



# National Housing Finance and Investment Corporation



The Government will establish a new independent corporate Commonwealth entity, the National Housing Finance and Investment Corporation (NHFIC), to operate an affordable housing bond aggregator and a \$1 billion National Housing Infrastructure Facility (NHIF).

## The issue

The Government will improve housing outcomes by establishing the National Housing Finance and Investment Corporation to administer the bond aggregator and the NHIF.

There are substantial barriers to the community housing sector achieving the scale and capability necessary to meet current and future demand for social and affordable housing. These barriers include limited access to longer term finance - creating the need for regular refinancing - which in turn increases refinancing risk and operational costs for the sector.

The NHIF will seek to address impediments to the supply of housing that are due to a lack of critical infrastructure. Such constraints can include a mismatch between the upfront expenditure and future revenue streams related to infrastructure, and coordination issues relating to the different layers of government regulation and responsibilities.

## The details

The Government will provide \$63 million over four years from 2017-18 to establish and operate the NHFIC.

The NHFIC will have an independent, skills-based Board responsible for making all investment decisions. The NHFIC's activities will be guided by an investment mandate that reflects the Government's expectations for the NHFIC.

The NHFIC's key functions include the provision of loans, investments and grants to improve housing outcomes for Australians. The NHFIC will also provide registered CHPs with support services to assist in developing their capability.

The bond aggregator will improve the efficiency of financing for registered community housing providers (CHPs) by aggregating the lending requirements of multiple CHPs

and financing those requirements by issuing bonds to investors. To provide certainty for bond purchasers and drive better pricing outcomes for CHPs, the Commonwealth will guarantee the NHFIC's liabilities, including issued bonds.

Under the NHIF, \$1 billion in financial assistance is available for critical infrastructure to accelerate the supply of housing, particularly affordable housing. Critical infrastructure can include new or upgraded infrastructure such as water, transportation, sewerage and electricity as well as site remediation works.

The design of the NHFIC and its functions (the bond aggregator and the NHIF) reflects extensive consultation with stakeholders.

Eligibility for the NHIF includes: local governments; local government-owned investment corporations; State, Territory and local government-owned utility providers; registered CHPs; and special purpose vehicles incorporating one of the aforementioned entities. The NHIF is also a perpetual fund to allow it to address housing infrastructure needs on an ongoing basis.

## Timeframe

The NHFIC is expected to be operational by 1 July 2018, subject to the passage of NHFIC's enabling legislation.