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National Affordable Housing Consortium

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra. ACT 2600

Re: National Housing Finance and Investment Corporation Bill 2018

National Housing Finance and Investment Corporation (Consequential Amendments and Transitional Provisions) Bill 2018

Thank you for the opportunity to make a submission on this important policy initiative.

Summary of overall view:-As per our Submission

- A. NAHC supports the establishment of NHFIC
- B. NHFIC mandate should also include MIT-Affordable Housing
- C. Ongoing and formalised engagement with the CH industry is essential
- D. Bond funds should be more widely available to responsible providers
- E. Government Guarantee is supported
- F. The Board Mandate does not adequately reflect the balance between social policy objectives and the immature Affordable Housing and Community Housing market.
- G. Sourcing the actual rent/capital subsidy, at scale, to apply to Bond Funded affordable housing projects, remains the biggest barrier to the desired policy outcome, hence proposed link to NHHA

Specific recommendations

1. The definition of 'Affordability' and the policy around 'eligible projects' should be determined in consultation with CHIA and other relevant parties and must be flexible enough to promote **wide and varied supply, and recognise that the level and access of subsidy might vary from 'Nil' to substantial**
2. NHFIC mandate should include responsibility for MIT-Affordable Housing [Thus facilitating bigger mixed projects, including Build to Rent and facilitating the appropriate debt-equity mix]
3. The Mandate should enable **Bond Funds to be available to a wider range of responsible providers**, in addition to Registered Community Housing Providers, this should include
 - a. Any ACNC regulated entity
 - b. Any regulated Aged Care or Disability Service Provider
 - c. Any NRAS Regulated Approved Participant
 - d. Any entity operating an approved MIT – Affordable Housing
4. The Board & Mandate. NAHC supports:-
 - a. An independent Board, which should be established as soon as possible
 - b. NHFIC Board enjoying Autonomy under the Approved Mandate

- c. Requiring the Board to set **Annual and 3 yearly targets** for performance and set targets for supply of affordable housing
 - d. An annual **Accountability Report** to Parliament
 - e. The establishment of an **Independent Advisory Committee** representing the Community Housing industry, finance sector and other relevant parties and a formal Engagement Charter between that body and the NHFIC
 - f. Policy and processes to be developed in consultation with the Independent Advisory Committee
 - g. The Government should **establish and directly fund a risk/reserve Fund and Industry Capacity Building Fund**. [Thus not passing on those costs onto affordable housing projects funded by Bonds]
 - h. The Mandate should recognise and support applications from **JV's and SPV's** involving Registered Providers [Plus, if agreed, the other entities set out in 2 above] and third parties, including private sector parties
5. The Mandate should explicitly recognise and seek to balance housing affordability / supply policy objectives and the immaturity of the market, and **therefore not impose restrictive or onerous commercial terms that restrict balanced outcomes**. This includes the setting of ICR, repayment and other terms that may impede affordable housing delivery, and acknowledging in realistic terms the limited availability of security over assets that CHP's can provide beyond those new assets funded by this initiative.

Conclusion

The Mandate should be amended accordingly. Targets and reporting need to be strengthened. Industry needs to be purposefully engaged and the initiative should be more widely available to responsible providers.

With Regards



Mike Myers
Managing Director



Celebrating 9 years:

3,580 new homes built & 100 in the pipeline: \$1.4B in new private investment.
Saving tenants \$19m a year.

