



Homes for Wales – White Paper Consultation Response

August 2012

Introduction

Friendly Housing Action represents small fully mutual housing co-operatives, which manage themselves by general meeting (see Background Information section below for a more detailed description of what this means).

Whilst there are currently a small number of this type of housing co-op in Wales, there is the potential for the number of people who are co-operatively housed in this way to grow significantly, with a supportive government policy and legislative environment being one of the key factors as to whether such growth occurs, or not. We would therefore ask that our responses below to the questions put in Appendix 2 of the *Homes for Wales* White Paper be given due consideration.

Responses to questions

1. Do you support our ambition to make further improvements to the whole housing system?

Friendly Housing Action supports reform of the housing system that improves fairness and access to housing. However our remit is specifically to represent the needs of small fully mutual housing co-ops, so for this reason, we have commented on those elements of the white paper that specifically relate to our member co-ops.

2. Do you have any comments on the proposals for legislation and/or the issues being considered for legislation:

(a) To improve the private rented sector, including landlords, lettings agents and managing agents.

Friendly Housing Action welcomes the positive steps to bring about mandatory accreditation of landlords. Members of housing co-operatives are commonly on below average income, and for many the motivation for setting up, or moving into, a housing co-op is the often poor standard of private rented accommodation in Wales, that would be their only other housing option.

In introducing mandatory accreditation for private sector landlords, we would ask that the needs of small fully mutual housing co-ops be considered.

As discussed below, these smaller co-ops are not Registered Providers. However, they are incorporated as not-for-profit bodies - just like housing associations, registered with the FSA. As such, it would be entirely inappropriate for them to inadvertently be treated by the legislation as if they were ordinary private sector landlords who operate as individuals or through limited companies.

It is our understanding that the proposed mandatory accreditation scheme will be modelled on the current voluntary scheme, which requires landlords to attend a training course run by a recognised industry body. However, housing co-operative tenancies cannot be Assured or Assured Shorthold

tenancies and as such, much of the material on these training courses would not be applicable. Thus the legal position, were there not to be an exemption or other special provision for housing co-ops, would be unclear - and this could cause a great deal of uncertainty and worry for those in the housing co-op sector.

We would put the case that, as housing co-op members have redress via their membership of the co-operative, and, collectively, have the same responsibilities as owner-occupiers, it would be appropriate to ensure they are exempted from this accreditation requirement. We would like this to be the case regardless of whether the co-op has opted into co-operative tenure.

An alternative to this would be to create a parallel accreditation scheme that specifically addresses the needs of housing co-ops. Were this alternative chosen the requirements for housing co-ops would presumably depend on the level of member control in the co-op's decision making process - for example with small fully mutual housing co-ops managed by general meeting, the areas of management needing the intervention of an accreditation scheme would be fairly minimal. Therefore, the most straightforward option is simply to exempt housing co-operatives from the accreditation scheme in recognition of their similarity to owner occupied property.

(f) Enabling a new co-operative housing tenure to aid developments.

Friendly Housing Action has long argued that the responsibilities shouldered by housing co-op members are more akin to those of an owner-occupier rather than a tenant, and thus the involvement of landlord and tenant law in housing co-op matters often has undesirable results. We therefore welcome the introduction of the co-operative tenure option.

However, we should point out that a number of housing co-operative members are in receipt of Housing Benefit, and the existence of a tenancy agreement is under current Housing Benefit Regulations a pre-requisite for claiming benefit: we would therefore ask that the needs of housing co-op members who are in receipt of HB be taken into account, so that they are not adversely affected.

This could be done by explicitly stating that members of a housing co-op that has elected to use co-operative tenure are eligible for Housing Benefit; or that the option remains of such members having a tenancy relationship with their co-op, without disadvantaging them compared to becoming co-operative tenure holders.

3. Do you have any comments on any other action set out in this White Paper?

We welcome the positive steps laid out in the white paper of supporting the expansion of affordable co-operatively managed housing in Wales, and we would seek to ensure that any mechanisms created to pursue this recognise the full spectrum of housing co-operative forms and sizes.

If new legislation and initiatives are to be effective at supporting small fully mutual housing co-ops, it is important that it is taken into account how these co-ops function and of what support would be beneficial. FHA will review further material, including draft legislation, as it becomes available in due course, but we would also welcome the opportunity to be consulted either formally or informally by the Welsh Assembly Government as to the impacts on our member co-ops of any future legislative changes or other initiatives.

