



Australian Government



NHFIC

National Housing Finance
and Investment Corporation



National Housing Finance
and Investment Corporation
Social Bond Report 2020–21

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Acknowledgement of Country

In the spirit of reconciliation, NHFIC acknowledges the Traditional Custodians of country throughout Australia and their continuing connections to land, waters, community and culture. We pay our respects to their Elders past, present and extend that respect to Aboriginal and Torres Strait Islander peoples today.

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About NHFIC

The National Housing Finance and Investment Corporation (NHFIC) is dedicated to improving housing outcomes for Australians.

NHFIC provides long-term and low-cost finance via loans, investments and grants to registered community housing providers (CHPs) to support the provision of more social and affordable housing.

NHFIC commenced operations on 30 June 2018 and administers the Affordable Housing Bond Aggregator (AHBA), National Housing Infrastructure Facility (NHIF) and First Home Loan Deposit Scheme (FHLDS), and conducts research into housing demand, supply and affordability.

Highlights

FINANCIAL YEAR 2020-21

ISSUED 3 NEW BONDS

Including NHFIC's first sustainability bond and longest-tenor bond, and first floating-rate note raising \$805.7 million from 43 institutional investors.



SUPPORTING 4,900+ DWELLINGS

Including over 2,100 newly acquired or constructed dwellings to support housing supply.



PROVIDED 9 CHPS WITH FINANCIAL STABILITY

These 3 bonds provided 9 CHPs with financial sustainability via longer tenor and lower-interest loans.



DELIVERING \$161 MILLION IN SAVINGS

To CHPs in estimated interest charges and reduced fees, over the life of the loans.



Message from the Chair and CEO



Adrian Harrington, Chair

Now in its third year, NHFIC’s bond program continues to grow and evolve

In 2020–21, NHFIC successfully issued three bonds for \$805 million, including NHFIC’s first sustainability bond and first floating rate note, with strong support from new and existing institutional investors.

As NHFIC bonds have grown and evolved, the tenors have been progressively built out. The sustainability bond has helped us attract new investors to support sustainable and social and affordable housing in Australia. Our sustainability bond was also our longest tenor bond at 15 years, and the floating rate note demonstrates our ability to adapt to support our CHP partners.

A crucial part of our role is to help establish social and affordable housing as an asset class, to attract more investment from the private sector into this sector. Today NHFIC social bonds account for over a quarter of all Australian dollar social bonds issued, and our bond program has attracted close to \$2 billion from more than 60 different institutional investors. This makes us a leading issuer of social bonds in Australia.



Nathan Dal Bon, Chief Executive Officer

In May 2021, ahead of planned bond issuances, NHFIC hosted an investor tour of social and affordable properties in Melbourne. Thirteen attendees representing eight investors and financiers visited key sites and heard the experiences of tenants who live in properties owned by Women’s Housing and Haven; Home, Safe. Meeting CHP representatives helped investors better understand community housing and the impact of investing in NHFIC bonds.

We are pleased to present our Social Bond Report 2020–21. This report provides information and transparency to investors on the use of proceeds and forms a key disclosure requirement under NHFIC’s Sustainability Bond Framework.

Adrian Harrington
Chair

Nathan Dal Bon
Chief Executive Officer

NHFIC bonds in 2020–21

\$805 million issued during 2020–21

In 2020–21, NHFIC continued its role contributing to the growth of Australia’s social bond market, and establishing social and affordable housing as a recognised investment asset class.

NHFIC issued three bonds in 2020–21, taking issuance to \$805 million during the financial year (Table 1). NHFIC also issued its first sustainability bond, which encompasses both social and environmental characteristics. By issuing a sustainability bond, NHFIC has expanded its bonds into two categories: social bonds and sustainability bonds.

All NHFIC social bonds are independently verified as aligning with international social bond principles (SBP), as outlined by the International Capital Market Association (ICMA).

Strong investor demand from new and repeat investors

NHFIC’s investor base continued to grow domestically and offshore, with 13 new investors (including seven new investors based overseas) across the three new bonds issued in 2020–21. NHFIC has now had over 60 different institutional investors and has built up a set of core repeat investors who made up 40 per cent of demand across all its bonds.

The combination of new and repeat investors ensured continued strong support for NHFIC’s bond program. All three bonds in 2020–21 were at least two times oversubscribed, and also had the highest allocation to international investors to date.

Table 1: Summary of 2020–21 NHFIC sustainability and social bond issuance

Bond 4 – Sustainability bond	
Principal amount	A\$343m
Issue date / settlement date	2 Jun 2021
Maturity date	30 Jun 2036
Issue price	100 per cent of the principal amount
Interest rate	2.335%
Coupon payable	Semi annually on 30 Jun and 30 Dec
Bond classification	Sustainability bond
ISIN	AU3CB0280659
Bond 5 – Fixed rate social bond	
Principal amount	A\$362m
Issue date / settlement date	15 Jun 2021
Maturity date	1 Jul 2031
Issue price	100 per cent of the principal amount
Interest rate	1.74%
Coupon payable	Semi annually on 1 Jul and 1 Jan
Bond classification	Social bond
ISIN	AU3CB0280923
Bond 6 – Floating rate note	
Principal amount	A\$100m
Issue date / settlement date	15 Jun 2021
Maturity date	1 Jul 2031
Issue price	100 per cent of the principal amount
Interest rate	3mBBSW + 18bps
Coupon payable	Quarterly on 1 Jul, 1 Oct, 1 Jan and 1 Apr
Bond classification	Social floating-rate note
ISIN	AU3FN0061032



NHFIC’s bonds total almost \$2 billion, with 3 new bonds issued in 2020–21

The increased diversity in the NHFIC bond investor base is helping to establish social and affordable housing as an investment asset class in Australia and reflects the growing global trend of institutions seeking opportunities to invest in projects that support environmental, social and governance (ESG) outcomes.

Strong investor demand saw a progressive tightening of the margin on NHFIC bonds compared to equivalent government bond benchmarks.

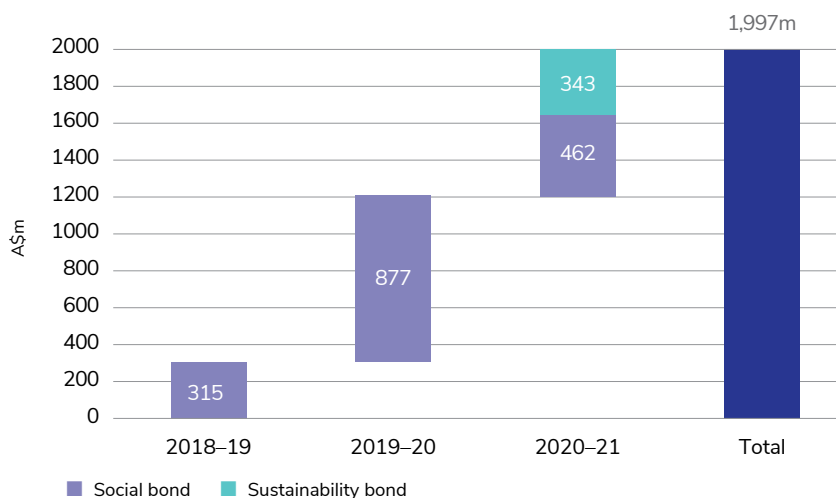
Margins on 2020–21 bond issuances narrowed considerably, with issuances 4 and 5 priced at 21.7 and 21.5 basis points above the relevant Australian Commonwealth Government Benchmark (ACGB), compared with issuance 1 which was priced 48.3 basis points above benchmark (Table 2).

The \$362 million, 10 year fixed rate NHFIC social bond achieved the lowest margin to date against benchmarks of similar tenor. These lower margins were driven by a range of factors, including stronger investor demand for NHFIC bonds, and point to a growing understanding of social and affordable housing as an investible asset class.

Table 2: NHFIC bonds against benchmark

	Tenor	Coupon rate	Price above ACGB benchmark
Bond 1	10 years	2.38%	+48.3bps
Bond 2	10.5 years	1.52%	+37.8bps
Bond 3	12 years	1.41%	+38bps
Bond 4	15 years	2.335%	+21.7bps
Bond 5	10 years	1.74%	+21.5bps
Bond 6	10 years	3mBBSW + 18bps	n/a

Figure 1: NHFIC bond issuance from 2018–19



A leading issuer of social bonds for housing

The total value of the six bonds NHFIC issued since establishment is A\$1.997 billion (Figure 1). All six NHFIC bonds support social and affordable housing outcomes, in addition to sustainability outcomes achieved by NHFIC’s sustainability bond.

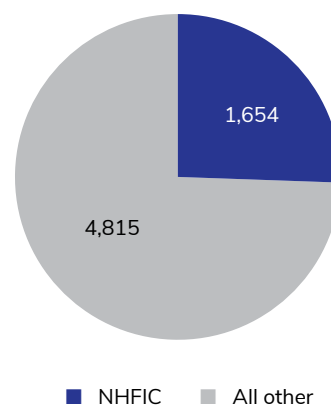
NHFIC has issued \$1.654 billion of social bonds since 2018–19, which represents over one quarter of all AUD social bonds issued in debt markets (Figure 2). According to KangaNews data, \$6.5 billion of Australian dollar

social bonds have been issued since the emergence of Australian social bonds in 2017.

