

COMMON EQUITY HOUSING LTD

STRATEGIC PLAN 2010 - 2013

Common Equity Housing Ltd with the aim of:

- establishing clear future directions for the Company
- determining strategic priorities for the period 2010 - 2013
- creating a framework to evaluate the effectiveness of the plan

The plan is intended to provide a sound basis for the Board, staff and all Shareholders to understand CEHL's priorities and the means by which we intend to address those priorities. It is recognised that our effectiveness will rely on an ability to both create and take opportunities to expand co-operative housing in Victoria, provide more opportunities for residents of properties for meaningful participation in their co-operative housing and to ensure the management of all properties owned by CEHL meet the performance standards as prescribed in the Housing Agencies Act.

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The rising cost of housing and housing affordability continues to be an area of major concern across Australia.

The affordability of housing is constantly being debated in the media with different recommendations for innovative ways to produce more affordable housing.

The current Federal government remains committed to various policy initiatives to increase supply and does appear to be proactively seeking innovative ways to improve housing affordability including promoting an expansion of the not for profit housing sector.

Australia has still not adopted some of the shared or common equity models that have emerged in other advanced western economies such as Canada or northern Europe where there are other forms of housing tenure other than individual ownership.

There remains real potential to introduce new forms of housing tenure in Australia to address some of the well documented housing affordability dilemmas.

CEHL has made significant advancements in line with its Strategic plan adopted in 2009.

CEHL is an established and recognised successful Housing Association.

CEHL remains in a sound financial position and due to its significant asset base and relative low debt to assets ratio and consistent income stream it does have the capacity to raise significant capital through commercial loans.

CEHL has a committed and competent workforce that is well placed to continue the delivery and expansion of its current services.

CEHL has been successful in achieving significant capital growth through two primary growth funds the National Affordable Housing Agreement (NAHA) and the one off Nation Building stimulus package (NBJ).

CEHL has embarked on an ambitious capital program under these programs with over 250 dwellings under construction across more than 40 sites.

This capital program will be delivered by early 2011.

CEHL has been successful in achieving approvals for NRAS incentives for over 350 properties under the Federal governments NRAS scheme, which have mainly been proposed for new affordable housing co-operatives targeted to new markets for CEHL.

CEHL's reputation as a provider of successful social housing continues to grow and numerous organisations are now approaching CEHL seeking joint venture arrangements to expand housing provision.

CEHL needs to set in place concrete objectives that will guide decisions about future growth scenarios.

Whilst there have been some significant improvements in the monitoring and the accountability of CERCs this has also highlighted some concerns about the operation of some CERCs and particularly about the lack of participation and succession planning in CERCs.

CEHL is now offering alternative co-op models where staff are employed to manage tenancy agreements and financial management with the co-op focusing on housing policy, membership and community development activities.

The potential of Housing Co-operatives to deliver effective housing outcomes for lower income people is recognised in some circles but is still not embraced as a preferred model within the social housing sector.

Future funding opportunities are likely to come from 3 primary sources.

NAHA Funding

This will be submission based whereby Housing Associations will be invited to apply for capital grants likely to meet 75 % of total cost to develop housing proposals that will target people eligible through the Government's waiting list.

This funding is likely to include opportunities to develop land already owned by the OoH through competitive tendering against other Housing Associations.

NRAS Funding

The Government is keen to achieve high numbers of affordable rental stock through allocating rental subsidies for organisations that can develop housing that will be rented at less than 80 % of market.

This program offers great opportunities to develop significant number of housing co-operatives targeting different populations (higher income limits) and operating well outside the welfare model being preferred by the OoH under the NAHA funding.

The finances of this model are more challenging and CEHL will need to seek contributions through other interested parties who also would benefit from new housing developments. Already considerable interest has been shown by tertiary institutions seeking to provide student accommodation, the aged care sector and Vicurban seeking mixed communities in developments.

