

MEDIA RELEASE

NHFIC FINALISES LARGEST SOCIAL BOND FROM AN AUSTRALIAN ISSUER

24 June 2020

The National Housing Finance and Investment Corporation (NHFIC) has today finalised the largest social bond - at \$562 million - by an Australian issuer.

The funds raised from the NHFIC bond will support ten community housing providers (CHPs) across NSW, SA, Tasmania and Victoria, financing 2,736 properties including 775 new dwellings.

The third NHFIC bond will pass on the benefits of strong investor demand by providing a fixed rate of 2.06 per cent for 12-year interest only loans to the CHPs, which provide subsidised housing.

In total, the bond is anticipated to save the participating CHPs more than \$80m in interest payments over next 12 years.

The first loan to a Tasmanian CHP forms part of the latest bond, with Housing Choices Tasmania to use the funding for 192 existing and new social and affordable homes.

Other CHP loans supported by the bond include Argyle Community Housing (NSW), BaptistCare (NSW & ACT) (NSW), Bridge Housing (NSW), Common Equity Housing Ltd (Victoria), Junction and Women's Housing (SA), Mission Australia Housing (NSW), Pacific Link Housing (NSW), SGCH Sustainability (NSW), and Women's Housing Limited (Victoria).

NHFIC CEO Nathan Dal Bon said, "It is pleasing to see the strong support from domestic and international investors for the community housing sector. These funds will be channeled directly to community housing providers to support Australians most in need at such a challenging time."

Since March 2019, NHFIC has issued nearly \$1.2 billion of social bonds, making it the biggest issuer of social bonds in Australia.

The NHFIC bonds are further evidence of Australia's community housing sector emerging as a new investment asset class, Mr Dal Bon said.

Today's AAA-rated bond drew strong interest from domestic and offshore investors, including a number of Australian superannuation funds.

NHFIC would like to acknowledge the contribution of joint lead managers ANZ, UBS and Westpac and legal advisers King & Wood Mallesons. In addition, NHFIC thanks the relevant state governments for their cooperation in enabling the transactions with CHPs.



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Tessa Dann, Director – Sustainable Finance at ANZ said, “NHFIC’s use of social bonds to tap investor capital for the community housing sector is critical given the impact of the COVID-19 pandemic on the ability of people to remain in housing.”

Allan O’Sullivan, Executive Director, Westpac said, “It was pleasing to see the support for NHFIC’s latest issue reinforce the depth of the market for social investments and further enhance the agency’s social bond platform.”

Tim Galt, Executive Director at UBS said, “This is the largest orderbook, largest print transaction, lowest coupon and longest bond NHFIC have issued to-date...our credit goes to the NHFIC team in combining global liquidity, demand for socially responsible investment opportunity and an ongoing bid for duration in securing this impressive outcome.”

Since its establishment two years ago, NHFIC’s funding has supported the delivery of more than 7,100 new and existing homes that have been built and managed by CHPs, Mr Dal Bon said.

Junction and Women’s Housing CEO Maria Palumbo said, “Through NHFIC, we have a long term, low cost, stable and predictable funding solution enabling us to grow our housing portfolio and help more people realise their dream of homeownership, while reducing pressure on the rental market. As we recover from COVID-19, this security enables us to continue to stimulate the economy through the delivery of more affordable housing outcomes - which has never been more important.”

Women’s Housing Limited’s CEO Judy Line said, “The benefit this latest bond issuance will bring to Women’s Housing is that savings will be significant and directed towards building more affordable housing for women.”

SGCH Group, which received the largest loan of \$210m from the latest NHFIC bond, will refinance its existing debt to support 305 existing dwellings and build 235 new homes.

SGCH Group CEO Scott Langford said, “The benefits realised through a lower interest rate over the period mean we will build more social and affordable homes, providing long term economic and social benefit.”

Housing Choices Tasmania’s Managing Director Michael Lennon said the organisation was very pleased to have finalised an agreement between the Tasmanian state government, Housing Choices Tasmania and NHFIC to secure long-term debt financing for the provision of much needed social housing in Tasmania.

“This agreement will enable us to continue our established commitment to not only housing Tasmanians who are locked out of the private rental market, but also providing a range of services that help to sustain those tenancies and build a foundation for the future,” Mr Lennon said.

Wendy Hayhurst, CEO of Community Housing Industry Association, said the success of the third NHFIC social bond is “proof positive that there is keen interest from investors in Australian affordable housing.”

PowerHousing Australia’s CEO Nicholas Proud said that issuing the third NHFIC impact bond today provided a “boost” for CHPs to channel low cost, long term finance into housing outcomes.



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Background information:

The [National Housing Finance and Investment Corporation \(NHFC\)](#) is an independent Commonwealth entity dedicated to improving housing outcomes, with a particular focus on affordable housing. Our Affordable Housing Bond Aggregator provides low cost and longer-term loans to registered community housing providers to support the provision of more social and affordable housing.

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