



**Australian Government**



National Housing Finance  
and Investment Corporation

# National Housing Finance and Investment Corporation (NHFIC)

**NHFIC Presentation**

NGAA Webinar

**February 2020**

# NHFIC products



## Australian Government

- \$1b line of credit (AHBA)
- \$1b permanent fund (NHIF)
- Guarantee



## NHFIC

- Independent Board
- Audit and Risk Committee
- Bond Issue and Due Diligence Management Committee
- Credit Committee

**NHFIC's Investment Mandate—to promote social and affordable housing by providing finance to registered CHPs**

### Affordable Housing Bond Aggregator

Origination and transaction functions  
Investment and credit risk assessment functions

### AHBA



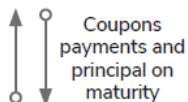
### National Housing Infrastructure Facility

Origination and transaction functions  
Investment and credit risk assessment functions

### NHIF

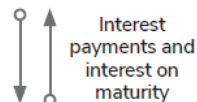


Cash



Bond holders

Loans



Registered CHPs

- General operations
- Construction finance
- Turn-key projects\*
- Term debt



Projects

- Local government
- State government
- CHPs
- Special Purpose Vehicles (SPVs)

\* Turn-key project: A project that is constructed so that it can be sold to any buyer as a completed product.

## NHFIC achievements to date

**\$900m+**

HOUSING LOANS APPROVED



**\$630m**

NHFIC BONDS

**1000+**

NEW DWELLINGS  
SUPPORTED THROUGH THE  
AHBA\*\*



**3800+**

EXISTING DWELLINGS SUPPORTED  
THROUGH THE AHBA\*\*

**\$100m+**

COST SAVINGS OVER 10-YR  
LOAN TERM\*\*



**\$1.5m**

CAPACITY BUILDING PROGRAM

As at 20 November 2019

\*Includes facilities funded by Commonwealth line of credit

\*\* Relates to housing loans closed as at 20 November 2019

# National Housing Infrastructure Facility (NHIF)

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## The NHIF

- The NHIF is a \$1 billion facility that provides finance for eligible infrastructure projects that will unlock new housing supply, particularly affordable housing.
  - The NHIF offers concessional loans and grant funding.
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## Timeline

- July 2019: NHIF Policy Board approval ✓
- September 2019: First NHIF Project Board approval ✓

 **\$1b** (\$830m LOANS + \$170m GRANTS)

# NHIF Eligibility

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## Eligible recipients

- Registered Community Housing Providers
- States or Territory Governments;
- **Local governing bodies, e.g. Councils;**
- Government owned developments corporations or utility providers;
- SPVs including at least on eligible recipient (as above)

## Additionality requirement

- Without NHIF finance the project would not proceed, would proceed at much later date or would have less new affordable housing.
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## Eligible scope

- New or upgraded services infrastructure and site remediation

Infrastructure may include roads, mains reticulation (water, sewer), electrical, communications, stormwater.



# Benefits of NHIF funding

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## Loans

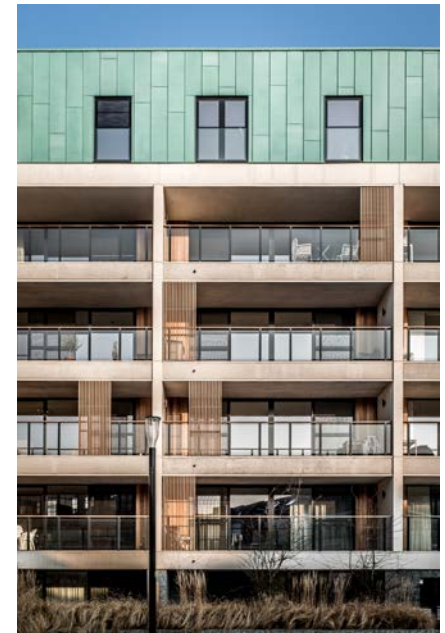
NHFIC may provide, but is not limited to, the following loan concessions:

- a) Longer loan tenor than offered by Commercial Financiers;
- b) Lower interest rates than offered by Commercial Financiers;
- c) Extended periods of capitalisation of interest beyond construction completion;
- d) Deferral of loan repayments or other types of tailored loan repayment schedules; and
- e) Lower or different fee structures than those offered by Commercial Financiers.
- f) Commercial structuring – flexibility in debt structuring e.g. sub debt

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## Grants

Grant proposals seeking other forms of financing from the NHIF as part of a blended financing arrangement are to be preferred



## NHIF eligible scope

| Element                             | Scope Generally   |
|-------------------------------------|---|
| <b>External Stormwater Drainage</b> | To dispose of rain or surface water from the project site.  |
| <b>External Sewer Drainage</b>      | To dispose of soil and wastewater from the project site.  |
| <b>External Water Supply</b>        | Systems to supply water up to new buildings or development sites and up to other major consuming points such as irrigation and ground watering outlets.   |
| <b>External Gas</b>                 | To supply gas up the existing mains infrastructure to the development site or building site and other major consuming points.   |
| <b>External Fire Protection</b>     | To supply fire hydrant and gas or vaporising agent runs up to existing mains infrastructure, external sprinkler systems, and for site connections and connection of fire detection systems between buildings. |
| <b>External Electric Power</b>      | To supply electric power to development sites and/or main distribution boards of buildings and to provide lighting and power to external site areas.  |
| <b>External Communications</b>      | To provide external communication cables to terminating frames of buildings and to provide communication systems between buildings and to external site areas.  |
| <b>Remediation</b>                  | To remediate or remove off site contaminated / hazardous spoil to enable works on site  |
| <b>Transport Infrastructure</b>     | To provide transport connections linking sites to existing transport infrastructure   |