There is the potential to attract institutional or private investors into this market if successful pilots can be established.

Private Developments

CEHL can use its development skills and advantageous tax status to deliver projects that generate funds through some commercial gains which are then used to deliver additional properties for co-operative members.

Stock management remains a key objective of a successful housing program and CEHL must continue to be proactive in employing strategies that ensure the long term viability of all properties owned by CEHL and leased to co-operatives.

CEHL need to be pursuing further property development opportunities if it is to continue its growth and retain the property development expertise it has developed to deliver current programs.

As the organisation and the number of member co-ops expand CEHL need to adopt an organisational growth strategy that will ensure the efficient delivery of services to all co-ops.

It is a stated goal of any co-operative organisation to assist the further development of co-operatives. CEHL should focus on assisting other housing co-operatives develop in Victoria and other States.

The closer working with the 11 RHCs still operating in Victoria is likely to generate further income for CEHL and also improve both the delivery capability of those co-ops and the reputation of co-operative housing more broadly.

There is overt pressure on CEHL as a registered agency to provide access to its housing to a broad range of disadvantaged people including direct referrals from the OoH waiting list. CEHL must negotiate a suitable arrangement with the OoH regarding opening up access to vacant co-operative houses to a broad range of eligible candidates whilst at the same time retaining the integrity of the co-operative housing model which is reliant on democratic decision making, voluntary membership and willing participation from all members.

It must be acknowledged that the current lack of transparency of the allocation process by some CERCs is problematic and is the most frequent criticism of the program from senior government officials.

The current system is also considered problematic as applicants are being allocated co-operative housing without being required to demonstrate any understanding or commitment to co-operative principles. CEHL believe that this is having a negative effect on the operation of some CERCs.

The OoH is committed to introducing a one size fits all application process to be mandatory for all funded agencies.

This agenda is being driven and supported by agencies trying to ensure access to government funded housing for the highest needs groups in the community and will present significant difficulties for co-op models.

CEHL must develop an alternative application and allocation system that satisfies government requirements and also meets the needs of member co-operatives. This presents a significant challenge to CEHL.

Most CERCs have risen to the challenge to provide more accountable housing and financial performance. However there is also a number of CERCs that continue to struggle and others that are very dependent on a few members to manage the co-operative.

CEHL need to dedicate more resources to training existing members. There are 4 main areas identified for improved training:

1. Co-operative governance,
2. Financial management and reporting,
3. Tenancy Management, and
4. Stock planning and asset management.

The other area of concern is participation. Some CERCs are dominated by a small group of people. This presents great risk to CERCs especially in the areas of fraud, favouritism, nepotism or bullying. If the majority of members are apathetic these risks increase considerably. The CERC model is dependent on directors of CERCs being accountable to their members and members being prepared and able to monitor the performance of their directors.

Included in this monitoring role CEHL also has a responsibility to ensure individual members of Co-ops are not treated unlawfully or unfairly by their own Co-op and recognise that CEHL has a role under its registration requirements and the CCA or RHA to investigate grievances raised by individual members of the program.

One of the underlying strengths of Co-op programs is the commitment to meaningful tenant participation both at a local Co-op level but also at a program and CEHL level. There is little doubt that the emerging models being promoted by the OoH and ORHA supplant tenant control for what is viewed as more professional management models. It is a major objective of CEHL to maintain meaningful active tenant involvement. The strategic plan must include strategies to inform, encourage and promote tenant involvement. Whilst inevitably there will be some tensions between professionalising aspects of CEHL operations and tenant control the two aims are not mutually exclusive and CEHL must strive to achieve both in its models.

Vision

To be regarded as a leading promoter and facilitator of co-operative housing, providing affordable accommodation to co-operative groups where there are real opportunities for tenant participation and self management and thereby adding to tenants' self worth and housing security.

MISSION

To provide affordable, secure and well managed housing to those members of the community wishing to access co-operative housing.

