

# FINANCIAL REVIEW

## Nightingale finds a new nest in SA

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Nightingale Housing is expanding into SA with community housing provider Housing Choices Australia in a collaboration that will for the first time build carbon-neutral housing for those on lower incomes.

The five-level building in Adelaide's Bowden, a 16-hectare urban regeneration precinct on the edge of the CBD, will have 34 apartments that will be a mix of below-market-rent affordable housing, for-sale private homes and specialist disability accommodation.



Artist's render of Nightingale Bowden, the sustainability-focused development company's first project in Adelaide.

About half of the \$10 million construction cost will come from the state's South Australian Housing Authority, which will own a portion of the affordable housing units and which will be operated by Housing Choices.

The operator will also tap National Housing Finance and Investment Corporation funding for construction and raise debt finance against its asset portfolio.

“This is a never-before-seen solution to the affordable housing crisis in the sense that you’ve got carbon-neutral residential buildings at the bottom end of the market,” said Housing Choices chief executive Michael Lennon.

“That’s breaking new ground.”

The project, also backed by state development body Renewal SA, will also be the first Green Star-rated Nightingale project. The state government is spending \$400 million to build 1000 affordable homes by 2025.

There is one key difference between the Adelaide project and other projects by Nightingale, which to date have all placed a covenant limiting the resale value of privately owned properties in the building to the average gain of property in the area.

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— Jeremy McLeod, Nightingale founder and architect

The 14 or so units in this building, which will be allocated to buyers by ballot, will not have the same covenant as it was not possible to get local banks and valuers familiar with the planned product in the time available to start the project, Nightingale founder and architect Jeremy McLeod said.

“There’s been a tyranny of time for us,” Mr McLeod said.

“It’s been about not just providing affordable housing and access to housing for first home buyers, it’s been about stimulus for the state.”

In his home city of Melbourne, banks and valuers had four years from completion of the prototype Commons project until the first Nightingale development, so had time to get used to the new type of product and resale values, Mr McLeod said.

“The first project into a new area is the one that works the hardest.”

Mr Lennon said the mix of different housing types in the one building created not only better social and community benefits, but also benefited the provider and its ability to raise finance against it as lenders had greater certainty about the value of the assets.

“To be able to commercialise our assets we need to be in market conditions and not be isolated from them,” he said. “Concentrations of non-market housing will generally not move with the wider market conditions.”