

## **Co-operative Housing and Social Capital**

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I want to introduce a new strand to our debate on housing. That is to examine the potential impact of social capital on families and communities, and ways in which the positive impact of social capital can be facilitated. I argue that co-operative housing has a much broader benefit than simply the provision of affordable housing.

A lot of the debate about housing has focussed on the greater need for affordable housing, and the role of public housing in reducing the incidence of housing stress and poverty levels. This of course remains an important consideration. But the emphasis on welfare and affordability has swamped other, equally important considerations. Key to these is the notion of social capital. Some of our local experience suggests that, in Sydney at least, some public housing estates have among the lowest levels of social capital of any community. Yet most housing co-operatives demonstrate among the highest levels of social capital. And, taking evidence from here and overseas, this is true of the most impoverished communities as well.

So what? What does it matter if social capital is high or low in a community? And what is social capital anyway?

#### **What is social capital?**

Social capital can be developed and used wherever humans gather together for a common purpose. It is primarily associated with civil society, with that space that lies outside the state and the market. Let me outline, very briefly, the core ingredients of that concept.

The definitions most often used are those of Putnam as “those features of social organisation, such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions” (Putnam, 1993).

If you don't like formal definitions, think about your own life. Think about where you live, or work, and the networks you have formed there. Think about a problem that came up. Maybe you were in trouble and needed some help to solve the problem. Maybe the community had a problem, that could only be solved by people coming together to deal

with it. Our recent bush fires and floods come to mind for me. I am not talking about calling in the professionals, but using the informal networks to make things happen. That is social capital. At one level it is obvious. At another level it is new...and has never been formally recognized or accounted. We spend a lot of time counting, and worrying about our financial capital. But our social capital is even more important. We need to count it and invest it wisely.

A lot of research and debate around the world has occurred in the past 5 years concerning social capital and what it does. Let me summarise some of that with a few basic propositions. There is some debate around each proposition, but together they are starting to add up to some very powerful ideas.

1. Social capital, like other forms of capital, like money, is an essential ingredient in social action. Social capital does not refer to the social action itself but to the essential prerequisite of social action. If you want something done, you need more or less financial capital, natural capital, cultural or human capital, and social capital.
2. Any community of people who form networks of common interest can generate social capital. Social capital is not something that anyone can possess as an individual, although individuals may make use of it. Essentially social capital resides in the connection between people.
3. However, unlike other forms of capital, you don't need to be rich to acquire social capital. There is little or no correlation between material well-being and social capital except for the extremely poor and disadvantaged. For these groups the more social capital, the greater chance of material well-being and visa versa. Or put another way, without some minimal level of material well-being, it is unlikely that social capital will be generated. Without some minimal level of social capital it is unlikely that material well being can happen.
4. Like other forms of social capital, whether it is used for good or evil is up to those who use it. It is always used for the common good, but that leaves open the question of "whose common good" and "who decides". It is the case that there are nearly always winners and losers in the use of social capital, as with any other form of human activity.

5. Communities appear to be remarkably resilient. The denser the networks of connection and participation, the more resilient the community. The key always is in the relationships. In general, rural communities tend to have higher levels of social capital, at least bonding social capital.
6. There are two levels of social capital (at least). One concerns the bonding networks **within** communities, and the other concerns bridging links **between** different groups. The first is marked by what is termed “thick trust”, the mutual support of insiders, the thing that holds a small community together in the face of fire or the loss of banking services for instance. Bridging social capital is not about social support, but about drawing on resources from other networks. It also requires trust, but of a different kind. While bonding is important for mutual survival, bridging is important for getting ahead, for creating new opportunities, new growth. We need both.
7. Another essential feature of social capital is social agency: the capacity of people working together to take the initiative. It is about people as active participants, not as passive victims or even as “customers” or “clients”

### **Why is social capital important?**

Social capital appears to be essential for the individual, and for the community at large. A healthy economy, and a vibrant political democracy depend on a civil society with a strong stock of social capital. Basically, if any economic policy draws on, but does not replace the stock of social capital, it does so at its peril. When social capital becomes depleted, the capacity for society to pull together is reduced, as is the capacity for the community to support entrepreneurial activity of any sort.

As individual human beings, we need both bonding social capital and bridging social capital. The support of a close knit community of likeness (whether of family, friends, workmates, the local community) provides a sense of personal identity and support in adversity and meaningfulness in life. But bridging social capital allows growth, access to new knowledge and resources, tolerance, social justice and a sense of a common humanity.

What both of these have in common is a sense of the “common good”. Social life, even within a market economy, perhaps especially within a market economy, depends on the capacity to work together for the common good, as well as for individual gain. Short term altruism is necessary for long term personal gain. In simple terms, and as more than just a metaphor, if we do not get together to ensure clean air to breathe, well, before long we will all stop breathing. Social capital is a recognition that we are all in this together.

### **Co-operative Housing**

Evidence from studies in the U.S., Canada, U.K. and Scotland all show high levels of social capital in co-operative or tenant managed housing.

One series of studies in particular is worth thinking about. Saegert and Winkel have spent many years examining the effects of social capital in urban slum areas of New York City. Many old buildings were simply abandoned by Landlords who could not or would not pay their taxes. Some of these buildings were then sold off to private enterprise, some remained in public hands and some were sold or leased to community groups or to housing co-operatives. This made an excellent natural experiment for researchers to examine the difference in outcomes for tenants of these different forms of ownership. The researchers developed four different measures of social capital: *informal participation* by tenants within the building (eg “do you help out with shopping or watch children” , *prosocial norms* (eg “how many tenants help each other”), *leadership* (eg have you ever served as an officer of your tenant association”) and *Tenant Association participation* . They also measured various other aspects such as quality of repairs to the building, and level of crime and security. The researchers found that building conditions were generally better in those buildings which had higher levels of social capital regardless of ownership type. But there were significantly higher levels of social capital in tenant-owned or rented co-ops than in either privately owned or publicly owned buildings, with generally better security, lower levels of crime, and improved quality of housing. The researchers note:

In almost every co-op we have studied closely, residents also provide encouragement and practical assistance to each other in pursuing higher education

and employment opportunities. It is also common for some co-op residents to use the skills they learn by running a building to advance both their education and their employment status (Saegert and Winkel, 1998, p48)

The tenants also worked together to control potential delinquency in teenagers and to help prevent crime in the building. There were of course difficulties with the co-op model as well. They needed some level of early success in improving building conditions, to motivate the tenants to persevere in working together. There were sometimes intense personal conflicts arising. And in the case of financial difficulties, there needed to be some form of back-up management support. But in general, and with this population of extremely marginalized tenants, co-op housing was by far the most effective form of alternative, affordable housing.

We have heard from GunBrit that co-operative housing is very successful in Sweden, not for the extremely marginalized, but for everyone. We have anecdotal evidence from several co-op housing projects in Australia (some of which we will hear about later) which suggests that they have enormous potential here too, for both the marginal and the relatively affluent. They do need adequate financial resourcing at least in the initial stages, and a good management structure is important. But above all, social capital is key to their success.