

December 3, 2016

MEDIA RELEASE

Treasurers take next step to unlock billions for affordable housing

The NSW Federation of Housing Associations has welcomed the commitment by Australian treasurers to move ahead with creating a new financial bond aggregator to enable large-scale institutional investment in affordable housing.

At its meeting in Canberra yesterday, the Council on Federal Financial Relations pledged to set up an expert Taskforce to design a new structure that would open up cheaper loan rates for community housing investment in new homes.

The new Taskforce is one of four recommendations in the Government's Affordable Housing Work Group report tabled at the meeting.

Federation CEO Wendy Hayhurst said unlocking access to institutional financing for community housing providers was critical in establishing the sector as a third tier of the Australian housing market – between the private development sector and public housing.

"Rising housing stress is already choking back economic productivity, particularly in Australia's major cities," Ms Hayhurst said.

"Countries around the world have embraced non-profit housing as an essential component of a modern, well functioning, housing market, but so far the relatively small size of the sector here in Australia has meant that it can't borrow at the rate or scale needed to grow and provide a real solution to housing unaffordability.

"By opening up cheaper, longer-term finance for community housing providers, the bond aggregator would allow providers to refinance existing loans and would enable expanded affordable housing investment.

"Crucially, the Working Group also recognised that, to make the new framework effective, government action will also be needed to support a long-term pipeline of affordable housing projects. This will help build the investor confidence needed to ensure success of repeated bond issues.

In NSW we've seen signs of just such government action in the past couple of weeks with affordable rental housing targets proposed by the Greater Sydney Commission in its draft district plans.

"Strengthening those targets, particularly for projects on government-owned land, will send even stronger signals to the market and if this was coupled with further phases of the NSW government's social and affordable housing fund, we could get lift-off."

Treasurers adopted all Working Group recommendations, including the need for government funding to support any new financing model and for state and territory governments to look at housing and planning reforms to help boost affordable housing supply.

"It's encouraging that in the past couple of weeks the NSW government and now the nation's treasurers have widened the affordability debate beyond market housing supply and negative gearing to look at all potential reforms within the power of both levels of government – to help not just homebuyers but renters as well," Ms Hayhurst said.

The Federation's submission to the Affordable Housing Working Group:

http://www.treasury.gov.au/~/media/Treasury/Consultations%20and%20Reviews/Consultations/2016/CFFR%20Affordable%20Housing%20Working%20Group/Submissions/PDF/NSW_Federation_of_Housing_Associations.ashx

The Federation's Affordable Housing Financial Intermediary Proposition Paper:

http://www.communityhousing.org.au/mediareleases/NSWFHA%20Financial%20Intermediary.pdf

The full Affordable Housing Working Group report to treasurers:

http://www.treasury.gov.au/~/media/Treasury/Consultations%20and%20Reviews/Consultations/2016/CFFR%20Affordable%20Housing%20Working%20Group/Key%20Documents/PDF/Final_report.ashx

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