

Conscious puts \$150m into social housing

Michael Bleby

Conscious Investment Management is spending \$150 million to acquire social and affordable housing stock in Melbourne to rent to tenants on Victoria's public housing list.

The investment manager, backed by funders Paul Ramsay Foundation and Future Super, has paired with HousingFirst to acquire up to 307 newly built one- and two-bedroom units that the community housing provider will manage for 10 years under a program subsidised by the Victorian government.

"It's a really well-designed scheme," Conscious Investment Management chief investment officer, Matthew Tominc said.

"If you look at the impact on the state balance sheet, it's substantially lower than making a direct acquisition."

The end of the 10-year National Rental Affordability Scheme – federal government subsidies are due to completely run out by 2026 and are not being renewed – has created a need for an alternative scheme to develop more housing affordable to low-income households and key workers.

Since August CIM has acquired its first 123 apartments, has exchanged contracts or is in negotiations over 100 more and has identified the balance of dwellings that it expects to have acquired by the first quarter of next

year. Some are still under construction.

The CIM-HousingFirst partnership aimed to prove up a model that could be expanded, Mr Tominc told *The Australian Financial Review*.

"This is core to what we do. We hope to, and expect to, do more of this in Victoria and interstate."

Under the scheme, the fund manager receives head lease rent payments, which are topped up by state agency Homes Victoria under the New Rental Development Program.

Mr Tominc declined to quantify the expected yield, but said they would be in line with market-rate returns.

Figures from Domain Group – majority owned by Nine, publisher of the *Financial Review* – show in the June quarter Sydney units offered investors a 3.55 per cent yield and Melbourne units 3.95 per cent.

As an impact investment asset manager, CIM focuses on funding social infrastructure such as specialist disability accommodation and affordable housing that creates positive social and environmental impact.

The apartments will be dispersed within large apartment buildings, with no more than 20 per cent of each building being designated as social and affordable housing.

Housing First chief executive officer Haleh Homaei said the homes being acquired would house more than 500 people.



A newly completed Melbourne apartment building in which Conscious Investment Management has acquired units that HousingFirst will manage.