One particular issue of note: some - but not all - housing co-operatives provide shared accommodation, and this is seen as a positive and essential part of their purpose. Although it is well understood that many of the occupants of Houses in Multiple Occupation in the private rented sector are vulnerable members of society, often with no other housing choice, there is a danger that

the benefits of shared accommodation for those who make a positive choice to live in this way, will get overlooked. With the right amenities and occupancy levels, coupled with the guarantee of tenant-control that housing co-op membership provides, shared living in this way can be a successful and valuable experience, for both the tenants and the community.

As an inspiring example of what is possible, we would like to bring the reader's attention to Starlings Housing Co-operative, which is currently negotiating to build, with the support of a housing association, a large purpose-built scheme on a strategic housing site in Brighton. The scheme is to include a mixture of family homes, one and two bedroom flats, and shared housing - with proper facilities and space - all to be built to a high ecological standard. The following excerpt from Starlings' submission to the local authority sums up well the role shared housing plays within their co-operative scheme:

"Shared housing is the main type of housing offered by the city's [existing] co-ops. The low void rate in the current stock, and high tenant satisfaction, show the enduring demand for such housing, which is not met or indeed recognised by most housing providers. Brighton & Hove has a tradition of Homes in Multiple Occupation, which contribute to meeting the needs of a diverse community and workforce, and help in the creation of mixed communities. Shared houses, by bringing people together, can strengthen a community and help residents support each other.

"Shared housing, where it is suitable, has many advantages from the point of view of Brighton and Hove Council's wider objectives. It is inherently more environmentally sustainable than completely self-contained units, since it reduces the demand on space, materials, domestic appliances and services such as heating. In addition, of course, it increases the density that can be achieved on a site, and improves the financial viability of a scheme since the per capita costs are lower.

"The city has a large number of single-person households including students, professionals, young people moving out of their parental home, etc. We believe that sensitively designed and managed shared housing would be the solution of choice for many of them."

In conclusion, we would point out that, for some people, this option is a positive choice, often for community and/or environmental reasons. We would ask that, when developing policies and legislation which affect provision of non-self-contained accommodation, that due consideration be given to the potential for high quality, co-operatively managed shared housing to be created in Wales.

Background Information

Housing Co-operatives

Housing co-operatives have been around for a long time, and are generally recognised as being successful at providing affordable, tenant-controlled accommodation. They come in a variety of shapes and sizes. Consequently, whilst some housing co-ops are Registered Social Landlords/Registered Providers and, broadly speaking, come under the same regime as Housing Associations, those that are not are *de facto* classified as private sector landlords - even though they are, by definition, not-for-profit organisations.

The housing co-ops represented by Friendly Housing Action typically own just one or two houses, are not Registered Providers, and are "fully mutual" and "managed by general meeting". In simple terms, the co-op membership is made up entirely of residents, and all members regularly attend meetings and carry out the necessary follow-on actions needed to run the co-op. This means, in practice, that members of these housing co-ops are people that take responsibility for the house and neighbourhood that they are living in - and for one another. Many, though not all, of the properties owned by these small fully mutual co-ops provide shared housing. Often in such houses there are arrangements for residents to bulk-buy food, cook and eat together regularly, and organised systems for cleaning and regular maintenance.

Houses in Multiple Occupation

In the private rented sector, this type of accommodation (known as Houses in Multiple Occupation or HMOs), is often aimed towards students, unemployed single people, and other groups with limited economic purchasing power. These people are most vulnerable to exploitation by landlords in terms of potential overcrowding, providing sub-standard facilities, etc.

However, the housing co-operative movement, people often make a conscious choice to live in shared housing, often to minimise energy use and environmental impact, as well as for cost saving reasons.

In this respect, the type of housing provided by housing co-operatives operates very differently to private rented sector HMOs. Here are a few examples:

- Members of a housing co-op will tend to buy, cook, and eat food together often, and bulk-buying and cooking produces a lot less household waste per person than in a typical private sector HMO, where everyone provides for themselves.
- Housing co-ops encourage (and in fact require) the residents of the house to take responsibilities for their actions towards one another, and to the house itself – by extension, this will apply to the immediate neighbourhood also.
- A housing co-operative will have organised procedures for dealing with an occurrence of anti-social behaviour from one of its members. In the event of a neighbour complaining to the co-op about any anti-social behaviour, this is likely to be taken seriously and dealt with.
- The impact of individuals only living in the house for a short period of time is to some extent neutralised by the fact that, even though this may also be the case with a individual within a housing co-op, the housing co-op as a whole has an identity of its own, which goes above and beyond that of the particular individuals living there from time to time. New members joining the co-op can pick up and build upon the work done by their predecessors; in fact, the housing co-op itself is almost like a long-term resident of the neighbourhood.