# NHIF – Case Study

## Project Metrics

- 24 Ha site within 15km of CBD
- State Govt. & Private Developer Partnership
- 1,500 dwellings delivered including;
  - 300 Social
  - 150 Shared Equity
  - 150 Affordable Rental
  - 450 Affordable Sale
  - 450 Market Sale
- \$550m Total Development Cost

## Additionality

- NHIF funding would allow early works to start c.4 years earlier than programed
- NHIF grant will allow for an increased number of social dwellings

## Infrastructure & Remediation scope

- \$5.4m – Services Infrastructure
- \$4.1m – Transport Infrastructure
- \$3.7m – Remediation
- \$13.2m NHIF facility

## Concessions offered

- Concessional loan of \$ 9.2m (70%)
- Grant of \$ 4.0m (30%)
- Loan tenor of 6 years
- Interest capitalised for 6 years

**4 years**

START DATE BROUGHT  
FORWARD

**1,500**

DWELLINGS  
UNLOCKED

**70%**

SOCIAL &  
AFFORDABLE MIX

**\$9.2m**

NHFIC CONCESSIONAL  
LOAN

**\$4.0m**

NHFIC GRANT





## NHIF Finance

### What is the National Housing Infrastructure Facility (NHIF)?

The NHIF is a \$1 billion facility that provides finance for eligible infrastructure projects that will unlock new housing supply, particularly affordable housing. The NHIF offers concessional loans, grants and equity investments.

To be eligible for financing, an applicant must demonstrate that without NHIF finance its project would be:

- unlikely to proceed
- likely to proceed only at a much later date, or with a lesser impact on new affordable housing

The terms of NHIF financing are flexible with a range of concessions available to suit the applicant's project requirements. These may include:

- concessional interest rates
- longer loan tenure or extended period of capitalised interest.

### Who is eligible for NHIF finance?

Recipients eligible for NHIF finance may include:

- Registered community housing providers
- State or territory governments or government-owned development corporations or utility providers
- Local governments or their investment corporations or utility providers
- Incorporated special purpose vehicles that have at least one eligible foundation member (as above).

### What can NHIF finance be used for?


- New or upgraded infrastructure for services such as stormwater, sewerage, water, gas, electricity, telecommunications or transportation (including roads)
- Site remediation works including the removal of hazardous waste or contamination
- Onsite and linking infrastructure.

### What can't NHIF finance be used for?

We won't provide financing through the NHIF for:

- Housing itself or community infrastructure such as parks, day-care centres or libraries
- Acquisition or refinancing of land holdings, leases or contributions
- Feasibility, scoping or planning studies or consultancy costs
- Administrative costs associated with a project.

### What is the application process?



**STEP 1**  
Consider the NHIF Guidelines



**STEP 2**  
Submit an EOI via the NHIF website



**STEP 3**  
NHIF Origination team will contact you to discuss your EOI



**STEP 4**  
Submit a formal NHIF application



**STEP 5**  
NHIF access the application and determines key financing terms and conditions



**STEP 6**  
NHIF notifies you of the outcome in writing

**Where can I find out more?**

-  [nhfc.gov.au](http://nhfc.gov.au)
-  [inquiries@nhfc.gov.au](mailto:inquiries@nhfc.gov.au)
-  1800 549 767

**Need help applying for NHIF finance?** If you are a tier 2 or 3 CHP you may qualify for our Capacity Building Program which provides grants for professional advisory services to assist in applying for NHIF finance.

Find out more at <https://www.communityhousing.com.au/nhif-capacity-building-program/>



### What is the Affordable Housing Bond Aggregator (AHBA)?

The AHBA provides low cost, long-term finance to registered community housing providers (CHPs) to support the provision of more affordable and social housing.

### Who is eligible for an AHBA loan?

You must be a CHP registered under a State or Territory scheme who has:

- An ABN; and
- A bank account with an authorised deposit-taking institution.

### What can an AHBA loan be used for?

- Acquiring new housing stock
- Constructing new housing stock
- Maintaining existing housing stock
- Assisting with working capital requirements and/or general corporate requirements
- Refinancing existing debts

Mixed tenure developments may also be considered subject to lending criteria.

### What documents are needed to support an application?

Documents you will need to accompany an AHBA loan application include but are not limited to:

- CHP registration and compliance
- Evidence the loan supports affordable housing outcomes
- Demonstrated financial viability
- Details of assets offered as security
- Details of any private sector finance
- Details of any government assistance or support

### What is the application process?



**STEP 1**  
Submit an EOI via the NHIF website



**STEP 2**  
NHIF Origination team will contact you to discuss your EOI



**STEP 3**  
Submit an application



**STEP 4**  
NHIF assesses the application



**STEP 5**  
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# Questions

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