NHFIC’s sustainability bond has also contributed \$343 million to the total \$5.1 billion in AUD sustainability bonds issued since 2017.¹

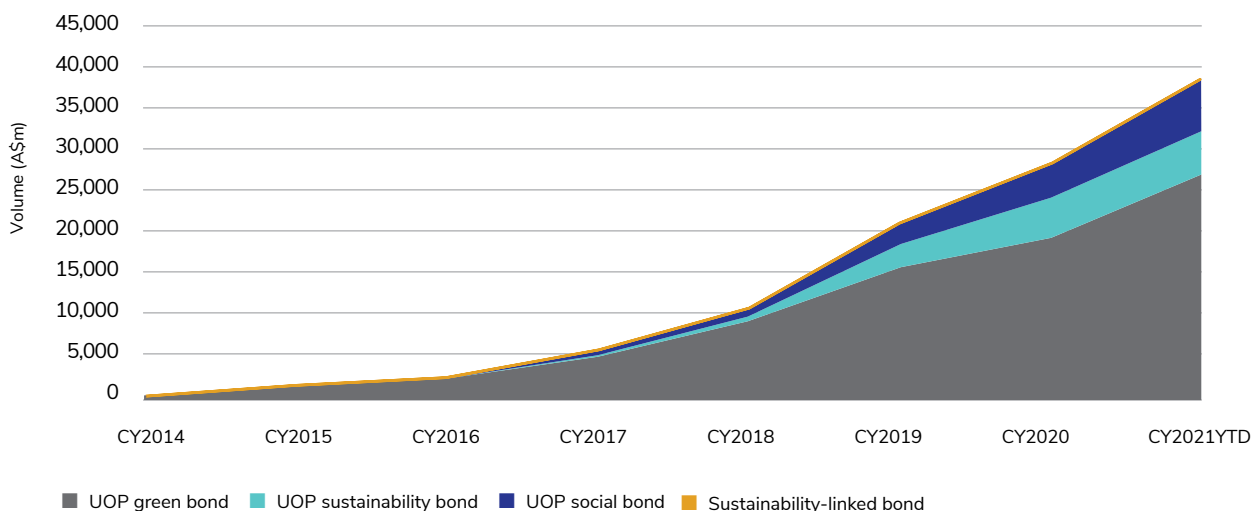
Since 2019, NHFIC has issued social bonds each financial year, contributing to a notable increase in the total volume of social bonds issued each year since in the Australian market (Figure 3).

Figure 2: Total AUD social bonds issued (\$m)



Data source: KangaNews, NHFIC

Figure 3: Cumulative AUD ESG-linked bond issuance



Data source: KangaNews Sustainable Finance Oct/Nov 2021

The growth of the social bond market is critical to facilitating greater private and institutional investment in community housing and to the operation of the AHBA.

As the social bond market continues to grow and mature – including relative to other ESG-linked Use of Proceeds (UoP) bonds such as green bonds – NHFIC issuances will continue to expand the impact and scale of social bonds in Australia.

NHFIC’s continued issuance of social bonds will continue to support long-term housing outcomes, by generating investor demand for social bonds and improving understanding of social or affordable housing as an investible asset class.

1. KangaNews Sustainable Finance Oct/Nov 2021 (references data published to 9 September 2021)



First sustainability bond



Longest tenor issuance

First sustainability bond

NHFIC's first sustainability bond was also its longest tenor bond to date at 15 years, and received strong support from both domestic and international investors (12 international out of a total of 30 investors). These investors included Australian superannuation funds, sovereign wealth funds and offshore ethical investment funds.

Proceeds from the bond will support the construction of over 1,100 new mixed development rental homes across Melbourne as part of NHFIC's involvement in a CHL-led Building Communities consortium. The new developments will have a range of sustainable features including a 7-star average energy efficiency rating, 5-star green building rating, on-site renewable energy supply through solar PV systems, full electrification (with no gas systems or appliances), energy efficient appliances, rainwater harvesting and water efficient fixtures.

The Building Communities project is NHFIC's largest single financial transaction to date. It signified a step-change in the way CHPs operate and partner with state governments and financiers like NHFIC to deliver long-term, large-scale projects.

The consortium indicated this structure would not have occurred without NHFIC financing. NHFIC financing enabled Community Housing Victoria Ltd (CHVL) to obtain an ownership stake in the project, in addition to providing property management and tenancy support services. CHVL's ongoing role in developing and managing the project means it expects to see a total return of around \$200 million over the 40-year life of the project, which can be reinvested into more subsidised housing.



First floating-rate note

First floating-rate note

NHFIC's CHP and investor product offering expanded further with the issuance of its first floating rate note in June 2021. The \$100m floating rate note enabled NHFIC to provide a variable interest rate loan facility for 10 years to CHP SGCH Group. Following the success of this floating rate note, NHFIC can now offer a combination of fixed interest rate loans and variable interest rate loans to CHPs to better meet their financing requirements.

The 10 year floating rate note was issued simultaneously with a 10 year fixed rate bond. Both issuances certified social bonds.

Additional information

Undistributed proceeds

As at 30 June 2021, all proceeds from NHFIC's bonds had been distributed.

Unallocated proceeds

All bond proceeds have been allocated to CHPs that meet the eligibility criteria of NHFIC's sustainability bond framework.

Credit quality

NHFIC continues to work with CHPs to identify and mitigate the risk of credit losses resulting from COVID-19 impact on social and affordable housing tenants and CHPs. NHFIC's assessment to date found that there has been no significant increase in the credit risk at this time. NHFIC will continue to actively monitor the situation given the recent lockdowns.

NHFIC Investment Mandate

NHFIC is governed by the NHFIC legislation and Investment Mandate, which outlines the objective and eligibility criteria for the AHBA. The objective is for NHFIC to provide lower cost and longer tenor loans for CHPs compared to alternative sources of finance. NHFIC can achieve this by issuing Commonwealth Government guaranteed social bonds in the commercial market at a larger scale and different terms than could be achieved by individual CHPs. The savings are passed on through cheaper NHFIC loans to CHPs enabling them to improve housing outcomes for their clients. AHBA loans can only be provided to registered CHPs that are regulated under a State or Territory law or scheme.

External assurance

EY has provided pre-issuance assurance that Bond 4 complies with sustainability bond principles and that Bonds 5 and 6 comply with social bond principles.

EY has also conducted post-issuance assurance for Bond 1, Bond 2 and Bond 3 (see Appendix B).

EY will conduct post-issuance for Bonds 4, 5 and 6 by the end of 2022.

Eligibility criteria

NHFIC has expanded its bond program framework to enable it to offer either social bonds or sustainability bonds.

Social and sustainability bonds explained



What is a social bond?

Social bonds are a type of financial instrument, where the funds raised by the bond are used to finance or refinance projects that deliver positive social outcomes.

They are a debt instrument, aligned to the Social Bond Principles (SBP) and use the proceeds for an identified social good or social purpose. This can include projects ensuring access to essential services, affordable housing or micro-finance. Social bonds can also be used to support target populations including people with disabilities, unemployed, women, ageing populations, and vulnerable youth.

NHFIC issues social bonds to support its mandate of improving housing outcome for Australians, with an emphasis on low-income and vulnerable Australians and affordable housing. Through bond issuance, NHFIC encourages investors to support the development and sustainability of the social bond market in Australia.



What is a sustainability bond?

Sustainability bonds are a type of financial instrument, where the funds raised by the bond are used to finance or refinance green and social projects that have positive environmental and social impacts.

Sustainability bonds are aligned with the four core components of both the Green Bond Principles (GBP) and SBP. Sometimes, sustainability bonds are referred to as ESG bonds or sustainability-linked bonds.



Social, sustainability, green bonds...what's the difference?

A sustainability bond includes green projects, social projects, or a combination of both.

A green bond is a financial instrument that is used to finance green projects, that deliver environmental outcomes. These can include projects that offer climate change and environmental benefits, such as low carbon buildings and transport, sustainable water and waste management, and renewable energy projects. Green bond is sometimes used interchangeably with the term 'climate bond', however climate bonds are generally considered a subset of green bonds, as they are green bonds certified by the Climate Bond Institute.



NHFIC’s bond framework

NHFIC’s bond program enables it to fund affordable housing projects through the issuance of social bonds. NHFIC’s bond program also enables it to fund new community housing projects that meet additional energy efficiency and environmental criteria that align with the UN Sustainable Development Goals and International Capital Market Association (ICMA) sustainability bond principles.²

There has been rapid growth globally in investor demand for investment opportunities that support ESG-related goals and improvements. Large investors, including superannuation funds and overseas pension funds, are increasingly integrating ESG factors into their investment decisions. NHFIC’s successful issuances of its first sustainability bond reflects this increased focus on the broader ESG agenda and provides an opportunity to attract more private capital to the affordable housing sector in Australia.



	UN Sustainable Development Goals	NHFIC SBP project categories
SOCIAL BOND	<p>1 NO POVERTY</p>  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	Affordable Housing
SUSTAINABILITY BOND	<p>1 NO POVERTY</p>  <p>6 CLEAN WATER AND SANITATION</p>  <p>7 AFFORDABLE AND CLEAN ENERGY</p>  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Affordable housing</p> <p>Green buildings</p> <p>Energy efficiency</p> <p>Pollution prevention and control</p> <p>Clean transportation</p> <p>Sustainable water and wastewater management</p>

2. The ICMA social bond principles and sustainability bond principles are available at <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

Social Impact Metrics

NHFIC uses a framework developed by Australian Housing and Urban Research Institute (AHURI) to measure the impacts of NHFIC’s social bonds

AHURI’s general framework for considering the potential impact of NHFIC’s social bonds needs to be considered in the context of a number of broader economic and housing market conditions affecting the construction sector, financial sector, interest rates, land values, public housing policy and tax settings.

AHURI has noted the problem of attribution is not unique to measuring outcomes from the AHBA, rather it is a key problem of impact evaluation, i.e. that broader population level changes reflect a variety of influences. As a result, impact assessment should focus first and foremost on outcomes that organisations can be expected to influence and measure.

