



Housing Australia

# Housing Australia GUIDELINES

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For National Housing Infrastructure Facility (Housing  
Australia)  
Critical Infrastructure (CI) Projects

December 2022



## NHIF CI FINANCE AT A GLANCE ...

### WHAT'S ON OFFER?

- Concessional loans and grants in respect of projects that will provide critical infrastructure to support new housing, particularly new affordable housing.
- Applicants can apply for a loan alone, a combination of a loan and grant, or in exceptional circumstances a grant alone.
- The concessions that can be offered are limited to the minimum necessary for a project to proceed in the proposed time frame. These are determined on a case-by-case basis.

### WHO CAN APPLY?

To be eligible for NHIF CI Finance an Applicant must be:

- an Australian State or Territory
- a local governing body as defined in section 4 of the Local Government (Financial Assistance) Act 1995 (Cth)
- a local government-owned investment corporation or utility provider that is a corporation engaged in substantial financial or trading activities
- a State government-owned utility provider that forms part of the State or that is a corporation engaged in substantial financial or trading activities
- a Territory government-owned utility provider;
- a registered community housing provider; or
- an entity that is a special purpose vehicle,

and the Applicant's project must be an Eligible Project (as further described in these guidelines).

### WHAT CAN NHIF CI FINANCE BE USED FOR?

NHIF CI Finance can only be provided for projects that:

- would provide critical infrastructure to support new housing, particularly new affordable housing;
- would not in themselves provide housing;
- would not provide community infrastructure such as parks, day-care centres or libraries; and
- would be unlikely to proceed, would not proceed for some time or would proceed with a lesser impact on new affordable housing, without NHIF CI Finance.

### WHAT ARE THE FIRST STEPS TO APPLY FOR NHIF CI FINANCE?

Applicants interested in accessing NHIF CI Finance should read these guidelines. Applicants may wish to contact the Housing Australia to discuss their individual circumstances before deciding whether to apply. The Housing Australia may be contacted on 1800 549 767 or via email at [enquiries@housingaustralia.gov.au](mailto:enquiries@housingaustralia.gov.au).

Applicants should first complete and submit an Expression of Interest (EOI) Form, which will be available on the Housing Australia website ([www.housingaustralia.gov.au](http://www.housingaustralia.gov.au)) or upon request from the Housing Australia. The supporting documentation required to accompany a NHIF CI Finance application are outlined in these guidelines and the relevant application forms.

## STRUCTURE OF THESE GUIDELINES

These guidelines contain information about:

- the eligibility requirements for NHIF CI Finance;
- how to apply for NHIF CI Finance; and
- the process the Housing Australia will follow when making a financing decision, (together, Part A);

as well as requirements specific to applications for:

- NHIF CI Loans (Part B);
- NHIF CI Grants (Part C); and
- NHIF CI Equity Investments (Part D).

These guidelines do not cover financing provided by the Housing Australia through the Affordable Housing Bond Aggregator (AHBA). Community housing providers interested in refinancing, housing development finance or property acquisition finance should refer to the AHBA guidelines on the Housing Australia website.

Applicants are encouraged to read this document before applying for a NHIF CI finance. Before applying for NHIF Finance, or making any decisions in relation to NHIF Finance, the Housing Australia recommends that Applicants seek advice from their legal, business, tax and financial advisors.

Terms that are capitalised in these guidelines are defined in the Glossary at the end of the document.

# CONTENTS

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<b>PART A – OVERVIEW OF THE NHIF .....</b>	<b>1</b>
1. OBJECTIVES OF THE Housing Australia AND THE NHIF .....	1
2. PROJECTS ELIGIBLE FOR NHIF CI FINANCE.....	2
3. WHO IS ELIGIBLE TO APPLY FOR NHIF CI FINANCE? .....	4
4. REGULATORY REQUIREMENTS FOR NHIF CRITICAL INFRASTRUCTURE WORK .....	5
5. FUNDING AVAILABILITY.....	6
6. HOW TO APPLY .....	6
7. HOW APPLICATIONS ARE ASSESSED .....	9
8. CONFLICTS OF INTEREST .....	10
9. NOTIFICATION OF NHIF FINANCE DECISIONS .....	10
10. APPLICANT RESPONSIBILITIES.....	11
11. CONFIDENTIALITY AND PROTECTION OF PERSONAL INFORMATION.....	12
12. DISCLAIMER .....	13
13. EVALUATION .....	13
14. REVIEW OF GUIDELINES.....	13
<b>PART B – NHIF CI LOANS.....</b>	<b>13</b>
15. KEY FEATURES OF A NHIF CI LOAN.....	13
16. LOAN ASSESSMENT CRITERIA.....	14
17. LOAN CONDITIONS .....	19
<b>PART C – NHIF CI GRANTS.....</b>	<b>21</b>
18. KEY FEATURES OF A NHIF CI GRANT .....	21
19. GRANT ASSESSMENT CRITERIA .....	21
20. GRANT CONDITIONS.....	25
<b>PART D – NHIF CI EQUITY INVESTMENTS .....</b>	<b>27</b>
21. INVESTMENT DECISIONS .....	27
22. HOW EQUITY INVESTMENT APPLICATIONS WILL BE ASSESSED .....	28
<b>GLOSSARY .....</b>	<b>31</b>



# PART A – OVERVIEW OF THE NHIF

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## 1. OBJECTIVES OF THE Housing Australia AND THE NHIF

The Australian Government has established the Housing Australia under the *Housing Australia Act 2018* (Cth) (**Housing Australia Act**) to improve housing outcomes for Australians by:

- strengthening efforts to increase the supply of housing;
- encouraging investment in housing, in particular in the social or affordable housing sector;
- providing finance, grants or investments that complement, leverage or support Commonwealth, State or Territory activities that relate to housing; and
- contributing to the development of the scale, efficiency and effectiveness of the community housing sector in Australia.

To achieve these outcomes, the Housing Australia is responsible for administering the Affordable Housing Bond Aggregator and the National Housing Infrastructure Facility (the **NHIF**). These guidelines set out the requirements for accessing finance under the housing enabling critical infrastructure limb of the NHIF (**NHIF CI**).

The NHIF was established in 2018 as a \$1 billion facility which comprises:

- up to \$175m for NHIF grants (or \$35m each year over 5 years)
- up to \$825m for concessional loans and equity finance which will form part of a revolving permanent fund (with \$165m to be appropriated each year for the first 5 years of the scheme).

The NHIF facility can be used to provide concessional loans, grants and equity investments to facilitate (i) the critical infrastructure needed to accelerate new housing supply, particularly affordable housing, and (ii) the delivery of new social and affordable housing. There are separate guidelines dealing with applications for NHIF finance for social and affordable housing (**NHIF SAH**).

The provision of NHIF finance is subject to sufficient funds being available each financial year. All available funds in the NHIF can be used for either NHIF CI or NHIF SAH projects.

Eligible social and affordable housing projects may be funded through a loan alone, a combination of a loan and grant, or in exceptional circumstances a grant alone. NHIF CI Finance is intended to complement and not duplicate or replace private commercial finance or funding from other government or non-government sources.

The provision of NHIF CI Finance is governed by the requirements and constraints of the Housing Australia Act and the Investment Mandate made by the Housing Minister under section 12 of the Housing Australia Act. The Investment Mandate directs Housing Australia on the performance of its operations in a range of areas and specifies requirements in relation to the provision of NHIF Finance.

## 2. PROJECTS ELIGIBLE FOR NHIF CI FINANCE

### 2.1 Eligible Projects

Projects that are eligible for NHIF CI Finance must:

- provide critical infrastructure to support new housing (particularly new affordable housing); and

- demonstrate “additionality” that is, the project would be unlikely to proceed, or would be likely to proceed only at a much later date, or with a lesser impact on new affordable housing, without financing provided by the Housing Australia.

Examples of Eligible Projects that may be funded by the NHIF include (but are not limited to):

- new or upgraded infrastructure for services such as water, sewerage, electricity, telecommunications or transportation; and
- site remediation works including the removal of hazardous waste or contamination.

NHIF CI Finance is not confined to funding Eligible Projects up to the boundary line of housing developments. It can include funding for linking infrastructure and/or new or upgraded infrastructure within the construction site of a housing development project, provided that all the Assessment Criteria are met.

