Establishing the National Housing Finance and Investment Corporation

The Government will establish the National Housing Finance and Investment Corporation (NHFIC) to operate an affordable housing bond aggregator to encourage greater private and institutional investment and provide cheaper and longer-term finance to registered providers of affordable housing.

The issue

The Government recognises that greater private and institutional investment is needed to expand the community housing sector and provide more Australians with access to affordable rental housing.

The NHFIC will operate an affordable housing bond aggregator to provide cheaper and longer term finance for community housing providers by aggregating their borrowing requirements and issuing bonds into the wholesale market at a lower cost and longer-term than traditional bank finance.

The benefits of accessing finance more efficiently will allow community housing providers to reinvest into expanding the supply of affordable housing.

This will help to improve outcomes for social housing and homelessness.

The NHFIC will also administer the $1 billion National Housing Infrastructure Facility (NHIF) (see fact sheet 1.2).

The details

The Government will provide an initial $9.6 million in 2017-18 to establish the NHFIC, which will commence operations from 1 July 2018.

The Government will settle the final details of the NHFIC following advice from the Affordable Housing Implementation Taskforce, due by mid 2017.

Stakeholders from the finance, community housing, developer and government sectors have shown strong support for a bond aggregator.

The bond aggregator model has been successfully implemented in the United Kingdom through The Housing Finance Corporation (THFC) which administers £5 billion in loans to housing associations.

The NHFIC will also administer the NHIF, a five-year $1 billion facility that will provide local governments with concessional loans, grants and equity to finance critical infrastructure required to deliver more housing supply sooner.