NHFIC’s focus is on the Primary Outcomes resulting from the use of its proceeds. That is, the impacts that can be most directly attributable to NHFIC providing finance to CHPs. This reflects both the fact that NHFIC bonds have been issued over a relatively short period) and that the international social and sustainability bond market reporting framework is continuing to develop.

NHFIC intends to work collaboratively with the CHP sector to establish a consistent set of impact reporting metrics for CHPs in Australia to account for the broader social, environmental and governance (ESG) aspects of their activities to investors, governments and the wider community.

A similar ESG reporting framework has been developed in the UK social and affordable housing sector, which is designed to support and increase private investment in this vitally important sector.

The CHPs that have been funded by NHFIC bond issuances have also been requested to provide updates every six months on how the NHFIC funds are spent and what outcomes are being achieved.

Figure 4: AHURI framework for assessing NHFIC’s social bonds

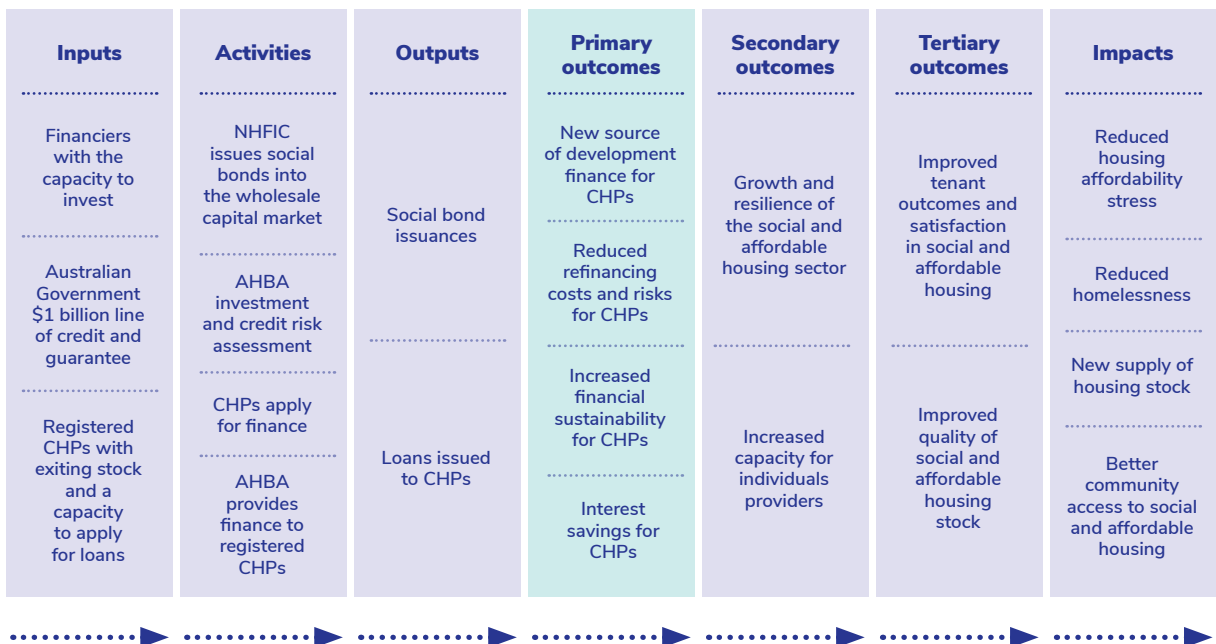


Table 3: Achievements against AHURI framework

AHURI social impact framework		Achieved	Commentary
Outputs	Social bond issuances	✓	NHFIC issued three bonds in 2020–21, including two social bonds and one sustainability bond.
	Loans issued to CHPs	✓	The three bonds issued in 2020–21 funded \$805 million of CHP loans.
Primary outcomes	New source of development finance for CHPs	✓	8 of the 9 CHPs supported by the three bonds issued in 2020–21 were provided development finance to support acquisition and construction of new dwellings. Around 65 per cent of the value of CHP loans funded by the three bonds supported new supply.
	Reduced refinancing costs and risks for CHPs	✓	In testimonials, multiple CHP CEOs comment on how NHFIC loans reduce their refinancing costs and risks. NHFIC's bonds have supported loans of between 10 to 15 years in tenor, which better match the life of housing assets of CHPs.
	Increased financial sustainability for CHPs	✓	In testimonials, multiple CHP CEOs comment on how NHFIC helps them access longer tenor and lower-interest loans, which increase their financial sustainability and ability to grow. The NHFIC bonds have supported almost 5,000 dwellings, including over 2,100 newly acquired or constructed dwellings.
	Interest savings for CHPs	✓	The loans backed by the three bonds provide CHPs with up to \$161 million in estimated interest savings over the life of the loans.



ABHA borrower profiles

CHPs are an important part of the Australian housing system, providing accommodation services for people in social and affordable housing
















The information in this section is provided by each of the community housing providers, whose loans are included in NHFIC bonds issued during 2020–21 (bond issuances 4, 5 and 6).

To continue supporting the sustainable growth of the community housing sector, and investibility of social and community housing in Australia, NHFIC engages with investors and stakeholders and provides disclosures on the underlying loans and borrower profiles of assets within NHFIC issuances.






Where available, we have also included tenant profiles to highlight the stories of Australians whose lives are improved by the work of our community housing partners.



Contents

CHP	State	Tenant mix		Target cohort		
		Social	Affordable			
Bond 4						
Building Communities Vic (Led by CHL as Lead Consortium Member)	Vic	●	●			
Bond 5						
Common Equity Housing Limited	Vic	●	●			
Foundation	WA	●	●			
Housing Choices SA	SA	●	●			
Housing Choices Tasmania	Tas	●				
Mission Australia	NSW		●			
Pacific Link	NSW	●	●			
SGCH	NSW	●	●			 
Unison	Vic	●				
Bond 6						
SGCH	NSW			as listed above		

Key

-  At-risk, including at-risk youth, domestic violence survivors, people at-risk of homelessness
-  Disability
-  Elderly
-  Indigenous
-  Women, including single parents



Building Communities Vic



**CHL is the lead consortium
member of the Building
Communities consortium**

“We have had a successful partnership with NHFIC since its inception. This funding in particular is game changing, enabling CHL to accelerate the delivery of large scale new social and affordable housing for hundreds of Victorians in a model that is replicable for the renewal of public housing nationally.”

Steve Bevington,
CHL Managing Director

“This is the biggest project of its kind and it simply wouldn't have been possible without the backing and expertise of NHFIC.”

Ryan Slocombe,
Tetris Capital Principal

Left: A view of the Flemington development foregrounds

Above: An artists impression of Bangs Street, Prahran

 State:	Victoria
 Target cohorts:	Diverse, including disability, indigenous
 Tenant mix:	Social, private, affordable, supported disability

Name	Building Communities (Vic) Limited
About	CHL is the largest Australian not-for-profit company delivering affordable housing to those on low and moderate incomes. Established 28 years ago, and currently have more than 11,000 properties under rental management in Australia across six states.
Loan value and tenor	\$344.3 million (15 year fixed rate interest only loan)
Loan purpose	<p>The Building Communities consortium, led by Community Housing (Victoria) Limited (CHVL), was announced as the preferred bidder under the Victorian Public Housing Renewal Program to deliver integrated social, affordable and private housing (build to rent) on three metropolitan Melbourne public housing sites, under an innovative 40-year concessional ground lease structure on Homes Victoria land.</p> <p>The project has a number of additional sustainability features including: NatHERS performance 7-star average; 6-star minimum for any individual apartment; Green star 5-star minimum as built rating; on site renewable energy supply through the provision of solar PV system; embedded network – equitable distribution of onsite generation and metering and monitoring systems; rainwater harvesting for toilet flushing and landscaping and water efficient fixtures; sustainable transport strategy and carshare solutions.</p> <p>The structure of the model sees CHVL reinvest the returns made over the life of the project into more subsidised housing. Over the span of the 40-year life of the project, the total returns expected are around \$200 million.</p>
Geographic concentration	Melbourne (Brighton, Prahran, Flemington)
Target cohorts	Diverse/mixed
Tenant mix	56% social, 29% private, 10% affordable, 5% supported disability

Common Equity Housing Limited



Sally

Finding a place to call home took some time for Sally. Living in 'limbo', Sally moved from bedsit to bungalow.

"I wasn't able to really live. I'd never experienced true stability with regards to housing. Being on a pension and finding rent that I could afford was a stressful rat race. There was no point in unpacking boxes because I was always on the move."

Years ago, an opportunity to take part in a personal and community development program run by CEHL (at Lifeworks in Ringwood) led Sally to become one of the members of Lakewood Housing Co-operative.

"I cried tears of deep joy when I received the letter to say that I had been offered a home at Lakewood and I have always viewed it as a wonderful gift from CEHL. I never thought in a million years that I would ever have an opportunity to settle."

"The best thing about being part of a co-op is the sense of community – not feeling alone and making many new friends."



"The aggregation of the industry's debt requirements to achieve longer tenor at significantly lower costs is a real game changer. For too long we have relied on short term funding designed for corporates to finance our long-term investment in social housing.

The NHFIC debt facility provides far better matching of debt to social housing outcomes.

This funding allows us to provide a newly refurbished building to an established social housing co-operative which has thrived in an underperforming building. Empowering our co-ops and their individual members is exactly what we do here at CEHL."