Further, NHIF CI Finance is not limited to financing infrastructure projects that support new affordable housing. An increase in the supply of housing generally may also attract NHIF CI Finance. This could include funding for infrastructure that supports the construction of mixed housing developments (which offer accommodation for people with a range of income levels). However, while this is the case, the impact on the supply and retention of affordable housing will be an important consideration that the Housing Australia Board will take into account in deciding whether or not to finance a particular project. In making investment decisions, the Housing Australia Board will also consider portfolio diversity issues with the aim of ensuring there is a national spread of NHIF funded projects.

Applicants should be aware that finance provided under the NHIF CI does not include any funding for future maintenance or upgrades to a project. Applicants must take into account the costs (including future costs) that may arise in relation to the construction of the project.

Successful Applicants are responsible for ensuring that their project complies with all legal requirements set out in any relevant Commonwealth, State or Territory legislation and regulations. Applicants should also be aware of any common law requirements that may apply to, or affect, their application for NHIF Finance or the relevant Eligible Project.

To address the “additionality” requirement, Applicants will be required to demonstrate that their proposed project would be unlikely to proceed, or would be likely to proceed only at a much later date, or with a lesser impact on new affordable housing, without NHIF Finance. Parts B, C and D of these guidelines include examples of the way in which this additionality requirement can be satisfied in the context of NHIF CI Finance. The EOI Form will list evidence that Applicants can provide in support of an additionality claim.

## 2.2 Eligible locations

The NHIF is a national scheme. Eligible Projects must provide for critical housing-enabling infrastructure within Australia.

## 2.3 What NHIF CI Finance cannot be used for

NHIF CI Finance is not available for funding:

- housing directly; or
- community infrastructure (for example, parks, day-care centre or libraries).

In addition, NHIF CI Finance cannot be used for any of the following activities:

- a private benefit or purpose unrelated to the provision of critical infrastructure for new housing;
- feasibility, scoping or planning studies, including those that may lead to later construction for infrastructure;
- projects that would proceed without NHIF CI Finance;
- costs incurred in the preparation of a NHIF CI Finance application or related documentation;
- administrative costs associated with a project;
- the covering of retrospective costs or costs incurred or accrued before NHIF Finance is approved; and
- any other expenditure that is ineligible for NHIF CI Finance as specified in the Finance documents.

### 3. WHO IS ELIGIBLE TO APPLY FOR NHIF CI FINANCE?

#### 3.1 Eligible Applicants

To be eligible for NHIF CI Finance, Applicants must be one of the following:

- an Australian State or Territory;
- a local governing body as defined in section 4 of the *Local Government (Financial Assistance) Act 1995* (Cth);
- a local government-owned investment corporation or utility provider that is incorporated and engages in substantial trading or financial activities;
- a State government-owned utility provider that forms part of the State;
- a utility provider that is incorporated and engages in substantial trading or financial activities;
- a Territory government-owned utility provider;
- a registered community housing provider; or
- an entity that is a special purpose vehicle (see further discussion in section 3.2, Part A of these guidelines).

Eligible Applicants must also:

- have an Australian Business Number (ABN);
- have an account with an Australian financial institution; and
- be legally constituted and exist at the date of the NHIF application or, in the case of special purpose vehicles, demonstrate that they will be legally constituted by the time any Facility Agreement is entered into.

## 3.2 Special purpose vehicles

A special purpose vehicle (**SPV**) is eligible for NHIF CI Finance where:

- it has at least one member of the SPV that is an eligible proponent (as listed above in section 3.1, Part A of these guidelines) (the **Underlying Eligible Member/s**); and
- it has a purpose of undertaking housing-enabling infrastructure projects;

The Underlying Eligible Member/s must be an entity that has an ownership or participation interest in the SPV (for example, as shareholder in an SPV company or partner in an SPV partnership). When making a financing decision, the Housing Australia Board will consider the extent to which an SPV's Underlying Eligible Member/s are involved in the project over its duration.

Where an SPV makes an application for NHIF CI Finance, the SPV must nominate one of the Underlying Eligible Member/s as the Lead Organisation that will submit the NHIF CI application and be the principal point of contact in relation to the application.

As there are restrictions on the types of eligible recipients for NHIF CI Finance, Applicants are encouraged to contact the Housing Australia about their proposed project and their eligibility to apply for NHIF CI Finance, particularly where the Applicant is an SPV.

## 4. REGULATORY REQUIREMENTS FOR NHIF CRITICAL INFRASTRUCTURE WORK

Building work funded by the Housing Australia is subject to all relevant Commonwealth, State or Territory work health and safety laws. This includes the Australian Government Building and Construction WHS Accreditation Scheme (**the Scheme**).

The Scheme is administered by the Office of the Federal Safety Commissioner. It applies to companies who intend to enter into head contracts for building work that are funded directly or indirectly by Australian Government agencies, subject to financial thresholds.

Building work includes, amongst other things, work on:

- buildings, structures or works that form part of land; and
- preparatory/ finishing operations

The head contractor will need to be accredited under the Scheme if:

- the head contract for the building work is greater than \$4 million; and
- the total value of the NHIF CI Finance contribution to a project is at least \$6 million and represents at least 50 per cent of the total construction project value;

or,

- the total value of the NHIF CI Finance contribution to a project is \$10 million or more, irrespective of the proportion of NHIF CI Finance to the total construction project value.

It is important that Applicants ensure they are familiar and can comply with the obligations that may arise for them and their contractors, in relation to Eligible Projects funded under the NHIF CI. In particular:

- any company that is to be engaged as the head contractor for building works may be required to be accredited under the Scheme, at the time at which tenders for the relevant contract are called; and
- where no tender process is to be conducted for the head contract, these requirements would instead apply from the time when an Applicant enters into a contract with a contractor for this work.

For detailed information on the Scheme, Applicants should visit the website of the Federal Safety Commissioner, at [www.fsc.gov.au](http://www.fsc.gov.au).

## 5. FUNDING AVAILABILITY

The NHIF is a \$1 billion facility which comprises:

- up to \$175 million for NHIF grants (\$1.5 million of which may be used to provide support to registered community housing providers in the form of capacity building activities); and
- up to \$825 million for concessional loans and equity finance which will form part of a revolving permanent fund (with returns on loans and equity investments to be reinvested).

The provision of NHIF finance is subject to sufficient funds being available each financial year. All available funds in the NHIF can be used for either NHIF CI or NHIF SAH projects. If NHIF funds are fully allocated in a financial year, no further applications for NHIF Finance will be considered in that financial year. Notification of the early closure of the NHIF will be published on the Housing Australia website, at [www.housingaustralia.gov.au](http://www.housingaustralia.gov.au), and those who have already lodged an application will be advised in writing. If NHIF Finance is available in a subsequent financial year, Applicants (that were unable to receive NHIF Finance due to the exhaustion of NHIF funds in the current financial year) may reapply for NHIF Finance in the following financial year.

## 6. HOW TO APPLY

Application requirements for a NHIF CI Finance are set out in this section of these guidelines.

Application requirements for NHIF Equity Investments are set out in Part D of these guidelines.

## 6.1 Submission of an EOI Form for a NHIF CI Finance

To apply for NHIF CI Finance, Applicants should first complete the EOI Form, which is available on the Housing Australia website or upon request from the Housing Australia.

The Housing Australia may be contacted on 1800 549 767 or via email at [enquiries@housingaustralia.gov.au](mailto:enquiries@housingaustralia.gov.au).

Completed EOI Forms can be submitted to the Housing Australia via email to [enquiries@housingaustralia.gov.au](mailto:enquiries@housingaustralia.gov.au) or by mail to Level 10, Export House, 22 Pitt Street, Sydney, NSW, 2000.

An EOI Form is expressly not an application or proposal for NHIF CI Finance and does not require the Housing Australia to make any financing decision nor a decision not to provide finance.

The EOI Form will request the following details from Applicants:

- completion of an eligibility checklist, including the Applicant's details and evidence that the Applicant meets the eligibility criteria as specified in the EOI Form;
- details of the NHIF Finance sought by the Applicant;
- details of the proposed project; and
- the Applicant's financial statements.

