



Australian Government



National Housing Finance
and Investment Corporation

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and Investment Corporation

Social Bond Report

2018-19



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A low-angle photograph of a modern building facade. The building features a mix of dark, possibly black or dark grey, panels and white brickwork. Large windows with dark frames are visible, reflecting the sky. The sky is a clear, light blue. The overall aesthetic is clean and contemporary.

NHFIC overview

The National Housing Finance and Investment Corporation (NHFIC) is dedicated to improving housing outcomes for Australians. NHFIC offers loans, investments and grants through its Affordable Housing Bond Aggregator (AHBA) and National Housing Infrastructure Facility to encourage investment in housing, with a specific focus on increasing the supply of affordable housing.

Social Bond Report



CEO message

“NHFIC continues to improve housing outcomes for Australians by providing transformative financing options for community housing providers. The issuance of NHFIC’s first social bond this year and its positive reception in the marketplace demonstrates the interest in innovative products that seek to achieve positive social outcomes. NHFIC looks forward to further bond issuances as it continues to develop a new asset class.”

Nathan Dal Bon

Affordable Housing Bond Aggregator

The AHBA provides low cost and longer-term loans to registered CHPs to support the provision of more social and affordable housing. The cheaper finance enables CHPs to direct more funds towards creating additional housing supply and providing services to support tenants. The longer tenor provides more certainty for CHPs and reduces refinancing risks and costs.

This report forms a key disclosure requirement under NHFIC’s Sustainability Bond Framework.

Inaugural bond issuance

During the period from 1 July 2018 to 30 June 2019, NHFIC issued one bond:

Principal amount:	\$315 million
Issue date:	28 March 2019
Maturity date:	28 March 2029
Issue price:	100% of the principal amount
Interest rate:	2.38%
Coupon payable:	Semi-annually on 31 March and 30 September
Bond classification:	Social bond

NHFIC’s bond was strongly received by investors, with the issuance four times over-subscribed. The bond was placed with 26 different Australian and offshore institutions.

Unallocated proceeds

All bond proceeds have been allocated to CHPs that meet the eligibility criteria of NHFIC’s Sustainability Bond Framework.

Undistributed proceeds

As at 30 June 2019, there was \$22 million of allocated bond proceeds yet to be distributed. At 30 August 2019, all proceeds had been distributed.

Credit quality

We are not aware of any events or incidences that have impacted on the credit quality of the loans.

Social impact metrics development

As outlined in the Sustainability Bond Framework, NHFIC will develop a set of relevant metrics for the inclusion of impact reporting in its annual Social Bond Report. At the time of this report, NHFIC has contracted the services of the Australian Housing and Urban Research Institute (AHURI) to assist in developing those metrics. The CHPs that have been funded by the first bond issuance have been requested to provide updates every six months on how the NHFIC funds are spent and what outcomes are being achieved.



Under NHFIC’s Sustainability Bond Framework, all AHBA loans to CHPs qualify as eligible assets that align with the Social Bond Principles of the International Capital Market Association (ICMA) as well as the United Nations (UN) Sustainable Development Goals.

UN Sustainable Development Goals



Social Bond Principles project category:
Affordable housing

UnitingSA Housing Limited, South Australia

Loan \$7 million

 **Loan purpose:** \$2 million refinance for loans originally provided to finance property purchases and developments at Pennington, Kidman Park and Kurralta Park.

\$5 million working capital facility to facilitate development of 9 social and affordable townhouses in Kurralta Park, and to provide flexibility for future investments and development. For example, NHFIC funding is being used to commence concept planning for a 5 - 6 affordable unit development for older South Australians in Kidman Park.

 **Geographic concentration in SA:**
 Paradise
 Parralowie
 Pennington
 Findon
 Kidman Park

 **Target cohorts:** Tenants on low incomes, refugees, persons with mental health issues and disabilities, and single women over 65 years.

 **Tenant mix:** 68% social, 32% affordable on 53 dwellings.

 **Anticipated interest savings:** \$547,000 over the 10-year loan term.

 **Possible outcomes from interest savings:** Enable UnitingSA Housing to consider bringing forward a property development under the South Australian Housing Authority, namely the Community Housing Asset Renewal Program. The intention is to increase the yield of both social and affordable housing outcomes. Based on some very early modelling UnitingSA Housing anticipates converting 2 existing properties into potentially 7 social and affordable housing outcomes.

 **Wrap-around services:** Aged care services, group care, employment and training, mental health support, homelessness services, NDIS and disability support, supported employment, emergency assistance and support for young people.



Unity Housing Company Limited, South Australia

Loan \$38 million



Loan purpose: \$32.5 million refinance of core debt originally used to construct and retain 182 units in Adelaide's metropolitan region as well as 90 dwellings in regional SA.

A further \$5.5 million was provided as working capital to assist in the development of 109 dwellings over the next 10 years.



Geographic concentration in SA:

Adelaide City
Port Pirrie
Jamestown
Laura
Victor Harbour



Target cohorts: Low income tenants and tenants with disabilities.



Tenant mix: 34% social, 66% affordable over 411 dwellings.