Brad Hosking
CEHL Managing Director
(Acting)

Above: Image of building construction in progress at the property in Ringwood



vic State:	Victoria
Target cohorts:	Diverse, at-risk of domestic violence, homelessness
Tenant mix:	Social and affordable

Name	Common Equity Housing Limited
About	CEHL is a supporter of co-operative housing which is a successful method in building community and empowering tenants through gaining skills and having a say in their housing outcomes.
Loan value and tenor	\$15 million (10 year fixed rate interest only loan)
Loan purpose	Funding will complete the repair and refurbishment of an existing multi-story building, the Ringwood project, consisting of 80 social and affordable dwellings of two-and three-bedroom apartments. The building is the site of an existing housing co-operative. The repair works will rectify moisture ingress issues, while the refurbishment will upgrade liveability, energy efficiency and the amenity of the site for all residents. The balance of the funding is being used to support the equity portion of additional social housing that is being provided with grant funding through the Victorian State Government's Big Housing Build initiative.
Geographic concentration	Ringwood & other future social housing throughout Victoria
Target cohorts	Diverse – Low-medium income people experiencing or at risk of homelessness and disability, and victims of domestic violence
Tenant mix	100% social and affordable

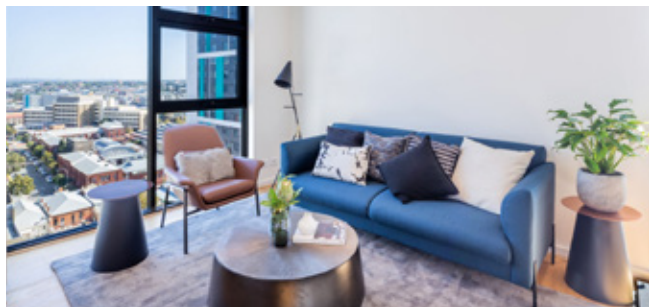
The refurbished building will support tenants with increased livability and reduced utility costs through significantly improved energy efficiency upgrades.



Above: Artist's impression of the forecourt, Ringwood



Foundation Housing



Above: An aerial view of Verdant apartments, offering affordable accommodation in Perth CBD

Above right: Stylish and interiors from Foundation Housing projects, whose target clientele is often derived from key worker groups

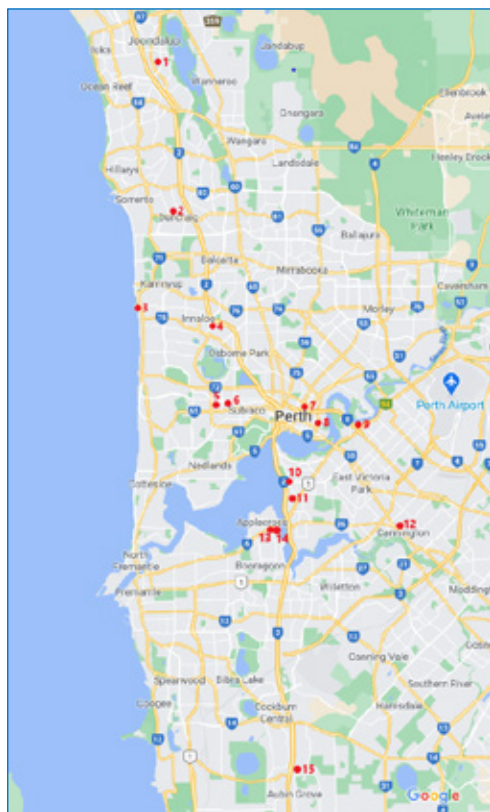
“NHFIC has helped us deliver our mission to provide affordable housing for Western Australians on low to moderate incomes. In a market where vacancy rates are below 1% and with rents rising by as much as 50%, our projects mean over 150 tenants can benefit from our properties and avoid entering housing and financial hardship.

Without this NHFIC facility, Foundation Housing would have been anchored in bank debt with no capacity to grow or leverage new initiatives, but the savings and equity made possible by this facility means we can invest in new social and affordable housing projects. We would highly recommend NHFIC to other Community Housing providers.”

Chris Smith,
Foundation Housing CEO

 State:	Western Australia
 Target cohorts:	Diverse
 Tenant mix:	Social and affordable

Name		Foundation Housing Limited
About	<p>Foundation Housing is Western Australia’s largest community housing provider for people in need. It manages 2,154 tenancies, housing over 3,200 people across the state, including tenancies in the Kimberley and Pilbara.</p> <p>More than just accommodation, Foundation Housing provides a high level of service and support to help tenants sustain their home. It understands that having a home is only the start of a journey and that feeling empowered and connected to the local community can impact enormously on tenants’ lives.</p>	
Loan value and tenor	\$45 million (10 year fixed rate interest only loan)	
Loan purpose	\$45m for the Affordable Housing Portfolio, to fund the acquisition of 98 affordable housing units, and 12 planned social housing units	
Geographic concentration	Perth metropolitan area (Joondalup, Perth, Subiaco, Atwell, Cannington, Scarborough, Inaloo, East Perth)	
Target cohorts	Diverse – a mix of singles, couples and single families	
Tenant mix	89% affordable (key worker), 11% social	



Map left: Locations

- 1 Arthouse, Joondalup
- 2 Evolve, Duncraig
- 3 Beach Shack, Scarborough
- 4 Stirling Cross, Innaloo
- 5 Treehouse, Jolimont
- 6 Indigo, Subiaco
- 7 Verdant, Perth
- 8 Skye One Seven, East Perth
- 9 Tribeca East, Rivervale
- 10 M/26, Como
- 11 Henley on Park, Como
- 12 Mode, Cannington
- 13 Cirque, Mt Pleasant
- 14 Precinct, Mt Pleasant
- 15 60 Flourish, Atwell



Housing Choices SA

An artists' impression of
Nightingale Bowden



The Nightingale Bowden development targets the establishment of a community dedicated to a sustainable, low-carbon lifestyle. Sustainable building design will enable residents on low incomes to make significant savings on transport and energy costs.




“More affordable debt enabled us to ‘think bigger’ and deliver a more ambitious development program in SA and achieve better outcomes for the State Government under our management transfer arrangements.

The Bowden Nightingale project showcases what Housing Choices does best – innovating and partnering to leverage more than can be achieved individually. In this case, an energy efficient, architect designed, carbon neutral apartment complex incorporating social housing.

The longer-term secure debt through NHFIC made this pioneering model possible as a not-for-profit community housing provider.”

Michael Lennon,
Housing Choices
Managing Director

**HOUSING
CHOICES
AUSTRALIA.**

 State:	South Australia
 Target cohorts:	Mixed, incl indigenous, disability
 Tenant mix:	Social and affordable

Name	Housing Choices South Australia Limited
About	<p>Housing Choices Australia Group (Housing Choices) is an independent, national, not-for-profit housing provider that delivers high quality, accessible and affordable housing for people who struggle to find a suitable home in Australia's challenging private rental market.</p> <p>Housing Choices is one of the largest community housing providers in Australia, with operations in Victoria, South Australia, Tasmania, New South Wales and Western Australia. Housing Choices owns and manages more than 7,000 properties, accommodate over 8,500 tenants, with more than 200 staff members across five states.</p>
Loan value and tenor	\$22 million (10 year fixed rate interest only loan)
Loan purpose	<p>Core finance \$8.36m – refinancing of core debt New construction: construction of 32 social dwellings. Bowden Project is a partnership with Nightingale Housing (NGH), Renewal SA & SA Housing Authority (SAHA); Housing Choices South Australia (HCSA) is developing a carbon-neutral, 50 apartment complex over six storeys. 14 dwellings have been pre-sold under the NGH ballot system and eligible for HomeBuilder.</p> <p>Felixstow is a 14 dwellings development as part of the Renewal SA's Renewing Our Streets and Suburbs (ROSAS) contract. SAHA will provide the land to HCSA for the development and on completion HCSA will transfer 8 dwellings back to SAHA. The remaining 6 will be managed by HCSA under ROSAS with HCSA retaining titles for at least 40 years.</p>
Geographic concentration	Metropolitan Adelaide (Bowden and Felixstow)
Target cohorts	<p>Nightingale Bowden</p> <p>50% of the development will be sold as affordable dwellings to singles, couples and small families under the Nightingale Ballot system, with a priority given to key workers, low income households and indigenous people.</p> <p>50% of the development will be offered for rent as community housing, for singles, couples and small families, with 5 of these dwellings suitable for people living with disabilities.</p> <p>Felixstow</p> <p>100% of the development will be offered as social housing, with 43% community housing suitable for older people. 57% of the dwellings returned to public housing will be suitable for couples and small families.</p>
Tenant mix	<p>Bowden: 50% affordable purchase, 14% National Disability Insurance Scheme (NDIS); Specialist Disability Accommodation (SDA), 36% social and/or affordable rental</p> <p>Felixstow: 100% social</p> <p>Social housing residents are selected from the statewide social housing register, with consideration to locational requirements, individual needs and dwelling sizes. NDIS/SDA tenants will be selected in partnership with HCSA's Specialist Housing team.</p>



Jenny

Jenny is 72 and lives in a new unit at Harmsworth Rd Oak Downs; her lease started in June 2021 but Jenny has been a tenant with Housing Choices since 2014 and until recently resided at our Queens Walk apartments.

Jenny was offered a tenancy at Harmsworth due to health/mobility issues. She required accommodation without stairs, walk in shower and close to services.

Jenny has not had the financial resources to access the private rental market. She is currently in receipt of an aged pension. Jenny is a very independent person so the ability for her to “age in place” is a positive outcome for her ongoing health determinants and the overall impact on the community and government health systems.

The house and garden are bringing her great joy and enabling her to pursue creative interests and have family to visit.

Housing Choices Tas



“Tasmania has experienced significant shifts in the housing market over recent years, seeing many more people locked out of the private rental market. This has seen a sharp increase in urgent demand for social and affordable housing that looks set to play out for years to come.

