healthy social mix, also deliver sustainable food gardens ... and, importantly, have such an asset close to other amenities and transport.

We anticipate the results of this research within the coming months – so watch this space!

But still for our sector there are big problems with the planning mechanisms.

The NSW Affordable Housing Strategy, scheduled for late 2006, has still not been released.

The new City Centre Local Environment Plan (LEP) does not include provisions or controls for affordable housing – as the Waverley example dramatised. And I remind you again that even when Parramatta had legislation that accepted affordable housing, as with SEPP 70, it was never agreed to by the Government.

The third planning problem is that the Draft Sub-Regional Plans have failed to address the affordability issue. They may talk of a 'housing mix' but that doesn't automatically translate into 'increasing the stock of affordable housing'.

Another thing Parramatta Council is currently investigating is the current opportunities under the Debt Equity model that have recently been developed in Housing NSW's Centre for Affordable Housing. The potential for diverse partnerships under this model and the growth to the Community Housing sector are both attractive features. Council is also investigating mechanisms to preserve whatever growth in Affordable Housing can be achieved through Housing Trusts.

And importantly we're looking closely at the model of Cooperative Housing.

Here in Australia the Co-op housing sector got off to a good start in the early days, but changes in the mid 90's to the Commonwealth State Housing Agreement left the sector without 'tied' funding. The shift to funding not tied to housing left the co-op housing sector a bit like the poor Cinderella – although admittedly the whole public housing sector has suffered. So far, this shift to the capitalist market economy of housing has meant growth for cooperative housing - Cinderella's shoe - has never returned. We are still out of step with other progressive countries around the globe.

So why does Parramatta look to this seemingly problematic model in its mix of options for the delivery of affordable housing?

Let's remind ourselves why the co-op housing model is so attractive?

Think first of the way co-ops develop and are formed, how they build a sense of pride and ownership amongst their tenants – which in turn leads to very low maintenance costs and cost-efficiency.

Co-ops also cross subsidise with their ability to have a varied tenant mix from low to moderate income earners – and in this way they can grow a surplus and have other options.

Co-ops develop usually in a manageable size.

Their tenants engage fully in the decision-making and management, including in the selection of other tenants based on their suitability to live co-operatively.

And Co-ops can become self-sufficient and grow (and I don't just mean growing your own vegies!). As an example of this sustainability and potential for development, look to the example of Khapit Bahayan, the Filipino co-op in Auburn in Western Sydney. It's a Filipino word which means neighbourhood. Their co-op is a great example of how a well managed co-op can create a surplus and expand itself, without the need for any further government funds. It's a fine example of how the debt equity model can work. And that surely is a viable, attractive option to economists?

What a co-op like this achieves is in parallel with the goals and workings of a Council like mine. Both of us have to be flexible and responsive to local needs and issues.

We both promote 'healthy and compassionate communities' and 'places that are inspirational and innovative', to quote our Strategic Plan, Parramatta Twenty 25.

We both value community engagement and community participation. We both respect the democratic process – we both know about late nights and very long meetings where absolutely everyone gets their say!

So there is much to lose if we don't conquer the remaining barriers to a strong, viable housing cooperative sector.

We have experts and committed people here gathered to help achieve this. I look forward to some strong directions and outcomes from this Symposium, for my own Parramatta and beyond.

Have a great day.