This preliminary information will allow a Housing Australia originator to assist an Eligible Applicant with advancing their NHIF application. The Housing Australia will treat business information received from an Eligible Applicant at each stage of the application process as confidential.

Once an EOI Form is submitted, a Housing Australia originator will be in contact with the Applicant to further discuss their finance proposal, including guidance on specific project information to be supplied by the Applicant to support their application for a NHIF CI Loan and/or NHIF CI Grant.

## 6.2 Requirements to submit an application

To apply for NHIF CI Finance (once an EOI Form has been submitted), Applicants must:

- complete the Application Form provided by the Housing Australia originator;
- provide all the information requested in the Application Form and these guidelines;
- address all the Assessment Criteria and (for NHIF CI Loans) provide evidence of the Applicant's ability to repay the loan; and
- submit their application to the Housing Australia through a Housing Australia originator, along with all required supporting documentation.

Applicants are responsible for ensuring that their applications are complete and accurate. Giving false or misleading information is a serious offence under the Criminal Code Act 1995 (Cth). The Housing Australia will investigate any false or misleading information and may exclude applications from further consideration.

Only fully completed expressions of interest and applications that address the Eligibility Criteria and Assessment Criteria will be accepted. If not fully completed, applications may be deemed to be non-compliant and may not be considered for NHIF CI Finance. If Applicants wish to amend their EOI or application after submitting it, they should contact the Housing Australia immediately using the contact details specified in section 6.1, Part A of these guidelines.

Following the submission of an Application Form, Housing Australia may require the Applicant to provide further information or clarification in respect of its application. However, neither the Housing Australia nor any Housing Australia originator is obliged to develop any relevant application.

Applicants should keep a copy of their EOI, formal application and any supporting documents.

### 6.3 Supporting documentation and other information

These guidelines set out some specific information and documents that Applicants are required to provide. In order for the Housing Australia's assessment process to be completed as thoroughly and expeditiously as possible, the Housing Australia may also request Applicants to provide other available documentation in support of their application, such as:

- project appraisal and supporting financial model, working plans, design documentation and engineering plans, specifications for the construction of the works, as well as any feasibility studies and construction programs and budgets prepared in relation to the Eligible Project;
- any independent audit, accounting, taxation, or similar reports prepared in relation to the financial models or other analysis required by these guidelines;
- any environmental assessments, planning approvals or audit reports in respect of the Eligible Project;
- any due diligence reports (legal, technical or other) prepared in relation to the Eligible Project;
- valuations of any property for the Eligible Project (including "as is" value, "as if complete" value and "on completion" value), and due diligence in respect of the property;
- copies or details of any authorisations, consents, approvals, licences, exemptions, filings or registrations in respect of the Eligible Project; and
- copies of any equity, debt finance and project arrangements applicable to the Eligible Project or the Applicant.

## 6.4 Further information and checks

The Housing Australia may request further information from an Applicant to assess their application. If the Housing Australia finds an error or information that is missing, it may ask for clarification or additional information from the relevant Applicant. The Housing Australia may also liaise with Applicants, their commercial financiers and professional advisers as required to confirm and verify the evidence and information provided by Applicants as part of their application.

In assessing an EOI Form and/or an Application Form, the Housing Australia reserves the right to conduct further checks to verify the information provided by the Applicant and use information from:

- Commonwealth agencies or departments, such as the Australian Taxation Office and the Australian Securities Investments Commission;
- State or Territory agencies;
- law enforcement agencies;
- credit reference agencies;
- courts or tribunals;
- referees; or
- any other appropriate organisation or person reasonably required as part of these checks.

## 7. HOW APPLICATIONS ARE ASSESSED

In administering the NHIF CI Finance, the Housing Australia will apply commercial discipline to assess and decide on applications in accordance with these guidelines, the Housing Australia Act and the Investment Mandate.

### 7.1 Applications for NHIF CI Loans and Grants

The Housing Australia will assess applications for NHIF CI Loans and NHIF CI Grants against the relevant Eligibility Criteria and Assessment Criteria in place at the time the application is lodged, noting that these criteria may be reviewed and updated in the future.

The Housing Australia will consider eligible applications through a non-competitive priority process based on the order of receipt. The Housing Australia will consider each application on its merits, based on how well it meets the Eligibility Criteria and Assessment Criteria contained in these guidelines.

Offers for NHIF CI Finance will also be based on the availability of funds at the direction of the Housing Australia. As the funds available are capped, Applicants should note that lodging an application does not guarantee they will receive NHIF Finance.

Applicants should seek advice from their legal, business and financial advisors before applying for NHIF CI Finance. Applicants are responsible for all costs incurred in the preparation and lodgement of their application.

## 7.2 Applications for NHIF CI Equity Investments

Eligible Applicants with an investment proposal should engage with the Housing Australia early in the development phase of the proposal.

To assist the Housing Australia's initial review of a proposed project, Eligible Applicants will be required to provide some initial high-level enquiry information. Details of the information to be provided, and the assessment process that applies to applications for NHIF CI Equity Investments, are set out in Part D of these guidelines.

## 8. CONFLICTS OF INTEREST

Conflicts of interest can adversely affect the performance, integrity and implementation of programs such as the NHIF. For example, a conflict of interest, or perceived conflict of interest, could arise if the Applicant, or any personnel of an Applicant:

- has a professional, commercial or personal relationship with a party who is able to influence the NHIF application process, such as a member of the Housing Australia Board or the Housing Australia's assessment staff; or
- has a relationship with or interest in, an organisation, which is likely to interfere with or restrict an Applicant from carrying out the proposed project.

Applicants will be asked to declare, as part of their application, any perceived, potential or existing conflicts of interests, or that, to the best of the Applicant's knowledge, there is no conflict of interest.

If an Applicant later identifies an actual, apparent, or perceived conflict of interest, they must inform the Housing Australia in writing immediately.

The Housing Australia will take all reasonable measures to appropriately manage any conflicts of interest and ensure that the assessment and decision-making in relation to NHIF CI applications is undertaken without bias.

## 9. NOTIFICATION OF NHIF FINANCE DECISIONS

### 9.1 Notification of finance decisions and publication of other information

The Housing Australia will notify Applicants of the outcome of their application in writing, including reasons for a decision to decline an application.

Subject to commercial confidentiality, within 6 months of making a financing decision, the Housing Australia will publish the following information in relation to successful finance applications on the Housing Australia website:

- the name of the Applicant;
- the goods or services involved;
- the location of the project;

- the financing mechanism used; and
- the amount of the financing mechanism.

## 9.2 Finance decisions

The Housing Australia's decision in relation to NHIF CI Finance is final in all matters, including:

- the approval of the NHIF CI Finance;
- the approved NHIF CI Finance amount(s); and
- the terms and conditions of the NHIF CI funding.

Successful Applicants for NHIF CI Loan funding, or NHIF CI Loan and Grant funding will be required to sign a Facility Agreement, Common Terms Agreement and other relevant finance documents with the Housing Australia which will set out the terms and conditions of the NHIF CI funding, including the requirement for the Applicant to provide sufficient and satisfactory security in respect of a NHIF CI Loan.

The negotiation and finalisation of these documents, in forms acceptable to the Housing Australia, will be a condition precedent to the success of any NHIF CI Finance application.

If an Applicant incurs any costs or expenses (for example, by starting its project) before the Applicant and the Housing Australia have executed all required Housing Australia finance documents, the Applicant does so at its own risk. No binding contract (including a process contract) or other understanding (including, without limitation, any form of contractual, quasi-contractual, restitutionary or promissory estoppel rights, or rights based upon similar legal or equitable grounds) will exist between the Housing Australia and an Applicant, nor will there be any obligation on the Housing Australia's part to provide NHIF Finance to an Applicant, unless and until the parties have entered into all required Housing Australia finance documents.

Successful Applicants will be required to pay any 'out of pocket' expenses and transaction costs associated with establishing the NHIF CI Loan, NHIF CI Grant or NHIF CI Equity Investment (for example, mortgage registrations, title searches, personal property securities register searches and registrations, personal and corporate background checks, legal and other professional fees).