With that as the backdrop, Housing Choices Tasmania recognises the vital role that NHFIC can play in ensuring access to long term, low-cost financing that is directly targeted to the delivery of housing for the people in the most need.”

Michael Lennon,
Housing Choices
Managing Director



TAS State:	Tasmania
Target cohorts:	Mixed, incl at risk (domestic violence, homelessness), disability, elderly
Tenant mix:	Social

Name	Housing Choices Tasmania Limited
About	<p>Housing Choices Australia Group (Housing Choices) is an independent, national, not-for-profit housing provider that delivers high quality, accessible and affordable housing for people who struggle to find a suitable home in Australia's challenging private rental market.</p> <p>Housing Choices is one of the largest community housing providers in Australia, with operations in Victoria, South Australia, Tasmania, New South Wales and Western Australia. Housing Choices owns and manages more than 7,000 properties, accommodate over 8,500 tenants, with more than 200 staff members across five states.</p>
Loan value and tenor	\$8 million (10 year fixed rate interest only loan)
Loan purpose	To finance 80 new properties in Tasmania, as part of the Tasmanian State Government's Community Housing Grant Program (Round 2) and Extension
Geographic concentration	South and North West Tasmania (Oak Downs, East Devonport, Devonport, Shorewell Park)
Target cohorts	<p>The property portfolio is designed to meet the needs of a range of vulnerable cohorts across Tasmania.</p> <p>In particular with focus on: Priority Applicants from the Tasmanian Housing Wait List; people who are homeless or at risk of homelessness; older women over 55; women escaping family violence; and people living with disabilities and/or mobility issues.</p>
Tenant mix	<p>100% social</p> <p>All tenants are selected from the Tasmanian Housing Wait List and are allocated based on specific need matched to vacant dwellings.</p> <p>We are required to allocate "Priority" applicants in line with our Residential Management and Development Agreements. All new Development Agreements require us to allocate 100% of our dwellings to Priority applicants.</p>



Mission Australia

A key element of this project is the identification of a 'Transitions Cohort' who are people on the NSW social housing waiting list who have the capacity, through being supported in achieving positive education, training and employment outcomes, to transition into affordable housing.






"The transitional affordable dwellings, together with tenancy support provided by Mission Australia, will be a key enabler to help transition social housing residents into education, training and employment and ultimately into market housing.

The Affordable Housing Bond Aggregator's long-term tenure, interest rate and interest-only structure were well suited to the project finance nature of the loan, and helped make the purchase feasible.

Furthermore, NHFIC's preparedness to work with us to structure the terms of the financing arrangement to the specific project nature of the acquisition further enhanced the purchase feasibility."

Chris Bratchford
Mission Australia Executive
Housing & Property

**MISSION
AUSTRALIA**

 State:	New South Wales
 Target cohorts:	Diverse
 Tenant mix:	Affordable

Name	Mission Australia Housing Partnership Limited (MAHPL), a controlled entity of Mission Australia Housing (MAH)
About	Mission Australia is a national Christian charity that stands alongside people in need across Australia. Part of the Mission Australia Group, Mission Australia Housing is an innovative, collaborative and values-driven housing organisation that provides social and affordable rental housing to low-and moderate-income households.
Loan value and tenor	\$67.9m (10 year fixed rate interest only loan)
Loan purpose	The loan will fund the purchase of a 130-apartment building to be used for affordable housing. At the time of publication, further details are commercial in confidence and/or subject to confidentiality.
Geographic concentration	North-western Sydney
Target cohorts	Diverse Target cohorts will be affordable housing tenants as well as former social housing tenants transitioning into employment.
Tenant mix	New dwellings: 8% social, 92% affordable dwellings The new apartment development will deliver 130 dwellings, comprising 120 affordable housing (offered at 75% of market rent) and 10 transitional affordable housing (5 studio and 5 one-bedroom apartments, offered at a 50% of market rent).



Dianne

Dianne worked extremely hard right up to her retirement, with her job taking her across Australia to a remote village in Victoria for two years.

It was a difficult period for Dianne as she felt isolated, being so far away from friends. She also suffers with a chronic health condition and regularly had to travel to Canberra or Melbourne for specialist care, which was expensive and stressful.

Despite her hard work, Dianne still found herself unable to afford rental prices when she moved back to the Central Coast. Pacific Link Housing was able to offer her affordable housing where she has lived for four years now. Dianne was over the moon that she could return to her local area, close to her friends and support network. She is also much closer to specialist medical care in Sydney, which she describes as a godsend.

Dianne is truly grateful for everything Pacific Link Housing has done for her. She cannot speak highly enough about the staff who have not only provided an affordable home, but also genuine support and care. She has made good friends with other tenants and looks forward to neighbourhood BBQs and other social activities.

Pacific Link Housing

The Canton Beach and Belmont projects will see two sites with older dwellings replaced with modern medium density apartment buildings, providing flexibility to meet the needs of target cohorts. It represents a truly collaborative project between Pacific Link and all three tiers of government, with NHFIC, NSW Department of Communities & Justice, Central Coast Council and Lake Macquarie City Council.

“The NHFIC funding has been a game changer for Pacific Link Housing. It has meant that instead of selling new housing that we have constructed, we can retain it for long term rental. This allows the company to build our balance sheet and long term cashflow security, which in turn gives us the capacity to build more housing and pursue our mission.

The NHFIC Affordable Housing Bond Aggregator and establishment of social and affordable housing as a new asset class in investment markets, provides a welcome source of low-cost, long term finance for the community housing sector.

This finance allows registered CHPs to unlock their balance sheets and contribute to delivering the much-needed supply of new, high quality affordable housing.”

Ian Lynch,
Pacific Link Housing CEO



Pacific Link
HOUSING



NSW State:	New South Wales
Target cohorts:	Diverse, incl at-risk (homelessness), elderly, women
Tenant mix:	Social, affordable and market



The Canton Beach complex, completed in 2020, incorporates 30 self-contained studio apartments with internal and external common areas.




At the time of publication, this development was a finalist in the 2021 UDIA NSW Awards for Excellence (Affordable Development), the 2021 MBA Newcastle Excellence in Building Awards (Medium Density Project) and the MBA NSW Excellence in Building Awards (Affordable Housing).



Pacific Link Housing (continued)



Above: Pacific Link's Woy Woy property of 31 social and affordable rental apartments. The development was a finalist in the 2017 UDIA NSW Awards for Excellence – Affordable Development

 State:	New South Wales
 Target cohorts:	Diverse, incl at-risk (homelessness), elderly, women
 Tenant mix:	Social, affordable and market

Name	Pacific Link Housing Limited
About	Pacific Link Housing is a government approved, not-for-profit, social and community housing provider with 35 years experience, 1,000 properties and 2,000 tenants in the Central Coast, Lake Macquarie and Hunter regions of NSW.
Loan value and tenor	\$7 million (10 year fixed rate interest only loan)
Loan purpose	<ul style="list-style-type: none"> • \$3.46 million for reimbursement of equity relating to an acquisition of 61 apartment developments at Woy Woy and Canton Beach. The acquisition allows for 100% ownership of the properties that can be leveraged as security for NHFIC borrowing to underpin the development of new social, affordable and market rental housing. • \$1.17 million for reimbursement of equity relating to land in Belmont, now being developed as 13 new social, affordable and market rental units • \$0.6 million refinancing of a commercial banking facility • \$1.77 million to fund general corporate working capital
Geographic concentration	The sites are located in the Central Coast and Lower Hunter regions of NSW – in the Central Coast and Lake Macquarie LGAs.
Target cohorts	<p>Woy Woy and Canton Beach – housing typically for older singles, eligible for social housing or people on low to moderate incomes who are eligible for affordable housing. Some of the apartments have been allocated for people experiencing homelessness under the NSW Government's Together Homes program.</p> <p>Belmont development (when completed in 2022) will be targeted to older singles (predominately women) and couples.</p>
Tenant mix	<ol style="list-style-type: none"> 1. Woy Woy – 65% social; 35% affordable 2. Canton Beach – 50% social; 50% affordable. The tenancy mix will be determined as the development progresses in response to local demand analysis. 3. Belmont development – this development has been awarded a grant from NSW Department of Communities & Justice Community Housing Innovation Fund that will allow for 5 of the 13 units (38%) allocated as social housing, with the balance to be rented as affordable and market rent housing.
Possible outcomes from interest savings	Interest savings will be redeployed by Pacific Link Housing towards delivering more capacity-building tenant programs; funding future development pipeline and investing in operational systems to maintain Pacific Link's ethos for continuing improvement.

SGCH



Tevita

Tevita was born in Redfern, where he lived during his primary school years along with his eight siblings.

When Tevita was a teenager, the family moved to larger accommodation in Mt Drutt but for Tevita, Redfern has always been home.

Thirty-two-year-old Tevita, which means 'Of David' or 'Beloved' in Polynesian has a father from Tonga and a mother from Taree, the Biripi or Saltwater people from the Mid North Coast. Tevita now works full-time as a career mentor at the Aboriginal Employment Service.

Tevita has found it difficult to find affordable, secure accommodation in Redfern and has been staying with family and friends to be close to work. Tevita is excited about his new home and being able to live in a community he loves, close to work and with rent he can afford:

"Finding accommodation that's affordable, close to work and in the community where I grew up and feel most comfortable has been hard."

"I'm looking forward to having some stability and finally feeling grounded in the one place – my place."

"It's been really heart-warming knowing this building is for social and affordable housing, and that people from my community might be placed there."