VALUES

Respect

To treat all shareholders, staff, stakeholders, contractors, service providers and Co-operative members with respect even during times when the operations or the interests of CEHL may be challenged.

Diversity

Understanding, respecting and working with the different cultures and political perspectives within the Co-operative Housing Programs.

Accountability

Maintaining honest, transparent processes in all aspects of CEHL and Program operations.

Inclusivity

Maintain and maximize opportunities to inform and involve all stakeholders in the management and decision making processes within CEHL and the co-operative programs.

Independence

Respect and foster the independence of each Co-operative.

Co-Operative Principles

Adopt and promote the seven principles of Co-operation being:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operation among co-operatives
7. Concern for the community

OUTCOMES

There are a set of key outcomes that the CEHL Board wish to achieve and these will be incorporated into and **underpin all activities** undertaken by CEHL.

1. Quality housing stock
2. Affordable housing
3. Security of tenure for co-op members
4. Increasing environmental sustainable design performance in all housing
5. Meaningful tenant participation
6. Building of Communities

STRATEGIC PRIORITIES 2010 - 2013

In order to promote and increase the availability of sustainable co-operative housing

The key work areas identified are:

- **Wider promotion of housing co-ops as a successful form of housing tenure**
- **Delivery and expansion of Co-op Models**
 - CERCs
 - Community Managed Co-ops
 - Apartment based co-operatives
- **Developing co-ops for particular target groups currently disadvantaged in the housing market**
 - OoH eligible applicants
 - Key Workers
 - Tertiary students
 - Older persons
 - New arrivals
- **Enhanced training and education for both new applicants and existing Co-op members**
- **Delivery of capital works program and identifying new development opportunities**
- **Developing CEHL infrastructure to enable expansion of co-operatives**
- **Adoption of 'green' initiatives both in office environment and in residences**

■ **STRATEGIC OUTCOME:** ■ **Wider promotion of housing co-ops as a successful form of housing**

Strategies	Success Indicators
a) Facilitate Co-op presentations at Conferences, forums, information sessions	Increase attendance at conferences. Facilitate forums exploring potential of housing co-operatives.
b) Co-op Articles in mainstream media	Articles appearing in mainstream media Articles in local media supporting local co-operatives. Co-operative options included in articles promoting solutions to housing affordability.
c) Further develop in house publications and web site	Effective communication with members and the interested public including but not limited to improving and regularly updating CEHL website and regular newsletter.
d) Links with other co-op enterprises and social businesses	Establish effective network of co-op housing providers across Australia. Forge links with other social businesses outside of housing.

■ **STRATEGIC OUTCOME :** ■ **Delivery and expansion of Coop Models**

- **CERCs**
- **Community Managed Co-ops**
- **Apartment based co-operatives**

Strategies	Success Indicators
a) Expand existing CERC program	Increase the number of properties under CERC management. Establish 5 new CERCs
b) Increase number of properties under CMC programs	Further development of CMC models and greater recognition within CEHL structures of CMC models including participation in program advisory capacity and working parties. Increase number of properties being managed by CEHL under CMC program. Assist other housing co-ops by providing services on a fee for service basis.
c) Complete buildings and establish apartment based co-operatives in Victoria	Establish successful co-operatives in Dandenong and Ringwood. Achieve funding to construct further apartment blocks and establish housing co-ops.