## 10. APPLICANT RESPONSIBILITIES

Applicants are responsible for:

- ensuring they have read and understood the guidelines and all documents referred to in these guidelines;
- ensuring any document or information they provide to the Housing Australia (including their application) is complete and accurate;
- all costs associated with the preparation and lodgement of their application; and
- ensuring their project complies with all legal requirements set out in any relevant Commonwealth, State or Territory legislation and regulations.

Successful Applicants are responsible for ensuring they have read and understood all aspects of the NHIF Finance documents (including the Facility Agreement, Common Terms Agreement, relevant security documents, and any other associated documents) provided by the Housing Australia.

Applicants should seek advice from their legal, tax, financial and/or other professional advisers.

## 11. CONFIDENTIALITY AND PROTECTION OF PERSONAL INFORMATION

Subject to the disclosures permitted below, the Housing Australia will treat information supplied to it by Applicants as confidential.

The Housing Australia will treat personal information in an application in accordance with the Australian Privacy Principles and the *Privacy Act 1988* (Cth). This includes letting Applicants know:

- what personal information the Housing Australia collects;
- why the Housing Australia collects the personal information; and
- who the Housing Australia gives the personal information to.

An Applicant's personal information can only be disclosed to someone else if the Applicant is given reasonable notice of the disclosure and:

- where disclosure is authorised or required by law or is reasonably necessary for the enforcement of the criminal law; or
- if it will prevent or lessen a serious and imminent threat to a person's life or health; or
- if the Applicant has consented to the disclosure.

By submitting an EOI Form and any subsequent Application Form, an Applicant consents to the Housing Australia using and disclosing information submitted as part of the application for the purpose of administering the NHIF and assessing the application and acknowledges that disclosure of information may occur where authorised or required by law, or where the information is already in the public domain.

They also consent to the Housing Australia disclosing personal and confidential information to:

- the Australian Taxation Office for compliance purposes;
- the Housing Australia Board, any assessment committee of the Housing Australia and other Housing Australia employees and contractors to help the Housing Australia manage the NHIF effectively;
- the Housing Australia's employees and contractors so the Housing Australia can research, assess, monitor and analyse the NHIF and activities;
- employees and contractors of the Commonwealth and other Commonwealth agencies for any purposes, including government administration, research or service delivery;
- the Commonwealth, other Commonwealth, State, Territory or local government agencies in program reports and consultations;

- the Auditor-General, Ombudsman or Privacy Commissioner; and
- a Minister, House or a Committee of the Australian Parliament.

The finance and security documents relating to the provision of NHIF Finance will also include confidentiality provisions, which will apply to confidential information in connection with the NHIF Finance and any arrangements expressly identified therein. An Applicant must identify any information contained within its EOI and Application Forms which it considers should be treated as confidential should it ultimately enter into a Facility Agreement with the Housing Australia and provide reasons for the request. The Housing Australia reserves the right to accept or refuse a request to treat information as confidential.

## 12. DISCLAIMER

The Housing Australia and the Australian Government are not liable for any cost, loss or damage however caused (including negligence on the part of the Housing Australia or the Australian Government) that is suffered or incurred by any person as a consequence of any matter or thing relating to, or incidental to their reliance on these guidelines, any enquiry made by them or their participation in the application process or provision of information in respect of the NHIF, including without limitation, instances where the Housing Australia:

- varies or terminates all or any part of any assessment process or any negotiations with an Applicant; or
- exercises or fails to exercise any of its other rights under, or in relation to these guidelines or the NHIF.

The Housing Australia and the Australian Government will not be responsible for any costs or expenses incurred by Applicants in their dealings with the Housing Australia, the NHIF or any Housing Australia originator (including any costs or expenses incurred in preparation or lodgement of an EOI Form, an Application Form or in taking part in any application process).

## 13. EVALUATION

The Housing Australia may conduct periodic evaluations to determine the extent to which NHIF Finance is contributing to Australian Government policy objectives and the objects of the Housing Australia Act.

## 14. REVIEW OF GUIDELINES

The Housing Australia may review, revoke or vary these guidelines at any time and without notice. Where these guidelines are to be modified or varied, revised guidelines will be published on the Housing Australia website.



## PART B – NHIF CI LOANS

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### 15. KEY FEATURES OF A NHIF CI LOAN

#### 15.1 Concessionalality

The NHIF CI Loan Program allows applicants that meet the Eligibility Criteria to access loans that may have (but are not limited to):

- a longer loan tenor than offered by commercial financiers;
- lower interest rates than offered by commercial financiers;
- extended periods of capitalisation of interest beyond the completion of the Applicant's project;
- deferral of loan repayments or tailored repayment of the loan; and/or
- lower or different fee structures than those offered by commercial financiers.

Applicants for NHIF CI Loans should identify in their applications the loan concessions they are seeking, for the Housing Australia Board's consideration.

#### 15.2 Loan amounts

Subject to the Housing Australia Board's discretion, the total amount of funding available under the NHIF Loan Program is up to \$825 million (depending on the level of equity investments made by the Housing Australia). There is no maximum loan amount, but NHIF Loans cannot exceed the total amount of funds available for the NHIF Loan Program.

#### 15.3 Interest rate and loan tenor

A concessional variable interest rate will apply for the loan term.

How interest is calculated and charged on NHIF CI Loans will be determined by the Housing Australia and outlined in the Facility Agreement.

#### 15.4 Loan security

The Housing Australia will only provide NHIF CI Loans where the Housing Australia has obtained security for the loan at a level that is appropriate, having regard to the risk to the Housing Australia and the Commonwealth. What is appropriate will vary depending on circumstances including, but not limited to, the purpose of the loan, the credit-worthiness of the Applicant, the size of the NHIF CI Loan applied for, and the conventional practices of a prudent lender.

The security provided may include one or a combination of the following:

- registered real property and leasehold mortgages over the Applicant's property;
- specific security agreements over the shareholders of the Applicant's shares in the Applicant;
- general security agreements over all assets of the Applicant and other entities guaranteeing the Applicant's obligations;
- side deeds may be required as appropriate; and
- any other security Housing Australia considers necessary.

Security priority arrangements are to be settled through agreement with the Applicant, relevant secured parties, other stakeholders (such as State/Territory authorities), and the Housing Australia.

Where applicable, assets provided as security must be insured to the satisfaction of Housing Australia.

## 16. LOAN ASSESSMENT CRITERIA

### 16.1 Eligibility Criteria

To be eligible for consideration for funding under the NHIF CI Loan Program, applicants must submit a completed EOI Form in accordance with these guidelines and the requirements set out in the form. Expressions of Interest for NHIF CI Loans must also comply with the following Eligibility Criteria:

- the form must be submitted by an Eligible Applicant (see section 3, Part A of these guidelines for applicant eligibility criteria); and
- the EOI must be in respect of an Eligible Project (see section 2, Part A of these guidelines for project eligibility criteria); and
- the Applicant must be able to demonstrate their ability to repay the NHIF CI Loan to Housing Australia's satisfaction.

Applicants are required to provide evidence that they meet the above Eligibility Criteria as part of their EOI. A preliminary assessment of an Applicant's ability to repay a NHIF CI Loan to the Housing Australia's satisfaction will occur during the expressions of interest stage. A more detailed credit assessment will be undertaken as part of an assessment of any subsequent, formal application for NHIF CI finance.

### 16.2 Examples of projects that may be eligible for a NHIF CI Loan

As outlined in Part A, the objectives of the NHIF CI Loan Program are to assist in financing critical infrastructure projects which support new housing developments and accelerate new housing supply, particularly affordable housing.

Set out below are some practical examples of projects that may be eligible for a NHIF CI Loan, consistent with these guidelines. These examples simply address the Eligibility Criteria that apply to NHIF CI Finance. They do not consider the other Assessment Criteria that need to be met to the Housing Australia Board's satisfaction before approving a NHIF CI Loan.

### SCENARIO 1:

*A local government and a property developer establish an incorporated SPV for the purpose of undertaking housing infrastructure projects. They embark on a project known as 'Tranquil Gardens' – a new development specifically for social and affordable housing. In order to develop the site, extensive remediation of soil contaminants on the site is required. The SPV can demonstrate that, without a NHIF CI Loan to fund the cost of remediation, the SPV would not be able to raise funds to finance the cost of the remediation works for at least 4 years. With a NHIF CI Loan, the completion of the remediation works and the Tranquil Gardens development would be brought forward by 4 years.*

Under this scenario:

- The SPV comprises an Underlying Eligible Member (the local government).
- The NHIF CI Loan would fund site remediation works to support new housing.
- The NHIF CI loan would not itself fund housing, nor would it provide community infrastructure.
- Without the NHIF CI finance, the development would not proceed until a much later date.

