

FINANCIAL REVIEW

Housing Choices takes on Assemble's affordable portfolio

Michael Bleby

Senior reporter

March 22, 2021

Housing Choices Australia and Assemble Communities have agreed a deal under which the community housing provider will manage the affordable housing component of developer Assemble's planned 3300 new Melbourne homes, and generate income to invest in new key worker dwellings.

Housing Choices will manage about 660, or one-fifth, of the apartments ring-fenced as below-market-rent homes across six new buildings Assemble plans for inner- and middle-ring Melbourne. Most of the homes will be commercial build-to-rent housing targeted at low- to moderate-income households.



Housing Choices Australia managing director Michael Lennon.

Housing Choices' cashflow from rental revenue as well as profit from the equity investment it would make in the projects will give it the funds to acquire a further 440 affordable homes, either in the Assemble projects or in other locations, managing director Michael Lennon said.

“This is the first large-scale build-to-rent in the affordable housing space that has no government cash outlays,” Mr Lennon told *The Australian Financial Review* on Monday.

“Secondly, it’s an important example of a partnership, between a developer consortium, equity partners and a nationally based community housing provider.”

Assemble managing director Kris Daff said third-party funding for the \$1.5 billion project would come from Australian super funds and that he was also in discussion with the federal government’s National Housing Finance and Investment Corporation over senior debt financing.

Mr Daff said he hoped to start work on the first four sites in the second half of this year and on the remaining two sites in the first quarter of next year.

Mr Lennon said Housing Choices would generate \$6 million in surpluses over the first 18 months from the first tranche of projects that would include a site at Carinish Road in south-eastern Melbourne’s Clayton.

The total boost of 1100 homes would lift Housing Choices’ Victorian portfolio of 1947 dwellings by more than 50 per cent.

Mr Daff said his organisation was proud to deliver much-needed long-term rental housing with Housing Choices.

“Our partnership demonstrates how the private and not-for-profit community housing sector can work in unison to deliver real solutions to Australia’s critical housing shortage,” Mr Daff said.