

- Mar 21 2018 at 7:02 PM
- Updated Mar 21 2018 at 7:02 PM

Mum-and-dad investors go for affordable housing



The future Ivanhoe Estate, the biggest social and affordable housing renewal development in Australia.

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The private mum-and-dad sector has dipped its toes into affordable housing development in Sydney, through a fund set up by private financier Development Finance Partners.

DFP has raised two tranches of equity totalling \$1.1 million through the fund to support the development of an eight-dwelling project in Miranda in Sydney's south, with two of those dwellings allocated for affordable housing. Affordable housing are homes rented to those with lower annual wages and are different to social housing.

Property group, Ashton Rowe which will be developing the homes – all one-bedroom units sized about 50 square metres – will also be handling the rental of the two affordable units.

The project was approved by the local council under the NSW's Affordable Housing State Environmental Planning Policy (SEPP) where a project was given the go-ahead provided that a certain amount of homes were retained for affordable housing rental.

In turn, the developer is awarded incentives such as expanded zoning permissions or floor space ratio bonuses.

"The State Environmental Planning Policy was the enabler," DFP principal Baxter Gamble said.

"We had no trouble raising the funds from private investors. In fact, the demand was such that the raisings were over-subscribed. I believe many investors particularly SMSF trustees find the proposition an attractive option."

The success of the investment meant the pair, DFP and Ashton Rowe plan to continue to roll out two more similar projects in the next twelve months using the same funding arrangements.

"The lack of affordable housing in Sydney, the involvement of private sector developers and investors may be a part of the solution ... with the final objective to create an Affordable Housing Real Estate Investment Trust," Mr Gamble said.

Affordable housing development is fast catching on with the median price of a home in Sydney reaching \$1.2 million. [One of the biggest affordable housing mixed use projects in Australia with 128 homes is the \\$2.2 billion Ivanhoe project in Macquarie Park, Sydney by Mission Australia Housing, Frasers Property Australia and Citta Property Group.](#)

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