Foyer Central in Chippendale is an innovative youth housing model that provides self-contained units for young people exiting out-of-home care and are at risk of homelessness. Partners for Foyer Central project are the City of Sydney, NSW Department Communities and Justice, NSW Office of Social Impact Investment, Uniting and Social Ventures Australia. The facilities are also positioned near educational facilities and job opportunities, with trained Uniting staff onsite to assist with work, study and mentoring.

"Building on the strength of our partnership with NHFIC we are delighted to innovate with this floating rate note. This allows us to match the financing and service arrangements to access long term, efficient finance.

With the ongoing backing of NHFIC and institutional investors, we have now mobilised \$475 million and are on track to deliver more homes."

Scott Langford,
SGCH CEO

Above: Innovative youth housing at Foyer Central, Chippendale

(L-R): Sustainable social and affordable housing at Nuwarra Road, Moorebank; and Willan Road, Cartwright





NSW State:	New South Wales
Target cohorts:	Diverse, incl at risk (homelessness, youth) disability, elderly, indigenous
Tenant mix:	Social and affordable



Name	SGCH Portfolio Limited
About	With over 35 years' experience, SGCH operates across metropolitan Sydney and provides homes for around 11,500 people in 7,000 properties across the Sydney metropolitan region.
Loan value and tenor	<ul style="list-style-type: none"> • \$150m (10 year fixed rate interest only loan), 2020 • \$100m (10 year variable rate interest only loan), 2021
Loan purpose	<p>Total portfolio of \$250m includes:</p> <ul style="list-style-type: none"> • \$120.2m refinancing of existing core debt and associated costs • \$23.3m repayment of other loans • \$22.7m construction finance to fund existing projects, including associated risk reserves. • \$73.7m construction finance to fund new projects • \$10.1m debt service reserves <p>SGCH is estimated to realise around \$50m interest savings over the term of the loan and around \$2m savings due to reduced refinancing costs</p>
Geographic concentration	Greater Sydney, with recently completed developments in City of Sydney (Chippendale) and South Western Sydney (Cartwright, Liverpool, Moorebank)
Target cohorts	<p>Diverse.</p> <p>Foyer Central, Chippendale: Of the 73 dwellings, 53 units are for young people (18–22) who are exiting out-of-home care or at risk of homelessness, and 20 units are for low-income and key workers.</p>
Tenant mix	<p>100% social and affordable (mix): Willan Dr, Cartwright; Foyer Central, Chippendale; Flowerdale Rd, Liverpool; Nuwarra Rd, Moorebank</p> <p>Across the entire portfolio the customer cohort includes: 35% who are over 55 years old, 10% Aboriginal and Torres Strait Islander, 12% who receive formal support, and 1 in 3 have a household member with a disability.</p>



Susan

Things haven't been easy for Susan, mother of three. After leaving a violent relationship, Susan found herself homeless with her three children.

With the support of friends and family and her positive vibes only attitude, Susan just kept pushing through, without letting anything knock her down. No matter what, Susan kept going and providing "love and TLC" for her children.

"Every day I woke up, I was here with my children. We were together and that's all that mattered to me. We'd take it day by day. Blow up the mattress, have sleepover parties and movie nights. Just make it fun, you know? This type of situation can take you down very different paths. If I hadn't had that support from Unison and my social worker, it could have been a total different outcome."

After 18 months, Susan and her children moved into transitional housing with Unison, before being offered a permanent home in social housing.

"It was Christmas all over at once. It was a dream for me to have a place for all of us to be together without domestic violence – that was amazing!"

With a safe and secure place to call home, Susan was able to get back to studying and is now in her last year of nursing and expects to graduate at the end of 2021.

Unison Housing

In part funded by the Victorian State Government's Department of Health and Human Services, this major project saw a 22-bedroom rooming house transformed into a new apartment complex of 38-self-contained units for single women in Fairfield.

This development offers good quality affordable housing to women who are homeless or at risk of homelessness, and provide an opportunity for residents to stabilise and connect to the vibrant Fairfield community.

"This project aligns with Unison's mission to house the most vulnerable while also creating communities that thrive; and with our goal to grow the good quality social and affordable housing in Victoria.

We know that safe, secure, affordable, good quality housing is associated with better outcomes for tenants and the community, such as education, health and employment.

By building homes that meet our renters' needs, Unison is assisting our tenants in staying in their homes for longer, providing stability and reducing the risk of homelessness.

This property was once a rooming house with shared facilities for its residents. By revamping the ageing heritage 22-bedroom Fairfield site into 38 self-contained homes, Unison is offering a safe and secure place to call home for single women at risk of homelessness in Melbourne's north."

James King,
Unison CEO

Above right: Station Street, Fairfield



vic	State:	Victoria
	Target cohorts:	At-risk of homelessness, women
	Tenant mix:	Social



Name	Unison Housing Limited
About	Based in Melbourne, and with offices throughout across Melbourne's west and north, Unison houses manages over 2,500 tenancies and assists more than 3,000 people each year who are experiencing or at risk of homelessness.
Loan value and tenor	\$53 million (10 year fixed rate interest only loan)
Loan purpose	<p>The loan was refinanced from the existing NAB facility to support Unison in the development of new properties underway, new projects and within the Big Housing Build pipeline. At 31 August 2021, these funds are used for the following purposes:</p> <ul style="list-style-type: none"> • Core refinance: \$31m – Refinance existing core debt, a portion used in the construction of 100 new high-density dwellings in Seddon, Werribee and at 43 Station Street, Fairfield • Turnkey property \$12.5m – Property identified at 69 Buckley St, Seddon • New construction: construction of new dwellings approved as part of the Big Housing Build and new partnerships • General corporate working capital: Provide an additional working capital to support housing outcomes
Geographic concentration	Melbourne (Fairfield)
Target cohorts	Tenants are sourced from the Victorian Housing Register, with emphasis on women experiencing or at risk of homelessness
Tenant mix	100% social housing



Appendix



Summary of NHFC social bond issuance to 30 June 2021

	Principal amount	Issue date/ settlement date	Tenor	Maturity date	Issue price	Interest/ coupon rate	Yield relative to ACGB benchmark [^]	Rating	Coupon payable	Bond classification	ISIN
Bond 1	A\$315m	28 Mar 2019	10 years	28 Mar 2029	100 per cent of the principal amount	2.38%	+48.3bp	AAA	Semi annually on 31 Mar and 30 Sept	Social bond	AU3CB0262038
Bond 2	A\$315m	27 Nov 2019	10.5 years	27 May 2030	100 per cent of the principal amount	1.52%	+37.8bp	AAA	Semi-annually on 27 May and 27 Nov	Social bond	AU3CB0268746
Bond 3	A\$562m	29 Jun 2020	12 years	29 Jun 2032	100 per cent of the principal amount	1.41%	+38bp	AAA	Semi-annually on 29 Jun and 29 Dec	Social bond	AU3CB0272904
Bond 4	A\$343m	2 Jun 2021	15 years	30 Jun 2036	100 per cent of the principal amount	2.335%	+21.7bp	AAA	Semi annually on 30 Jun and 30 Dec	Sustainability (social and sustainable) bond	AU3CB0280659
Bond 5	A\$362m	15 Jun 2021	10 years	1 Jul 2031	100 per cent of the principal amount	1.74%	+21.5bp	AAA	Semi annually on 1 Jul and 1 Jan	Social bond	AU3CB0280923
Bond 6	A\$100m	15 Jun 2021	10 years	1 Jul 2031	100 per cent of the principal amount	3mBBSW +18bps	N/A	AAA	Quarterly on 1 Jul, 1 Oct, 1 Jan and 1 Apr	Social floating-rate note	AU3FN0061032
Total	\$1,997m										

[^]Price compared to ACGB benchmark bond of equivalent tenor at the issue date. Note BBSW is not a government bond benchmark

Table of CHP loans funded by Bond 1

Issue date: 28 March 2019; Maturity date: 28 March 2029; Volume: A\$315m							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
BlueCHP Limited	70	0	\$50m to refinance debt originally used to fund construction and acquisition of 318 dwellings. \$20m working capital to assist in development of 87 single dwellings.	Sydney (including Campbelltown, Jordan Springs)	NSW	Single women, single women over 55, single women with children, key workers	41% social, 59% affordable
Community Housing Limited	35	0	\$32m to refinance debt originally provided to construct or acquire 160 properties across WA and NSW. \$3m working capital to assist with equity investment in affordable housing projects.	Regional NSW including Port Macquarie and North Gosford. Perth, WA	NSW, WA	Tenants on low to moderate income, indigenous, tenants with disabilities, chronic illness and mental health issues	49% social, 51% affordable
Compass Housing Limited	45	0	Refinance debt that was originally used to assist in the delivery of 404 dwellings as part of Vested Leverage Program commitment to NSW FACS.	Northern NSW (including The Entrance and East Maitland)	NSW	Tenants with disabilities and on low incomes	69% social, 31% affordable
Evolve Housing	70	0	\$50m to refinance debt originally used to fund the development of 128 units in Penrith. \$20m working capital to assist in the development of 30 new units and acquire further development sites.	Sydney (including Penrith, Blacktown, Seven Hills, Harris Park)	NSW	Single women over 55, tenants with disabilities, people on low incomes, single women with children, couples over 65	72% social, 28% affordable
Hume Housing	35	0	\$30m to refinance debt that was originally used to construct 111 dwellings in Sydney. \$5m working capital for replacing non-conforming cladding and ongoing maintenance of properties.	Sydney (including Telopea, Fairfield, Bankstown, Warwick Farm, Guildford)	NSW	Tenants on low incomes, migrants with English as a second language	58% social, 42% affordable
Uniting SA Housing Limited	7	0	The \$7 million NHFIC loan has enabled the development of 27 community housing properties across Adelaide, including a six townhouse development in Kidman Park, nine houses in Kurralta Park, an eight bed development in Ferryden Park and planning is underway for four single storey dwellings in Kidman Park.	Adelaide (including Paradise, Parralowie, Pennington, Findon, Kidman Park)	SA	Tenants on low incomes, refugees, persons with mental health issues and disabilities, single women over 55	68% social; 32% affordable
Unity Housing Company Limited	38	0	\$32.5m to refinance debt originally used to construct and retain 182 units in Adelaide. \$5.5m working capital to assist in the development of 113 dwellings over the next 10 years.	Adelaide and Regional SA (including Port Augusta, Whyalla, Jamestown, Laura and Goolwa)	SA	Tenants on low incomes, tenants with disabilities	30% social, 70% affordable
SGCH	15	0	\$10.2m to refinance debt originally used to acquire dwellings in Sydney. \$4.8m working capital for future site acquisitions and development projects.	Sydney (Bankstown and Leumeah)	NSW	Tenants on low to moderate incomes, Indigenous, tenants with disabilities	100% affordable
Total	\$315m						