Anticipated interest savings: \$3 million over the 10-year loan term.



Possible outcome from interest savings:

Increase in community development programs for tenants on finance, living and health skills as well as employment services programs. Continued development and implementation of social impact measurement tools across the organisation to assist in the monitoring, measurement and evaluation of housing and associated services.



Wrap-around services: Provided through service partners, programs include job readiness, finance and living skills, 24-hour carer services, and life direction services.

Tenant Story: Arron's home is a building block to independence



Living with cerebral palsy has not discouraged Arron from enjoying an independent and rewarding life. Having a two-bedroom home provided through Unity to call his own, with generous living space and 24/7 support located nearby, enables Arron to have a fulfilling and empowered life.

"Compared to where I was, my living room now used to be my whole apartment in the other place so this is a lot better," he says. "My journey has been interesting. I've had a lot of external support and a lot of encouragement. I've got some really good carers. I've started going out a bit more now that I have better conditions for living."

Arron attended Underdale High School then went on to study naturopathy at a school of natural medicine, where he received three individual certificates. "I did it to improve my knowledge," he says. "I don't use it much now but I still retain all the knowledge."

Arron's cat, Tina, is a constant and affectionate support. "I got her from the RSPCA and she's nearly 21 years old," he says. "She's a very annoying but lovable cat."

Arron's attitude to life is "pretty straight forward and to the point". "I don't mince my words," he smiles. "It's got me in trouble over the years but my outlook on life is pretty positive – as long as I have got a roof over my head, food in the house and Tina is taken care of. I enjoy my surroundings, where I live and my everyday life."



Evolve Housing, New South Wales

Loan \$70 million



Loan purpose: \$50 million to refinance facilities originally used to fund the development of 128 units in Penrith.

\$20 million working capital to assist in the development of 30 units (4 Specialist Disability Accommodation and 26 affordable units), as well as flexibility to acquire further development sites.



Geographic concentration in NSW:

Penrith
Guildford
Blacktown
Seven Hills
Harris Park



Target cohorts: Single women over 55 years, low income, tenants with disabilities, single women with children, couples over 65 years.



Tenant mix: 72% social, 28% affordable on 677 dwellings.



Anticipated interest savings: \$9.7 million over the 10-year loan term.



Possible outcomes from interest savings:

To increase the operational capacity of Evolve Housing, as well as contributing to community programs such as youth under 25 years, finance, living and health skills and employment services programs. The savings could also provide flexibility to acquire further development sites.



Wrap-around services: Provided through service partners, programs include youth services for under 25 year olds, employment services, finance and living skills, and health skills.

BlueCHP, New South Wales

Loan \$70 million



Loan purpose: \$50 million to refinance debt originally used to fund construction and acquisition of 318 dwellings in Ropes Crossing, Jordan Springs, St Marys, Eagle Vale, Worrigeer, Northmead, Kingswood, Bankstown, Ingleburn, Campbelltown, Harris Park, North Parramatta and Bomaderry.

\$20 million working capital facility to assist in the development of 87 single dwellings in Jordan Springs.



Geographic concentration in NSW:

Ropes Crossing
Northmead
Campbelltown
Bomaderry
Bankstown



Target cohorts: Single women, single women over 55 years, single women with children and key workers.



Tenant mix: 41% social, 59% affordable on 632 dwellings.



Anticipated interest savings: Around \$13 million over the 10-year loan term.



Possible savings from interest savings: With the potential cost savings it is anticipated that BlueCHP could develop an additional 40 dwellings (assuming \$330,000 construction cost) over the term of the loan or fund community programs through their service providers.



Wrap-around services: Provided through service providers, programs include sponsoring children in education, referral services, living and finance skills.



Compass Housing, New South Wales

Loan \$45 million



Loan purpose: \$45 million to refinance debt that was originally used to assist in the delivery of 404 dwellings in northern NSW as part of the Vested Leverage Program commitment to NSW Family and Community Services.

While not included in the bond issuance, a further facility of \$114 million, that has been funded through the Line of Credit, has also been provided for the acquisition of 273 properties under the NSW Social and Affordable Housing Fund (these include 50 units in Adamstown, 65 units in Thornton, 26 units in Morisset, 34 units in Toukley and 21 units in Belmont).



Geographic concentration in NSW:

The Entrance
East Maitland
Wallsend
Charlestown
Swansea



Target cohorts: Tenants with disabilities and on low incomes.



Tenant mix: 69% social, 31% affordable on 404 dwellings.



Anticipated interest savings: \$6 million over the 10-year loan term.



Possible outcomes from interest savings:

Acquisition of properties under the various NSW leasehold programs, as well as increased funding for maintenance of ageing assets.



Wrap-around services: Finance and living skills, sponsoring of children and disability services.

Hume Housing, New South Wales

Loan \$35 million



Loan purpose: \$30 million to refinance debt that was originally used to construct and retain 111 dwellings in Fairfield, Guildford, Warwick Farm and Bankstown.

\$5 million working capital facility, primarily to assist with the cost of replacing non-conforming cladding on properties located at Telopea, in addition to the operation and maintenance of properties.