- **STRATEGIC OUTCOME:**
- **Developing co-ops for particular target groups currently**
 - **disadvantaged in the housing market**
 - **OoH eligible applicants**
 - **Key Workers**
 - **Tertiary students**
 - **Older persons**
 - **New arrivals**

Strategies	Success Indicators
a) Expand Co-ops catering for OoH eligible applicants	More CERC properties. More CERCs established focusing on low income applicants.
b) Establish first key worker co-operative in inner Melbourne	Open key worker co-operative.
c) Establish students co-operates in conjunction with tertiary institutions	Open first student co-operative in Melbourne.
d) Enter into joint venture arrangements with aged care providers to initiative cooperatives for older tenants	Establish two new co-operatives targeting older persons.
e) Establish a cooperative catering for new arrivals	Establish new co-operative catering for new arrivals to Australia

■ **STRATEGIC OUTCOME:** ■ **Enhanced training and education for both new applicants and existing CERC members**

Strategies	Success Indicators
a) Expand the training for new applicants for co-operative housing	Offer initial training for all those registering an interest in co-op housing within 12 months of registration of interest.
b) Develop training resources in discrete modules addressing major needs	Develop training modules covering the following areas: <ul style="list-style-type: none"> – Co-operative governance – Financial management – Tenancy administration – Asset management and stock planning
c) Offer training to existing members of co-operatives	Training sessions with 30 per cent of existing co-ops within any year.
d) Implement mandatory training in areas where co-operative is assessed to be not meeting acceptable standards	Mandatory training for all co-ops considered to be not performing to an acceptable standard in any of the listed performance standards.

■ **STRATEGIC UTCOME:** ■ **Delivery of capital works program and identifying new development opportunities.**

Strategies	Success Indicators
a) Complete current capital program	Meet NBJ deadlines to have 75 % of projects completed by Dec 2010-04-13 Remaining 25 % to be delivered prior to June 2011. Complete Dandenong project by Dec 2010-04-13 Complete NRAS projects by Dec 2011.
b) Successfully apply for funding through OoH to increase number of properties	Successful application for new projects each year from 2010 to 2012.
c) Develop existing land portfolio to increase number of dwellings leased to co-operatives	Purchase sites and land bank to enable certainty in future funding submission. Allocate up to \$10 million for land banking best sites.
d) Respond to opportunities to purchase suitable sites to expand property portfolio to meet demand for increased co-operative housing.	Feasibility studies completed for at least 5 optimum sites and presented to Development sub committee.

■ **STRATEGIC OUTCOME:** ■ **Developing CEHL infrastructure to enable expansion of co-operatives**

Strategies	Success Indicators
a) Maintain good governance record and enhance roles of Board sub committees and Senior Managers team	Continued good Board functioning. Attracting well credentialed applicants to fill vacancies on Board and sub committees. Increasing responsibility and exposure of senior management team.
b) Increase CEHL capacity to deliver training to new applicants wishing to access co-operative housing.	All applicants to be invited to training session within 12 months of registering their interest. Training courses to be offered in metropolitan Melbourne (3 locations), Geelong, Bendigo, Latrobe Valley and Shepparton for new applicants each year.
c) Maintain existing capacity to deliver services and advice to existing and newly formed co-operatives	Seek continual funding for co-op development workers. Continue with existing ratio of co-op support staff to number of co-ops.
d) Enhance regional office structure to enable more efficient delivery of services to housing co-operatives	Expand regional offices in Geelong and Bendigo Establish new office in outer south east Melb to service region and Gippsland co-ops.

■ **STRATEGIC OUTCOME** ■ **Adoption of 'green' initiatives both in office environment and in residences**

Strategies	Success Indicators
a) Implement initiatives to ensure CEHL offices reduce waste and lessen the organisation's carbon footprint.	Implement 'Green team' initiative at CEHL. Use of low impact office supplies and equipment at CEHL.
b) Continual improvement of esd standards for all new builds	CEHL code of practice defining new build minimum standards updated annually.
c) More attention to esd considerations in maintaining and improving existing portfolio	PAC guidelines for all co-ops advising best practice in improving the esd performance for existing stock. Guidelines and resource information to enable co-ops to seek government rebates or assistance in implementing esd initiatives in existing properties.
d) Active support for co-ops undertaking new initiatives that result broader beneficial environmental outcomes.	Co-op undertaking initiatives such as food co-ops, car pooling, communal gardens, tool or equipment sharing.