Table of CHP loans funded by Bond 2

Issue date: 27 Nov 2019; Maturity date: 27 May 2030; Volume: A\$315m							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
AnglicareSA Housing Ltd	32	0	Demolition of 14 x 1-bedroom units with communal facilities and car parking and construction of 16 x 2-bed units for social housing residents aged over 55 years. Land acquisition at The Square Woodville West to build 36 new dwellings. Land acquisition at Thebarton for potential development of a mix use hub including multi-storey affordable and social housing for key workers. Home acquisition to provide shared accommodation for disability social housing clients. 5.3m from working capital owing for Bowden Rent to Buy Affordable Housing and Mansfield Park land purchase will be paid back to ASA from ASA Housing.	Adelaide metro	SA	Over 55's, people with disabilities, people experiencing or at risk of homelessness, indigenous people, victims of domestic and family violence and vulnerable youth. Percentage for each cohort will be tailored by the final design and home location suitability	70% social, 30% affordable
Bridge Housing	51.14	0	\$40 million to refinance previous corporate debt facility which funded developments at Bungarribee, Parramatta and Ashfield delivering 78 additional social and affordable housing dwellings as well as provide funding for the acquisition of a development site at Dulwich Hill. A further \$11 million was used to acquire three complexes at Marrickville (10 units), Ashfield (12 units) and Punchbowl (eight units) providing an additional 30 social housing dwellings.	Sydney (inner west and western suburbs locations)	NSW	Tenants located in social housing under our Community Housing Leasing Program and on the Social Housing waiting list as high priorities. Affordable Housing is targeted to key workers	80% social, 20% affordable
Churches of Christ Housing Services Limited	4.86	0	Refinancing of existing corporate debt secured through the parent entity originally used to construct a 50-unit build-to-rent affordable housing development with an attached community centre.	Kallangur, Queensland	Qld	Affordable housing option for individuals and families living or working in the Moreton Bay region	100% affordable
Foundation Housing, WA	35	0	Refinance of debt facility with NAB, originally sourced for the acquisition and development of properties.	Western Australia: primarily inner city / Perth metro areas, with remaining units located in regional areas	WA	Tenants requiring social and affordable housing. Prospective tenants are predominantly matched from the WA Housing joint waitlist to the available units of accommodation based on property and tenant criteria	79% social, 21% affordable

Issue date: 27 Nov 2019; Maturity date: 27 May 2030; Volume: A\$315m							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
Haven; Home, Safe, Victoria	65	0	Core refinace of \$54.39 million refinace of existing facilities with the Bendigo Bank. Part debt funding of \$5.71 million to enable completion of current housing development projects, including the construction and redevelopment of 99 dwellings in metropolitan and regional Victoria at an estimated cost of \$31.6 million. General corporate working capital of \$4.9 million towards (directly and indirectly) improve housing outcomes for low-income Victorians.	Across Victoria, including south eastern Melbourne, Mildura, Mornington Peninsula and regional cities Bendigo, Geelong and Ballarat	Vic	People on low to moderate incomes, people with disabilities, those escaping family violence, Aboriginal and Torres Strait Islander people, young adults and people over 55. As participants of the shared Victorian Housing Register (VHR), Haven; Home, Safe (HHS) allocates an agreed percentage of people categorised as 'priority access' or in greatest need to available property vacancies. This cohort is defined by their immediate and urgent housing circumstances, not income	30% social, 70% affordable
Housing Choices Australia Limited	55	0	Refinance of core debt of \$37 million and \$18 million for the construction of 76 dwellings in the Melbourne region.	Boronia, Newport, Box Hill South, Wantirna, Dandenong, Brunswick West, St Albans, Williamstown North	Vic	People with a disability, older persons, women escaping family violence, households on low to moderate incomes	100% social
HousingFirst and Port Phillip Housing Trust (PPHT)	72	0	Refinance existing debt and build 167 brand new homes across Melbourne and refurbish two buildings in St Kilda.	Preston, Box Hill, Rowville and St Kilda	Vic	Individuals and families on the Victorian Housing Register: primarily older people, those living with a disability, and those escaping family violence	100% from the Victorian Housing Register, with a minimum of 75% from the priority list
Total	\$315m						

Table of CHP loans funded by Bond 3

Issue date: 29 Jun 2020; Maturity date: 29 Jun 2032; Volume: A\$562m							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
Argyle Housing	12	0	Refinance existing loan to lower interest rate with net amount to support affordable housing development and acquisitions in regional NSW.	Regional NSW	NSW	Individuals and families with a need for affordable housing	100% affordable
BaptistCare	144	0	To refinance a CBA Loan Facility originally entered into as part of Social and Affordable Housing Fund (SAHF) 1 to construct 500 social and affordable dwellings across sites in NSW.	NSW: Sydney, Newcastle, Central Coast, Goulburn, Northern Rivers, Blue Mountains	NSW	Older people at risk of homelessness because of the high cost and insecurity of private rental. Single parent families (women who have experienced domestic and family violence)	70% social, 30% affordable
Bridge Housing	24.86	0	Funding of an acquisition program to acquire approximately 45 additional social housing dwellings.	Sydney (inner west and western suburbs)	NSW	Tenants located in social housing under our Community Housing Leasing Program and on the Social Housing waiting list as high priorities. Affordable Housing is targeted to key workers	80% social, 20% affordable
Common Equity Housing Limited	50	0	\$37 million for core debt refinance. \$3 million to fund break costs of terminating interest rate swaps and \$10 million to fund the purchase of 23 new properties at Braybrook and Alphington.	Metro and regional Victoria: Braybrook and Alphington	Vic	Eligible households will come from the Victorian Housing Register and are likely to cover a broad range of low income and key worker households that require access to safe and secure affordable housing	100% from the Victorian Housing Register
Housing Choices Tasmania	17	0	Refinance of \$7.1m of core debt that was used to fund the construction of 60 properties and \$9.9m for the acquisition, working capital and construction of 170 low-density houses in Devonport and Hobart, Tasmania.	Devonport, East Devonport, Hillcrest, Latrobe, Shorewell Park, Somerset, West Ulverstone, Granton, Rosetta	Tas	The property portfolio is designed to meet the needs of a range of vulnerable cohorts across Tasmania. In particular older women over 55, women escaping family violence, people living with disabilities and/or mobility issues and those who are homeless or at risk of homelessness	100% social
Junction	26.14	0	\$8.7 million to refinance existing core debt which was originally used to construct over 140 new affordable homes. New construction of over 340 low and medium density affordable and social housing dwellings in Adelaide's inner south and Fleurieu Peninsula. A further \$16.3 million for project funding and working capital.	Mitchell Park, Morphettville, Plympton, Goolwa, Strathalby	SA	60% of tenants are over 50 years old with 70% being female-led households. Junction is increasingly targeting vulnerable youth through various programs	90% social, 10% affordable

Issue date: 29 Jun 2020; Maturity date: 29 Jun 2032; Volume: A\$562m							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
Mission Australia	65	0	Core refinance: \$58.5 million refinance of existing debt which was originally used to purchase 137 dwellings under Nation Building Leverage commitment targets. Social Housing Management Transfer capital works of \$2 million. An additional \$4.5 million towards part of the Coffs Harbour Development Project.	NSW – Kingswood, Forster, Tuncurry, Taree, Toorminia, Coffs Harbour	NSW	The majority of homes are for social housing eligible applicants in NSW and are on the NSW social housing register (priority listed). Other cohorts include long-term homeless, families at risk of homelessness and single, older women at risk of homelessness	90% social, 10% affordable
Pacific Link Housing	4	0	Reimbursement of the repayment of a \$2,120,000 loan from a commercial bank that allowed Pacific Link Housing (PLH) to retain 15 affordable housing units for long term rental rather than sell them to retire development project debt. A further \$1,400,000 is allocated towards a 12-unit housing development at Woy Woy on the Central Coast of NSW. The remainder (\$480,000) will be applied for the acquisition of sites for future development projects and general working capital.	Central Coast and lower Hunter regions	NSW	Older single females and families escaping domestic and family violence	Affordable and market. Tenancy mix allocation to be determined on completion
SGCH	210	0	SGCH Sustainability Limited is a subsidiary of the SGCH Group, established as an asset and debt holding special purpose vehicle. During the year, a \$210 million fully drawn facility was put in place with NHFIC enabled to refinance loans to SGCH Sustainability. SGCH Group will refinance its existing debt to support 305 existing dwellings and build 235 new homes.	Metropolitan Sydney: Menai, Mascot, Croydon Park, Miranda, Beverly Hills, Riverwood, Peakhurst, Bass Hill, Carrs Park, Kirrawee, Punchbowl, Fairfield, Cartwright, Westmead, Miller, Liverpool, Redfern and Casula	NSW	Gibbons Street, Redfern has specific targets for Aboriginal people. Properties developed under the Social and Affordable Housing Fund (SAHF) – will fund social and affordable housing properties, with dedicated targets for older single women, people experiencing family and domestic violence and aboriginal people – linked with tailored support	30% affordable, 70% social depending on the development and location
Women's Housing Limited	9	0	Refinance existing debt of \$5.5 million attached to developments at Bentleigh (49 units), Bayswater (27 units) and Box Hill (seven units). The remaining \$3.5 million will be directed to new development opportunities as they arise and when capital funding becomes available.	Metropolitan Melbourne	Vic	Women-headed households – Women and children experiencing family violence, older women (over 55), working women from low to medium income groups	94% social, 6% affordable
Total	\$562m						

Independent Assurance Report



**Building a better
working world**

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Independent Reasonable Assurance Report to the Directors and Management of The National Housing Finance and Investment Corporation

Assurance conclusion

Based on our reasonable assurance procedures, as at **20 October 2021**, in our opinion the National Housing Finance and Investment Corporation's ('NHFIC') post-issuance process ('Post-issuance Process') in relation to its First, Second and Third Social Bonds meets the requirements of the criteria defined below, in all material aspects.

