

10 March, 2017

MEDIA RELEASE

Bond aggregator a huge step forward in unlocking affordable housing

NSW community housing providers have welcomed the Commonwealth Government's announcement it will establish an independent finance body to attract large scale private investment in social and affordable housing.

The announcement builds on work by housing academics under the Australian Housing and Urban Research Institute (AHURI) and a detailed model for a bond aggregator agency proposed by the NSW Federation of Housing Associations in last July.

The model was widely supported by superannuation funds and banks in their submissions to the Commonwealth's Affordable Housing Working Group, set up last year to identify cost-effective ways to finance lower rent housing.

Federation CEO Wendy Hayhurst said today's announcement by treasurer Scott Morrison was welcome recognition that affordable housing policies must move beyond reducing pressure on real estate prices to include solutions for renters and lower income earners.

Adapting an approach successful in the UK and other countries, an Australian bond aggregator would aggregate the debt of individual housing providers, allowing them to borrow at a scale necessary to unlock investment from superannuation funds at low cost over the long term.

"Attracting large scale institutional investment is critical to establishing the community housing sector as a third tier of the Australian housing market – between the private property development industry and public housing," Ms Hayhurst said.

"Australian superfunds alone have \$1.5 trillion tied up in capital. The not-for-profit superannuation sector alone can provide access to \$200 billion in investment."

Ms Hayhurst said for a bond aggregator to work it would need to be accompanied by a long-term pipeline of affordable housing projects to build the investor confidence needed to ensure success of repeated bond issues.

Making a pipeline viable would call for additional government support such as capital grants, access to discounted land or revenue subsidy.

"Even with the cost-effective private finance that an aggregator agency can unlock, affordable housing will still face a funding gap," Ms Hayhurst said.

"The Treasurer's Working Group report made it clear that additional support from the Commonwealth or the States will be essential to make the sums add up - otherwise the aggregator plan will fall flat. We are keenly awaiting Mr Morrison's next announcement on how the gap will be bridged.

Media contact: Jenny Stokes 0478 504 280