Geographic concentration in NSW:

Telopea
Fairfield
Bankstown
Warwick Farm
Guildford



Target cohorts: Low income tenants, migrants with English as a second language.



Tenant mix: 58% social, 42% affordable on 269 dwellings.



Anticipated interest savings: \$7 million over the 10-year loan term.



Possible outcomes from interest savings: Enable focus on social impacts for tenants.



Wrap-around services: Job readiness services, mental health services, and domestic violence support.



St George Community Housing, New South Wales

Loan \$15 million



Loan purpose: \$10 million to refinance debt originally used to acquire 100 completed dwellings in Bankstown and Leumeah.

\$5 million working capital to provide flexibility for future site acquisitions and development projects.



Geographic concentration in NSW:

Bankstown
Leumeah



Target cohorts: Low to moderate income, Indigenous, tenants with disabilities, chronic illness and mental health issues.



Tenant mix: 100% affordable on 100 units.



Anticipated interest savings: \$1.5 million over the 10-year loan term.



Possible outcomes from interest savings: The cost savings realised through the NHFIC funding will be utilised to provide additional tenancy and asset management services.



Wrap-around services: Health and education programs, property care programs, mental services and drug education, non-hoarding education, finance and living skills, strive scholarships and no interest small loans.

Tenant Story: Jane, a new home after a difficult start

In 2015 NSW Family and Community Services (FACS) approached St George Community Housing (SGCH) about assisting with a difficult tenancy. Jane, a single, 38-year-old Aboriginal woman with seven children aged between 4 and 18, was struggling to sustain her tenancy.

FACS approached SGCH to facilitate a new start for the family. To provide the stability her family so desperately needed, SGCH collaborated with Jane and FACS to locate a suitable, large property close to services and facilitated wrap-around support. SGCH connected Jane to services such as the Benevolent Society Resilient Families program and St Vincent de Paul.

SGCH allocated a dedicated support coordinator from the commencement of the tenancy, and a tenancy manager.

Together, they provided frequent scheduled home visits and property inspections and attended case management meetings with partners.

They also encouraged the family to apply for SGCH's Strive Scholarship program – her six school-aged children were all successful, receiving financial assistance for educational costs. This opportunity would not have been possible without SGCH.

From the intensive support received from the start of her relationship with SGCH, Jane and her family are thriving. Jane continues to receive some support services, pays her rent account in advance and has improved property care to successfully maintain her tenancy.



Community Housing Limited (CHL), New South Wales and Western Australia

Loan \$31.2 million NSW, \$3.8 million WA



Loan purpose: \$32 million to refinance facilities originally provided to construct or acquire 160 dwellings across WA and NSW.

\$3 million working capital facility provided to assist with equity investment in an affordable housing project in Telopea, as well as bidding costs across NSW social and affordable housing programs (e.g. Communities Plus).



Geographic concentration in NSW:

Guildford
Port Macquarie
North Gosford
Springfield
Wadalba



Geographic concentration in WA:

Northbridge



Target cohorts: Low to moderate income, Indigenous, tenants with disabilities, chronic illness, and mental health issues.



Tenant mix: 49% social, 51% affordable on 282 dwellings.



Anticipated interest savings: \$6.2 million over the 10-year loan term.



Possible outcomes from interest savings: CHL is currently assessing a number of opportunities in NSW including:

- Mixed use development in Greater Western Sydney resulting in 101 apartments that include social, affordable and Specialist Disability Accommodation dwellings.
- Redevelopment program - CHL manages significant portfolios of housing on behalf of the NSW Government (predominately on the mid north coast) and has identified opportunities for redevelopment of sites where properties are no longer appropriate or meet the needs of tenants.
- Specialist Disability Accommodation - in partnership with a disability support provider, CHL is currently assessing an opportunity to purchase 10 new apartment dwellings in Sydney specifically designed for people having high physical support needs.
- CHL is exploring a "Build-to-Rent" opportunity to purchase a 100 apartment complex as a long term affordable housing build to rent project in Sydney.



Wrap-around services: Mental health services, domestic violence, finance and living skills, specialised tenancy services, training and employment counselling.



Tenant Story: Mary and Regina – mother and daughter - Indigenous residents



Living with her father and brother, Mary found herself suffering as a victim of family violence.

It wasn't until her brother tragically died in a violent incident that she decided enough was enough

and delved into what housing options were available to her. That was when she came across Community Housing Ltd (CHL).

It's been over 10 years now that Mary's been in a stable home with CHL. Having a secure and affordable home has given her stability and the opportunity to do things she couldn't have done otherwise - such as raising her brother's two daughters as well as raising

her own daughter Regina and completing her higher studies.

"Being moved around all my life from family violence, it's one thing they've (CHL) given me is a stable life for me and my daughter...It's given me life. A second chance at life," she says.

Mary and Regina have made fond memories in their home particularly with Mary's grandmother and father as their relationship improved over time.

"We've built some good memories and I want to continue to build more," she says.

Mary is now a qualified youth justice worker focussing on bettering her community, particularly for Aboriginal youth. Regina continues to focus on her schooling and living her childhood as any child of her age deserves.



**For more information about NHFIC,
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