



11 April 2018

Committee Secretary
Senate Economics Legislation Committee
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Parliament House
CANBERRA ACT 2600

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By the Inquiry Webpage

Dear Committee Secretary

Re: Submission regarding the Inquiry into the National Housing Finance and Investment Corporation Bill 2018 and the National Housing Finance and Investment Corporation (Consequential Amendments and Transitional Provisions) Bill 2018

Thank you for the opportunity to provide a submission to the Senate Economics Legislation Committee's Inquiry.

Organisational Background

Venture Housing Company Limited (Venture) is a not-for-profit community housing provider (CHP) registered as a Tier 2 Provider under the National Regulatory System for Community Housing (NRSCH) and operates in the Northern Territory of Australia (NT).

Context

Venture currently operates in Darwin and the greater Darwin area (Palmerston) and has various growth projects scoped in Tennant Creek and future projects planned for other key urban centres in the NT. Venture's forward capacity involves the development of approximately \$25M of new build housing in the NT in the next 2-3 years. Venture's strategic directions include affordable rental housing, affordable pathways to home ownership, social housing (specialist and targeted need) and disability housing. Venture's Chief Executive Officer is the NT Director of the Community Housing Industry Association Limited (CHIA) and has maintained a close review of the development of the Bond Aggregator model proposed to be enacted by the National Housing Finance and Investment Corporation Bill 2018 (NHFIC Bill) and the National Housing Finance and Investment Corporation (Consequential Amendments and Transitional Provisions) Bill 2018 (NHFIC consequential amendments bill). She also attended the consultation with The Treasury's Social Policy Division in Darwin last year.

Key Points

Venture makes the following submission to the Senate's Economics Legislation Committee.

- Venture is fully supportive of the introduction of the legislation enacted by the NHFIC Bill, and indeed the fast tracking of the implementation of the NHFIC via the proposed transitional arrangements.
- As CHPs are highly regulated under the NRSCH and as Venture's Objects (and those of other CHPs) require the provision of housing, there is very little risk of nor mechanism for NHFIC funding to be exploited for other outcomes.

- Venture's target is the proactive growth of new supply of housing meeting specific need to those eligible for affordable and social housing. Venture does not have existing debt facilities that are proposed to be simply refinanced. Our requirements are more cost effective and flexible financing options for innovative new housing initiatives, linked through partnerships with the private sector (land owners, builders and developers), local government, the Northern Territory Government, the Commonwealth Government and others.
- Venture's new projects include specialist Indigenous (women's) housing, key worker affordable rental housing, affordable home ownership pathways and disability housing.
- In the NT, building and infrastructure costs are high due to remote locations and limited construction providers. Most clients (tenants) are on lower incomes compared to other jurisdictions in Australia and experience greater disadvantage. Traditional banking partners require significant cross security (up to 2-4 times the value of the actual project) and extended cash flow reserves to meet typical credit lending hurdles. The flexibility of finance (via bond based loans, equity lending, targeted grants [recourse and non-recourse] and other mechanisms proposed via the Bond Aggregator model) will make a significant difference to Venture's ability to assemble viable affordable and social housing supply in the NT.
- Venture will be proactively seeking finance from the NHIFC for one of its Tennant Creek housing initiatives immediately upon its creation and therefore the transitional arrangements are critical.
- The Bond Aggregator (which avails cheaper and more flexible financing options and infrastructure grants/equity) does not solve the fundamental affordable/social housing viability equation (which requires deeper capital and recurrent subsidy), however Venture will link together contributing partners including land donors, equity from Indigenous organisations, local government contributions (in-kind, land, Infrastructure etc.), various government sources, philanthropic donations and other contributions to assemble viable new supply meeting specific need in urban areas of NT which are currently unmet. Finance provided via the NHIFC will aid in this assembly and is critical to our organisation's future and the future of disadvantaged Territorians.
- Venture therefore strongly urges the enactment of the proposed legislation and the fast tracking of the activation of the NHIFC.

Please do not hesitate to contact the undersigned should you require any further information,

Yours sincerely

Jillian Ritherdon
Chief Executive Officer
Venture Housing Company Limited

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