Accordingly, the Eligibility Criteria for a NHIF CI Loan are satisfied provided that the Applicant can demonstrate their ability to repay the loan.

### SCENARIO 2:

*A community housing provider (CHP) is embarking on a new housing development consisting of 100 apartments, 15% of which are retained as affordable housing rentals. Infrastructure services to the site are required including water supply and sewerage services to the location which are not identified in the local utility provider's three year infrastructure priority list. With a NHIF concessional loan to fund the infrastructure works, the CHP can demonstrate that its debt cost savings will enable the SPV to increase the percentage of affordable housing rentals in the development from 10% to 15%.*

Under this scenario:

- The CHP is an Eligible Applicant.
- The NHIF CI Finance would be used to fund critical infrastructure services.
- Without NHIF CI Finance, there would be lesser impact on affordable housing (10% instead of 15% of affordable housing rentals).

Accordingly, the Eligibility Criteria for a NHIF CI Loan are satisfied provided that the Applicant can demonstrate their ability to repay the NHIF CI Loan.

## 16.3 Assessment Criteria in deciding whether to offer a NHIF CI Loan

Once an Applicant submits an EOI Form, a Housing Australia originator will be in contact with the Applicant to further discuss their finance proposal, including guidance on specific project information to be supplied by the Applicant to support a formal application for a NHIF CI Loan.

Applications for a NHIF CI Loan are required to address each of the Assessment Criteria and provide the information and supporting evidence requested in the Application Form and outlined below.

The Housing Australia Board will assess an application for a NHIF CI Loan against the Assessment Criteria listed in this section. Applicants should note that the Assessment Criteria below are not listed in any particular order of importance.

Housing Australia will only provide Applicants with the minimum loan concessions the Housing Australia Board assesses as necessary for the project to proceed in the proposed timeframe.

### **Criterion 1: The likely effect of the Applicant's project on the supply and ongoing availability of affordable housing**

Applicants are required to identify the likely effect of their project on the supply and ongoing availability of affordable housing. Applicants should provide:

- analysis covering the current and projected supply of affordable housing if their project is not undertaken, and the effect on projected supply of affordable housing following completion of their project;
- a housing needs analysis focussing on the supply and market factors relevant to the area in which the Applicant's project will have an effect on affordable housing including:
  - the impact of the project on the amount of affordable housing;
  - the impact of the project on the time of supply of affordable housing;
  - evidence of the extent to which relevant approvals (for example, local, State and Australian Government) are in place or underway; and
- evidence of any agreements that the Applicant has entered into with respect to their project (for example, in respect of financing, contracting the works or land rights).

An Applicant's analysis should draw on defensible data sets and reports, and clearly show how this data was analysed and interpreted (including identifying any relevant assumptions), and show how and to what extent this analysis supports the Applicant's claims under this criterion.

## **Criterion 2: The extent of any concession that would be appropriate for the Housing Australia to offer and the extent and mix of all concessions necessary for the Applicant's proposal to proceed**

To address this criterion, Applicants are required to:

- identify the loan amount and the concession(s) sought under the NHIF CI;
- identify the extent to which other funding / finance will be provided by third parties for the project (and identify the relevant third parties);
- provide an analysis of the costs to complete the Eligible Project and
- provide evidence that alternative finance could not achieve the same impact on affordable housing supply.

As part of their application, Applicants must also identify whether they are applying for a NHIFCI Grant and / or NHIF CI Equity Investment in addition to a NHIF CI Loan and the amount of funding sought under each source of NHIF CI Finance.

## **Criterion 3: The quality of the security available from the applicant**

Consistent with the Investment Mandate, successful Applicants, other than States or Territories, must provide Housing Australia with appropriate and satisfactory security for repayment of the NHIF CI Loan. Applicants (other than States or Territories) are required to provide details of their proposed security arrangements in respect of the NHIF CI Loan.

Housing Australia will take into account a range of factors in deciding what level of security is appropriate, including the quality and type of any security available from an Applicant and the potential exposure of the Commonwealth and Housing Australia in the event of a default.

Security for a NHIF CI Loan may include one or a combination of the following:

- a registered mortgage over land or other assets satisfactory to Housing Australia; and/or
- security over all present and after acquired assets of the applicant; and/or
- any other security the Housing Australia considers necessary.

As part of their application, Applicants should identify any security (for example, mortgage, charge or registered security interests over the Applicant's property or project works) that they are willing to provide to secure their payment obligations under the Facility Agreement, and provide details of the quality and value of such security.

#### **Criterion 4: Applicant's credit-worthiness**

To demonstrate their credit-worthiness, Applicants are required to provide audited financial statements for the last 3 financial years (if possible) and a statement of current assets and liabilities (which should include details of other debt such as loans, hire purchase arrangements, lines of credit etc.). If an Applicant is an SPV, the Applicant will be required to provide this information in respect of each member of the SPV. Applicant should also provide details of their financial reporting procedures and systems and any other information relevant to their credit-worthiness. Additional documentation required to be submitted by Applicants to demonstrate credit-worthiness (for example, up to date management accounts, business plans, financial forecasts, scenario and stress testing) will be specified in the Application Form or may be requested by Housing Australia.

Depending on the size and complexity of the overall project, the amount of finance sought and/or how long an Applicant has been in business, Housing Australia may conduct a financial viability assessment of the Applicant. A financial viability assessment may be undertaken by Housing Australia or an independent external consultant engaged by Housing Australia. The findings of any financial viability assessment may be taken into account in assessing an application.

Applicants that are CHPs will also be required to provide a copy of the most recent board approved "financial performance report" prepared by the Applicant as part of demonstrating its compliance with "Performance Outcome 7: Financial Viability" for the relevant CHP housing registrar.

#### **Criterion 5: Whether NHIF CI Finance is needed to encourage private sector participation in financing the Applicant's project**

Applicants are required to outline their rationale for seeking NHIF CI Finance and identify any other funding sources for their proposed project. Applicants should provide details of:

- any private or public sector funding their project is likely to receive, and the amount of such funding,
- any funding commitments given by the private sector with respect to the Applicant's project including any reasons given by private sector financiers as to why they would be more likely to finance the project if NHIF Finance is also provided.

#### **Criterion 6: Whether NHIF CI finance would complement, leverage or support other Commonwealth, State or Territory finance or activities (in particular, relating to housing)**

Applicants are required to provide details of any other Commonwealth, State or Territory funding, subsidies, or other activities they have access to, or will be relying on, in respect of the project and the new housing development it supports. Examples of relevant activities include government facilitated access to land; government equity investment; government planning incentives; government housing grants or subsidies; and access to other government social and affordable housing initiatives such as the NSW Social and Affordable Housing Fund.

## **Criterion 7: The extent to which an SPV's Underlying Eligible Members will be involved in the project over its duration**

If an Applicant is a Special Purpose Vehicle it must:

- identify the members of the SPV;
- provide an overview of how each member will work with other members of the SPV to successfully complete the Applicant's project;
- provide an outline of the relevant experience and/or expertise each member will bring;
- identify the roles/responsibilities of each member of the SPV and the resources they will contribute (if any), including any shareholder, partnership or equity subscription agreements; and
- identify the proposed duration of the commitment from each SPV member to the project and any assurances the Lead Organisation, or any other member of the SPV, can offer in this regard.

## **Criterion 8: Risks associated with providing a NHIF CI Loan to the Applicant**

In making a financing decision, NHIFC will assess the risks associated with it providing a NHIF CI loan to the Applicant (including financial, contractual and other risks). Applicants must provide a copy of the most recent board approved business plan and risk management plan.

Applicants that are CHPs will be required to provide:

- a copy of the Applicant's annual performance and compliance report or survey conducted by the CHP housing agency; and
- a copy of the Applicant's most recent "CHP Annual Compliance Report" delivered by the relevant CHP housing registrar.

To assist with this assessment, Applicants are required to indicate in their Application Form the extent to which they comply with the proposed loan terms contained in the Facility Agreement.