Subject Matter and Criteria

The subject matter of the Post-issuance Process and associated criteria are set out in the table below:

Subject Matter	Criteria
Post-issuance process for NHFIC's First, Second and Third Social Bonds, as described in NHFIC's Sustainability Bond Framework, being the: <ul style="list-style-type: none"> ▶ Minimum criteria for eligible Community Housing Providers ▶ Use of proceeds ▶ Management of proceeds ▶ Reporting on the use of proceeds and allocation. 	<ul style="list-style-type: none"> ▶ International Capital Markets Association's Social Bond Principles ('SBPs') ▶ NHFIC's internal policies and procedures, as documented in NHFIC's Sustainability Bond Framework

Management Responsibility

The management of NHFIC is responsible for the collection, preparation, and presentation of the Subject Matter in accordance with the Criteria and for maintaining adequate records and internal controls that are designed to support the Bond Issuance.

Assurance Practitioner's Responsibility

Our responsibility is to express a reasonable assurance conclusion on the Subject Matter. Our assurance engagement has been planned and performed in accordance with the Australian Standard on Assurance Engagements ASAE 3000: *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ASAE 3000').

Level of Assurance

A reasonable assurance engagement consists of making enquiries and applying analytical, controls testing, and other evidence-gathering procedures that are sufficient for us to obtain a meaningful level of assurance as the basis for a positive form of conclusion. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our Approach

Assurance procedures performed included, but were not limited to:

- ▶ Reviewing the policies and procedures in NHFIC's Sustainability Bond Framework to assess whether they were aligned to the requirements of the SBPs
- ▶ Conducting enquiries with personnel to understand the business, processes, and systems for collecting, collating, and reporting information relating to the post-issuance

- ▶ Confirming the eligibility of assets in NHFIC's Social Bond against NHFIC's Sustainability Bond Framework and SBPs
- ▶ Reviewing the loan purpose and value set out in final loan agreements to CHPs to calculate the total value of eligible assets
- ▶ Reviewing the allocation and disbursement of net proceeds raised from the Social Bonds to eligible assets
- ▶ Obtaining representation from NHFIC Management.

Limitations

There are inherent limitations in performing assurance; for example, assurance engagements are based on selective testing of the information being examined and it is possible that fraud, error, or non-compliance may occur and not be detected. There are additional inherent risks associated with assurance over non-financial information including reporting against standards which require information to be assured against source data compiled using definitions and estimation methods that are developed by the reporting entity. Finally, adherence to ASAE 3000 and the SBPs is subjective and will be interpreted differently by different stakeholder groups. Our assurance was limited to NHFIC's First, Second and Third Bond Post-issuance Process and did not include any procedures in relation to NHFIC's statutory financial statements. Our assurance is limited to policies and procedures in place as 11 October 2021.

Use of Report

Our responsibility in performing our assurance activities is to the Directors and Management of NHFIC only and in accordance with the terms of reference for this engagement as agreed with them. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on NHFIC's Post-issuance Process is entirely at its own risk. No statement is made as to whether the criteria are appropriate for any third-party purpose.

Our Independence and Assurance Team

In accordance with APES 110 *Code of Ethics for Assurance Practitioners*, the firm and all professional personnel involved in this engagement have met the requirements of Australian or International professional ethical requirements, including our independence. Our team has the required competencies and experience for this assurance engagement.

Mathew Nelson, Partner
Partner,
Melbourne, Australia
20 October 2021

Ernst & Young



Annex A

NHFIC's list of First, Second and Third Social Bond eligible assets¹

Social Bond issuance	Eligible Asset	Value as at 11 October 2020 (AUDm)	State	Purpose
Social Bond 1 (March 2019)	BlueCHP Limited	70.0	NSW	Refinancing of core debt plus extra for development of more affordable housing, including the acquisition of new sites and assisting in disability housing.
	Community Housing Limited	35.0	NSW/WA	Refinancing of existing debt plus extra to assist with further developments of affordable housing.
	Compass Housing Limited	45.0	NSW	Savings on refinancing of debt will assist in funding maintenance and community services.
	Evolve Housing	70.0	NSW	Savings on refinancing of debt will assist in funding more development and community services.
	Hume Housing	35.0	NSW	Funding to assist with portfolio maintenance, community programs including health education, transition housing, work readiness and potential future development sites.
	UnitingSA Housing Limited	7.0	SA	Refinancing of existing debt plus extra for the development of new social and affordable townhouses.
	Unity Housing Company Limited	38.0	SA	Refinancing existing debt facility and the construction of development projects.
	St George Community Housing Limited (SGCH)	15.0	NSW	Refinancing of existing debt for further developments of affordable housing.
Social Bond 2 (November 2019)	Anglicare SA Housing Ltd	32.0	SA	Refinancing and repayment of existing debt plus extra to assist with further developments of affordable housing.
	Bridge Housing Limited	51.14	NSW	Refinancing of existing debt plus extra to assist with further developments of affordable housing, including acquisitions, housing refurbishments, and potential future development of sites.
	Churches of Christ Housing Services Limited	4.86	QLD	Refinancing of existing debt to assist with further developments of affordable housing.
	Foundation Housing Ltd	35.0	WA	Refinancing of existing debt.
	Haven Home Safe	65.0	VIC	Refinancing and repayment of existing debt plus extra to assist with further developments of affordable housing.
	Housing Choices Australia Limited	55.0	VIC	Refinancing of existing debt plus extra to assist with further developments of affordable housing.
	HousingFirst Limited and Housing First ATF Port Philip Housing Trust	72.0	VIC	Refinancing of existing debt plus extra to assist with further developments of affordable housing, including acquisitions and housing refurbishments.
Argyle Housing	12.0	NSW	Refinancing of existing debt plus extra to assist with further developments of affordable housing.	

¹ All eligible assets are loans to the named Community Housing Providers (see Table above), as indicated by the final loan agreements reviewed.



Social Bond issuance	Eligible Asset	Value as at 11 October 2020 (AUDm)	State	Purpose
Social Bond 3 (June 2020)	BaptistCare	144.0	ACT	Refinancing a CBA Loan Facility originally entered into as part of Social and Affordable Housing Fund (SAHF) 1 to construct 500 social and affordable dwellings across sites in NSW.
	Bridge Housing	24.86	NSW	Funding of an acquisition program to acquire approximately 45 additional social housing dwellings.
	Community Equity Housing Limited	50.0	VIC	Refinancing of core debt plus extra to assist with further developments of affordable housing, including acquisitions.
	Housing Choices Tasmania	17.0	TAS	Refinancing of core debt plus extra to assist with further developments of affordable housing.
	Junction	26.14	SA	Refinancing of core debt plus extra to assist with further developments of affordable housing.
	Mission Australia	65.0	NSW	Refinancing of core debt plus extra to assist with further developments of affordable housing.
	Pacific Link Housing	4.0	NSW	Reimbursement of the repayment of a loan from a commercial bank that allowed Pacific Link Housing (PLH) to retain 15 affordable housing units for long term rental rather than sell them to retire development project debt plus extra to assist with further developments of affordable housing.
	SGCH	210.0	NSW	Refinancing existing debt to support 305 existing dwellings and build 235 new homes.
	Womens Housing	9.0	VIC	Refinancing and repayment of existing debt plus extra to assist with further developments of affordable housing.
	Total value of eligible assets	1,192.0		

Abbreviations and acronyms

Term	Description
ACGB	Australian Commonwealth Government Bond
AHBA	Affordable Housing Bond Aggregator
AHURI	Australian Housing and Urban Research Institute
BBSW	Bank Bill Swap Rate
CHIA	Community Housing Industry Association
CHP	Community housing provider
CHVL	Community Housing (Vic) Limited
ESG	Ethical, Social and Governance
GBP	Green Bond Principles
ICMA	International Capital Market Association
Investment Mandate	National Housing Finance and Investment Corporation Investment Mandate Direction 2018
MBA	Master Builders Association
NaTHERs	Nationwide House Energy Rating Scheme
NHFIC	National Housing Finance and Investment Corporation
SBG	Sustainability Bond Guidelines
SBP	Social Bond Principles
SLB	Sustainability-linked Bond
UN SDG	United Nations Sustainable Development Goals
UoP	Use of Proceeds

