


## NATION

# The co-investment housing model giving hope to essential workers

By HELEN TRINCA

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Jeremy and Melissa Dunne with their golden retriever Maisey at their home in Rozelle. Picture: Britta Campion

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Jeremy and Melissa Dunne knew they would never be able to afford a house close to their work in the inner western Sydney suburb of Rozelle where she is a teacher and he runs a Christian ministry.

The couple, in their 40s with three children, moved through eight rentals in 10 years, locked out of the market in a suburb where the median house price is about \$2.3m.

“Renting in Sydney, you are so subject to sudden changes in rent, or even if the landlord decides to repurpose the property,” Mr Dunne said. “You never quite know ...”

Life changed when the couple heard in early 2024 about HOPE Housing, a not-for profit funding initiative designed to help essential workers – like teachers and nurses and first responders – buy their own homes, relatively close to their workplaces.

HOPE runs an impact investment trust using wholesale investors’ money to co-invest in homes. It’s a shared-equity model that dramatically reduces the size of an owner’s mortgage and could well be a template for addressing the housing affordability crisis.

In the Dunnes’ case, HOPE owns 40 per cent of the Rozelle home they moved into in September 2024, while the couple service a regular bank mortgage that covers their 60 per cent share.

HOPE was set up four years ago by private equity banker and philanthropist Tim Sims and has since co-invested in 26 properties in Sydney, with a maximum equity of 50 per cent.

It has raised about \$20m from investors prepared to wait for any profit while their money has a social impact.

HOPE’s goal is to scale up to \$1bn invested in 1200 homes in the next three years.

The Dunnes are listed as owners on the title deeds, but have a contract with HOPE that details the funding arrangement and the expectation that, over time, they will buy out HOPE and own their home outright.

The CEO of HOPE, Philip White, says owners are given the opportunity every year to buy back more equity at the market price. Every three years, there is a formal process to encourage them to re-gear their mortgages, if their incomes have risen, and buy HOPE out.

Last year, homeowners bought back 5 per cent of HOPE equity and that money was recycled into other homes. Investors are advised they could wait from seven to 10 years before a return. As a unit trust, HOPE does not pay tax on the income but investors pay income tax on any profit.

“All the numbers would say that buying back your own residential property is a wise financial decision,” Mr White said. “We don’t push them but we expect that over 10 to 20 years we will get incrementally bought out by a homeowner.



HOPE Housing has helped the Dunnes achieve their home dream. Picture: Britta Campion

“There are also life-changing events that will cause them to want to sell their property – and that’s the other way that we get to realise income.”

An advantage of the HOPE model was that rather than exposure to a single property, investors were exposed to a “small amount of lots of property” with the risk spread over different suburbs and units as well as houses.

“Our target return on the fund is 10 per cent net of fees,” he said.

“We tend to co-invest with essential workers in stronger-performing suburbs. These properties are then looked after because they’re owned and occupied by the essential worker. We think that we can outperform the market, so instead of a 7 per cent return, we can get above 10 per cent.

“We’re a not-for-profit fund manager, so you don’t pay exorbitant fees, and there’s no performance fees.”

Unlike the federal government’s Help to Buy Scheme under which the government contributes up to 40 per cent of the price of new homes and 30 per cent for existing homes, HOPE was not exposed to credit risk.

“We sit with a vertical slice of the house,” he said. “If they default on their home loan, the bank deals with that. We just keep our share.”

Essential workers’ wages were so low that many would continue to need help “and if they can be helped by private capital, that’s a much better solution than the government always stepping in to help.”

He said the scheme should remain targeted: “I don’t think we necessarily want to open this up for everybody to go and buy a house bigger than they can afford just because they can. It should be selective.”

Co-investment was a “much better way to invest in residential property than being a landlord and competing with owner-occupiers and pushing prices up.”

There was an opportunity for government to invest: “We’re not asking for charity, we’re not asking for gifts. But there is an opportunity, if the government likes this model, to help accelerate and grow its impacts much quicker than we will do alone.”



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Helen Trinca writes on cultural, social and economic trends. Her analysis, reporting and feature writing covers workplace, rural issues, technology and popular culture as well as social trends. She is a former senior editor and foreign correspondent and has co-authored and written four books - Better than Sex: How a whole generation got hooked on work; Waterfront: The battle that changed Australia; Madeleine: A life of Madeleine St John; and Looking for Elizabeth: The life of Elizabeth Harrower.

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