## **17. LOAN CONDITIONS**

### **17.1 NHIF CI Loan terms**

The key commercial terms and conditions that are to be included in the transaction documents for NHIF CI Loans are summarised in the Indicative Terms for NHIF CI Loans and NHIF CI Grants document, which is available upon request from a Housing Australia originator. That document is indicative only and has been prepared to provide general information on the terms and conditions that apply to the provision of NHIF CI Loans from time to time. NHIF CI Finance documents will include specific conditions determined by the assessment process or to take into account project specific considerations or any other considerations identified by the Housing Australia.

Successful Applicants will be required to enter into a legally binding Facility Agreement and Common Terms Agreement with Housing Australia. The Common Terms Agreement sets out the terms and conditions that are to apply to all NHIF CI Loans and other financing procured by the Applicant from the Housing Australia (including under the Affordable Housing Bond Aggregator). The Facility Agreement will include other terms and conditions that apply to the NHIF CI Loan.

An offer of a NHIF CI Loan may lapse if an Applicant does not sign the Facility Agreement, Common Terms Agreement and any other required finance document within the timeframe specified by Housing Australia. Applicants should note that no contractual arrangement will exist with Housing Australia until these documents are signed by the Applicant and Housing Australia.

By signing the NHIF CI Finance documents (including the Facility Agreement and Common Terms Agreement), the Applicant agrees that they are subject to the terms of those agreements.

Applicants should be aware that if their financial position changes significantly during the term of a NHIF CI Loan, or they breach the terms and conditions of the NHIF CI Loan as specified in the NHIF CI Finance documents, the Housing Australia may initiate recovery or remedial action as specified in the NHIF CI Finance documents.

## 17.2 Monitoring and compliance

Housing Australia will review NHIF CI Loans at least annually, in consultation with any commercial financier and relevant State/Territory stakeholders, to monitor compliance and the ongoing capacity of the borrower to meet the terms and conditions of the NHIF CI finance documents.

Successful Applicants must provide to Housing Australia information regarding the financial condition, business and operations of the Applicant and its group members as Housing Australia may reasonably request or require about any secured property and the Applicant's compliance with the terms of the NHIF CI Finance documents. A successful Applicant must also keep accurate records of expenditure of the NHIF CI Loan funds.

## 17.3 Reporting requirements

Successful applicants will be required to provide information throughout the term of their NHIF CI Loan in accordance with the reporting requirements specified in the NHIF CI Finance documents.

# PART C – NHIF CI GRANTS

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## 18. KEY FEATURES OF A NHIF CI GRANT

### 18.1 Availability of NHIF CI Grants

Up to \$175 million is available to fund the NHIF Grants (noting that any funding by Housing Australia for capacity building grants, up to a maximum of \$1.5 million, will reduce the funding available for NHIF Grants from \$175 million to \$173.5 million).

Applicants should be aware that consistent with its Investment Mandate, the **Housing Australia will preference NHIF CI Grant proposals that seek other forms of NHIF Finance** in conjunction with the NHIF CI Grant (such as a NHIF CI Loan).

Funding provided under the NHIF Grant Program will not include funding for future maintenance or upgrades to a project. Applicants must take into account, budget for, and finance future costs that may arise from the project. Housing Australia will only provide successful applicants with the minimum amount of NHIF Grant funding needed for their project to proceed in the proposed timeframe.

### 18.2 Achievement of grant purpose

Housing Australia must be satisfied that the NHIF CI Grant will be used for an Eligible Project. The NHIF CI Finance documents will require successful Applicants to use the grant funds for the agreed Eligible Project. Applicants should also note that the NHIF CI Finance documents will:

- require the critical infrastructure funded by the NHIF CI Grant to be built by a specified date, subject to force majeure events; and
- impose an obligation on the NHIF CI Grant recipient to repay some or all of the NHIF CI Grant in circumstances where the NHIF CI Grant does not achieve the proposed broader housing outcomes by a specified date.

## 19. GRANT ASSESSMENT CRITERIA

### 19.1 Eligibility Criteria for NHIF CI Grants

To be eligible for consideration for funding under the NHIF Grant Program, Applicants must submit a completed EOI Form in accordance with these guidelines and the requirements set out in that form. Applications for NHIF CI Grants must comply with the following Eligibility Criteria:

- the form must be submitted by an Eligible Applicant (see section 3, Part A of these guidelines for applicant eligibility criteria); and
- the EOI must be in respect of an Eligible Project (see section 2, Part A of these guidelines for project eligibility criteria).

Applicants are required to provide evidence that they meet the above Eligibility Criteria for a NHIF CI Grant as part of their submission of an EOI Form.

## 19.2 Examples of projects that may be eligible for a NHIF CI Grant

As outlined in Part A, the objectives of the NHIF Grant Program are to assist in financing critical infrastructure projects which support new housing developments and accelerate new housing supply, particularly affordable housing.

Set out below is a practical example of a project that may be eligible for a NHIF CI Grant, consistent with these guidelines. This example simply addresses the Eligibility Criteria that apply to a NHIF CI Grant. They do not consider the Assessment Criteria that are assessed by the Housing Australia Board before approving a NHIF CI Grant.

### SCENARIO 3:

*In addition to a NHIF CI Loan, the community housing provider (CHP) in Scenario 2 (see above) is seeking a NHIF CI Grant to assist with the funding of electricity services to the site. The cost savings from the grant will enable the CHP to provide an additional 2 affordable housing units.*

Under this scenario:

- The CHP is an Eligible Applicant.
- The NHIF CI Grant is to be used to fund critical infrastructure services.
- Without the NHIF CI Grant, fewer affordable housing units would be offered as part of the development and therefore there would be a lesser impact on affordable housing.

Accordingly, the Eligibility Criteria for NHIF CI Grants are satisfied.

## 19.3 Assessment Criteria in deciding whether to offer a NHIF CI Grant

Once an Applicant submits an EOI Form, a Housing Australia originator will be in contact with the Applicant to further discuss their finance proposal, including guidance on specific project information to be supplied by the Applicant to support their formal application for a NHIF CI Grant.

Applications for a NHIF CI Grant are required to address each of the Assessment Criteria and provide the information and supporting evidence requested below.

The Housing Australia Board will assess an application for a NHIF CI Grant against the criteria listed in this section of the guidelines. Applicants should note that the criteria below are not listed in any particular order of importance and that the Assessment Criteria are intended to prioritise projects which meet the objectives of Housing Australia under the Housing Australia Act.

### **Criterion 1: The likely effect of the Applicant's project on the supply and ongoing availability of affordable housing**

Applicants should demonstrate this through identifying the likely effect of their project on the supply and availability of housing (in particular, affordable housing). Please provide:

- analysis covering the current and projected supply of housing if the project is not undertaken, and the effect on projected supply of housing following completion of the project;
- a housing needs analysis covering the current and projected population, demographic, economic (including predicted jobs growth), supply and market factors with respect to the area in which the project will have an effect on housing; and
- evidence of any agreements that the Applicant has entered into with respect to the project (for example, in respect of financing, contracting the works or land rights).

An Applicant's analysis should draw on defensible data sets and reports, and clearly show how this data was analysed and interpreted (including identifying any relevant assumptions), and show how and to what extent this analysis supports the Applicant's claims under this criterion.

### **Criterion 2: The extent of grant necessary for the Applicant's proposal to proceed**

To address this criterion, Applicants are required to:

- identify the grant amount of sought under the NHIF;
- identify the extent to which other funding / finance will be provided by third parties for the project (and identify the relevant third parties); and
- provide an analysis of the costs to complete the Eligible Project.

As part of their application, Applicants must also identify if they are also applying for a NHIF CI Loan and/ or NHIF CI Equity Investment and the amount of funding sought under each source of NHIF CI Finance.

### **Criterion 3: Whether NHIF CI Finance is needed to encourage private sector participation in financing the Applicant's project**

Applicants are required to outline their rationale for seeking a NHIF CI Grant and identify any other funding sources for their project. Applicants should provide details of:

- any private or public sector funding their project is likely to receive, and the amount of such funding,
- any difficulties experienced in obtaining funding for the project; and
- any funding commitments given by the private sector with respect to the Applicant's project including any reasons given by private sector financiers as to why they would be more likely to finance the project if NHIF Finance is also provided.

