

Investec offers inner-city key

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Investec Bank will fund an affordable housing development in an inner north-western Adelaide suburb to give key workers, such as teachers, nurses and healthcare workers, the option of buying their apartment after several years of renting.

A minimum of 32 out of 80 apartments in the Bowden development will be offered to so-called key workers, with the remaining units sold to owner-occupiers and investors.

The innovation is the latest in a series of moves to address the problem of affordability that prevents many from obtaining secure accommodation and is compounded by declining levels of state-owned public housing stock. Sustained private-sector financing is crucial to the growth of the social housing sector, which remains in its infancy in Australia.

Under the scheme, overseen by housing provider Community Hous-

ing Ltd (CHL), the Bowden renters, if they meet certain criteria, will pay rent at 75 per cent of the market rate to assist in saving for a deposit and after three years may be eligible to purchase.

"For investors, this affordable housing partnership approach helps reduce an inherently risky investment, residential development, and making the risk, and returns, more akin to an infrastructure investment," Peter Mansfield, Investec Australia's head of power and infrastructure finance said.

"By reducing risk, we can reduce the returns required for these projects to be viable, ultimately resulting in more affordable housing for the community."

With declining real budgets for public housing and a growing need - stoked by social changes such as ever-greater numbers of single-person households - state governments are battling to cope with the demand for

public housing and are falling behind in maintaining their dwellings.

Often they sell off or retire their stock. Nationally, the number of public housing units fell to less than 327,000 in 2010 from 360,000 just three years earlier, figures cited by CHL show.

"It's crucial the Bowden development provides affordable accommodation close to the city for key workers to cater for the city's growing population," said SA Housing and Urban Development Minister Tom Koutsantonis.

Homes are likely to be available for the sale and lease arrangement off the plan from mid-2015 with homes completed for occupation mid-2016.

CHL will provide ongoing support to key worker tenants to maximise the likelihood of transition from renting to home ownership.

In the UK, social housing last year housed 17 per cent of the country's 22 million households.