#### **Criterion 4: Whether NHIF CI finance would complement, leverage or support other Commonwealth, State or Territory finance or activities (in particular, relating to housing)**

Applicants are required to provide details of any other Commonwealth, State or Territory funding, subsidies, or other activities they have access to, or will be relying on, in respect of the proposed critical infrastructure project and the new housing development the project is supporting. Examples of relevant activities include government facilitated access to land; government equity investment; government planning incentives; government housing grants or subsidies; and access to other government social and affordable housing initiatives such as the NSW Social and Affordable Housing Fund.

#### **Criterion 5: The extent to which an SPV's Underlying Eligible Members will be involved in the project over its duration**

If an Applicant is a Special Purpose Vehicle it must:

- identify the members of the SPV;
- provide an overview of how each member will work with the Lead Organisation and other members of the SPV to successfully complete the Applicant's project;
- provide an outline of the relevant experience and/or expertise each member will bring;
- identify the roles/responsibilities of each member of the SPV and the resources they will contribute (if any), including any shareholder, partnership or equity subscription agreements; and
- identify the proposed duration of the commitment from each SPV member to the project and any assurances the Lead Organisation, or any other member of the SPV, can offer in this regard.

#### **Criterion 6: Risks associated with providing a NHIF CI grant to the Applicant**

In making a financing decision, NHIFC will assess the risks associated with it providing a NHIF CI Grant to the Applicant (including financial viability, contractual and other risks). Applicants must provide a copy of the most recent board approved business plan and risk management plan.

Applicants that are CHPs will be required to provide:

- a copy of the Applicants' annual performance and compliance report or survey conducted by the CHP housing agency; and
- a copy of the Applicant's most recent "CHP Annual Compliance Report" delivered by the relevant CHP housing registrar.

To assist with this assessment, Applicants are required to indicate in their Application Form the extent to which they comply with the proposed grant terms contained in the Facility Agreement.

Depending on the size and complexity of the overall project, the amount of grant finance sought and/or how long an Applicant has been in business, Housing Australia may conduct a financial viability assessment of the Applicant. A financial viability assessment may be undertaken by Housing Australia or an independent external consultant engaged by Housing Australia. The findings of any financial viability assessment may be taken into account in assessing an application against this criterion.

## 20. GRANT CONDITIONS

### 20.1 NHIF CI Grant terms

The key commercial terms and conditions that are to be included in the transaction documents for NHIF CI Grants are summarised in the Indicative Terms for NHIF CI Finance document, which is available upon request from a Housing Australia originator. That document is indicative only and has been prepared to provide general information on the terms and conditions that apply to the provision of NHIF CI Finance. NHIF CI Finance documents will include specific conditions determined by the assessment process or to take into account project specific considerations or any other considerations identified by the Housing Australia.

Successful Applicants will be required to enter into a legally binding Facility Agreement and Common Terms Agreement with Housing Australia. The Common Terms Agreement sets out the terms and conditions that are to apply to NHIF CI Grants and other financing procured by the Applicant from Housing Australia (including under the Affordable Housing Bond Aggregator). The Facility Agreement will include other terms and conditions that apply to the NHIF CI Grant.

An offer of a NHIF CI Grant may lapse if an Applicant does not sign the Facility Agreement, Common Terms Agreement and any other required finance document within the timeframe specified by Housing Australia. Applicants should note that no contractual arrangement will exist with Housing Australia until these documents are signed by the Applicant and Housing Australia.

By signing the NHIF CI Finance documents (including the Facility Agreement and Common Terms Agreement), the Applicant agrees that they are subject to the terms of those agreements.

In addition to other rights under the NHIF CI Finance documents, Housing Australia may recover NHIF CI Grant funds if there is a breach of the agreement or if there are unspent NHIF CI Grant funds.

### 20.2 Payment of a NHIF CI Grant

Payment of the NHIF CI Grant will be in accordance with the agreed milestones and payment schedule specified in the NHIF CI Finance documents. Payments are subject to the recipient's compliance with the terms and conditions of the NHIF CI Finance documents. Where payments are linked to the achievement of specific activities or milestones, these payments will only be made following satisfaction of those particular requirements as set out in the NHIF CI Finance documents.

If Housing Australia approves a NHIF CI Grant subject to certain conditions, the NHIF CI Grant recipient must produce evidence that those pre-conditions to NHIF CI Grant finance have been met.

## 20.3 Performance and reporting requirements

Successful NHIF CI Grant Applicants will be required to meet reporting and performance obligations contained in the NHIF CI Finance documents in respect of the NHIF CI Grant.

Performance measures will be agreed in the NHIF CI Finance documents and successful NHIF CI Grant Applicants will be required to report on the progress of their project against the agreed performance measures and milestones.

## 20.4 Monitoring and compliance

Housing Australia will review NHIF CI Grants at least annually to monitor compliance with the terms and conditions of the NHIF Finance documents. Successful Applicants must provide to Housing Australia information regarding the financial condition, business and operations of the Applicant and its group members as Housing Australia may reasonably request or require about the Applicant's compliance with the terms of the NHIF CI Finance documents.

In addition to the regular reporting and performance requirements, Housing Australia may ask NHIF CI Grant recipients to provide further information and/or arrange site inspections from time to time to monitor the progress of projects funded under the NHIF CI Grant Program and compliance with the terms and conditions of the NHIF CI Grant. These monitoring and compliance arrangements will be set out in the NHIF CI Finance documents.

## 20.5 Funding acquittal

NHIF CI Grant recipients will be required to provide Housing Australia with financial acquittals and audited financial statements, at times to be agreed between Housing Australia and the Applicant, and upon completion of the project. The financial acquittals should demonstrate that the NHIF CI Grant recipient has spent the NHIF CI Grant in accordance with the terms of the NHIF CI Finance documents. Housing Australia may impose a requirement for financial acquittals and financial statements to be audited by an independent auditor.

In circumstances where Housing Australia assesses that NHIF CI Grant funds have not been spent in accordance with the terms of the NHIF CI Finance documents, Housing Australia may seek repayment of those funds under the terms of those documents.

# PART D – NHIF CI EQUITY INVESTMENTS

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## 21. INVESTMENT DECISIONS

### 21.1 Eligibility requirements

In addition to concessional loans and grants, the NHIF provides Eligible Applicants with the opportunity to access up to \$225 million in NHIF CI Equity Investments. Equity investments by Housing Australia are subject to the requirements and constraints contained in the Housing Australia Act and the Investment Mandate.

Consistent with the Investment Mandate, entities eligible for a NHIF CI Equity Investment are:

- Underlying Eligible Members that are involved in Eligible Projects (refer to the Eligibility Criteria set out in sections 2 and 3 of Part A above); and
- SPVs that have been or will be established for the purpose of undertaking Eligible Projects where at least one member of the special purpose vehicle is or will be an Underlying Eligible Member (refer to eligibility requirements set out in section 3 of Part A above).

### 21.2 Assessment Criteria

Proposals for NHIF CI Equity Investments will be considered by the Housing Australia Board on a case by case basis. In making a financing decision, Housing Australia will have regard to the matters outlined in the Investment Mandate including:

- the likely effect of the investment on the supply and ongoing availability of affordable housing;
- whether the equity investment under the NHIF is needed to encourage private sector participation in financing an Eligible Project;
- whether finance under the NHIF would complement, leverage or support other Commonwealth, State or Territory finance or activities;
- the objects of the Housing Australia Act; and
- in the case of special purpose vehicles, the extent to which its underlying eligible members will be involved in the project over its duration.

### 21.3 Other considerations:

The Housing Australia Board will also consider the following aspects of any NHIF CI Equity Investment proposal:

- The amount and timing of the proposed equity investment(s);
- the ownership rights to be afforded to Housing Australia under the proposal (including the proposed the level of visibility and control of Housing Australia over the entity's functions);
- the anticipated return to the Housing Australia;

- proposed governance arrangements;
- expected cash inflows and outflows (for example, operational and capital expenditure) for the entity over the next 3 financial years;
- governance, reputational, financial and any other relevant risks to Housing Australia and the Australian Government.

## 21.4 Example of a project that may be eligible for a NHIF CI Equity Investment

### SCENARIO 4:

*A Territory government is planning to establish a company limited by shares to facilitate the development and use of land to increase the range of affordable housing in the Territory. The cost of achieving the entity's objects is only partly funded by the Territory. Consequently, the Territory government is looking for investors in the company to co-fund its operations.*

Under this scenario:

- The Territory government is an Eligible Applicant.
- The Company's purpose is consistent with undertaking housing enabling infrastructure.
- Assuming the Territory can demonstrate 'additionality' – for example, that the housing project(s) to which the equity investment relates is unlikely to proceed or would not proceed for some time without a NHIF Equity Investment, then the proposed equity investment in the company and the housing project to which the equity investment relates would together be considered an Eligible Project.

In these circumstances, the Territory should contact Housing Australia to discuss its proposal.

## 22. HOW EQUITY INVESTMENT APPLICATIONS WILL BE ASSESSED

### 22.1 Preliminary assessment

**Eligible Applicants with an investment proposal should engage with the Housing Australia early in the development phase of a project proposal.**

To assist Housing Australia's initial review of a proposed project, Eligible Proponents will be required to provide some initial high-level enquiry information.

This may include if available, the following details:

- high-level project information (for example, details of the investment entity, its purpose, location, how the entity will be funded, proposed governance arrangements, key features of projects the entity will be involved in, etc.);
- details of the project proponents, participants and sponsors, including their location, corporate structure and experience;

- the equity investment amount sought from Housing Australia and the rationale behind the investment;
- high level business plan and financial analysis;
- information on how the investment is expected to satisfy the Eligibility Criteria; and
- any other supporting information which may be available to support the initial enquiry.

This preliminary information will allow Housing Australia to assist an Eligible Applicant with advancing their enquiry. Housing Australia will treat business information received from an Eligible Applicant at each stage of the assessment process as confidential. It will be used and disclosed only as needed to progress the Applicant's application, and for related purposes, or to the extent that Housing Australia is required to disclose the information (for example, where law requires disclosure).

## 22.2 Detailed assessment

If, after undertaking a preliminary assessment, the Housing Australia Board decides to progress with an in-depth assessment of the investment proposal, the Eligible Applicant will be asked to provide a formal proposal which provides detailed information on the following matters:

- information relevant to and in support of the Assessment Criteria;
- the financial profile of shareholders and investors;
- detailed governance arrangements;
- detailed business plan and/or feasibility study;
- indicative funding plan and capital structure (debt and equity mix);
- projected financial analysis (cash inflows and outflows) and capital expenditure breakdown for the next 3 financial years;
- proposed high-level term sheet regarding equity subscription;
- detailed response to all Eligibility Criteria and Assessment Criteria;
- information referred to in section 6.3, Part A of these guidelines; and
- any other information in relation to the investment proposal that is requested by the Housing Australia Board.

The submission of a formal NHIF Equity Investment proposal will be taken to be a formal application for a NHIF Equity Investment.

## 22.3 Detailed assessment and due diligence process

Once received, the Housing Australia Board will undertake a detailed assessment of the formal proposal submitted against the NHIF CI Equity Investment Assessment Criteria. During this detailed assessment phase, the Housing Australia Board may also undertake a due diligence process in relation to the investment proposal. A due diligence process will involve detailed background checks and other investigations to provide information relevant to Housing Australia's assessment of investment risk, achievement of the objects of the Housing Australia Act, as well as an analysis of governance, social and environmental issues, consistent with Housing Australia's good corporate citizenship mandate.

NHIFC will also consult with relevant Commonwealth, State and Territory government stakeholders, as appropriate, and conduct any relevant third party verification.

As part of this phase, the Housing Australia will work collaboratively with proponents and co-financiers to develop an appropriate equity subscription agreement. The outcomes of the Housing Australia's due diligence process and its detailed assessment will form the basis of an investment decision.

## 22.4 NHIF investment decision

During this stage, the Housing Australia Board will make a formal investment decision (being a decision to offer or not to offer a NHIF CI Equity Investment). An investment decision may be conditional (for example conditional on the finalisation of relevant documentation). If / when an investment decision is made, the Housing Australia will work with Eligible Applicant to finalise an equity subscription agreement and any other documentation associated with the investment.

The Housing Australia Board will notify the Eligible Applicant and relevant stakeholders of its decision in writing.

# GLOSSARY

TERM	DEFINITION
<b>Affordable Housing Bond Aggregator or AHBA</b>	the “affordable housing bond aggregator” operated by Housing Australia and under which Housing Australia provides finance to registered CHPs by aggregating their lending requirements and primarily financing them through the issuance of bonds.
<b>Applicant</b>	an applicant for NHIF CI Finance.
<b>Application Form</b>	the application form to be submitted by Applicants as part of their formal application for NHIF CI Finance and following submission of the EOI Form.
<b>Assessment Criteria</b>	<ul style="list-style-type: none"> <li>(a) in respect of NHIF CI Loans: the criteria specified in section 16.3 of Part B</li> <li>(b) In respect of NHIF CI Grants: the criteria specified in section 21.2 of Part C; and</li> <li>(c) in respect of NHIF CI Equity Investments: the criteria specified in section 22 of Part D.</li> </ul>
<b>CHP</b>	a registered community housing provider.
<b>Common Terms Agreement</b>	the “Housing Australia Common Terms Agreement” to be entered into between, amongst others, a successful Applicant and the Housing Australia.
<b>Eligibility Criteria</b>	<ul style="list-style-type: none"> <li>(a) in respect of NHIF CI Loans: the criteria specified in section 16.1 of Part A;</li> <li>(b) in respect of NHIF CI Grants: the criteria specified in section 19.1 of Part C; and</li> <li>(c) in respect of NHIF CI Equity Investments: the criteria specified in section 21.1 of Part D.</li> </ul>
<b>Eligible Applicant</b>	an Applicant that satisfies the Eligibility Criteria.
<b>Eligible Project</b>	a project that satisfies the criteria in section 2 of Part A.
<b>EOI Form</b>	means an expression of interest form submitted by Applicants which will be available on the Housing Australia website at <a href="http://www.housingaustralia.gov.au">www.housingaustralia.gov.au</a> .
<b>Facility Agreement</b>	the agreement to be entered into between a successful NHIF CI Loan and / or NHIF CI Grant Applicant and Housing Australia, which contains terms and conditions governing the provision of the NHIF CI Loan and / or NHIF CI Grant.

TERM	DEFINITION
<b>Investment Mandate</b>	the <i>Housing Australia Investment Mandate Direction 2018</i> (Cth).
<b>Lead Organisation</b>	the Underlying Eligible Member nominated by an SPV Applicant to submit the NHIF CI EOI Form and Application Form (as applicable) on behalf of the SPV and be the principal point of contact in relation to the SPV's NHIF CI application.
<b>Housing Australia</b>	the Housing Australia (a corporate Commonwealth entity constituted under the Housing Australia Act).
<b>Housing Australia Act</b>	the <i>Housing Australia Act 2018</i> (Cth).
<b>Housing Australia Board</b>	the board of directors of Housing Australia.
<b>NHIF</b>	the National Housing Infrastructure Facility administered by Housing Australia.
<b>NHIF CI Equity Investment</b>	any equity investment by Housing Australia in an Eligible Applicant under the NHIF.
<b>NHIF CI Finance</b>	NHIF CI Loans, NHIF CI Grants and NHIF CI Equity Investments.
<b>NHIF CI Grant</b>	any grant of funds to be provided by Housing Australia using NHIF funds in accordance with the Housing Australia Act.
<b>NHIF Grant Program</b>	the program for provision of NHIF Grants by Housing Australia.
<b>NHIF CI Loan</b>	any loan provided by Housing Australia using NHIF CI funds in accordance with the Housing Australia Act.
<b>NHIF Loan Program</b>	the program for provision of NHIF Loans by Housing Australia.
<b>Scheme</b>	the Australian Government Building and Construction WHS Accreditation Scheme.
<b>SPV or Special Purpose Vehicle</b>	a special purpose vehicle that is an incorporated entity, a partnership or joint venture that is formed by its member/s for a particular purpose.
<b>Underlying Eligible Member</b>	any member of an SPV that satisfies the Eligibility Criteria.