



**TO**

**David Crawford**

Manager  
Housing Unit  
Social Policy Division  
The Treasury  
Langton Cres  
PARKES ACT 2600

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## **SUBMISSION TO TREASURY ON NHFIC DRAFT INVESTMENT MANDATE**

Dear Mr Crawford

I write to you with feedback on the exposure draft and explanatory statement for the Investment Mandate Direction.

Co-operation Housing is a small registered community housing provider in Western Australia. Our unique focus on co-operative housing models empowers people to build strong communities through better housing solutions.

Our organisation has been working closely with Jenni Mattila from Mattila Advisory, Eugenie Stockmann from Green Fabric and a team of professionals on providing affordable housing, including for owner occupiers.

We have the following main concerns with the draft Investment Mandate for the NHFIC:

- Affordable housing for owner occupiers
- Commercial approach, returns and security
- Restricting finance to an individual CHP

We explain our concerns in more details below.

### **Affordable Housing for Owner Occupiers**

We believe it is important to provide mixed tenure developments, including options for social and affordable rent, and affordable ownership. While the legislation and investment mandate are silent on this, traditionally funding for affordable housing has been associated with rental only.

*We recommend this is clarified in the Investment Mandate, that funding can cover both rental and affordable home ownership.*



### **Commercial approach returns and security**

As a registered community housing provider, what has been holding back our growth is our inability to provide sufficient security to financial institutions due to the fact that the assets we manage are encumbered to the State Government. Also, the cashflow on providing social and affordable housing is insufficient to service a loan. While the Bond Aggregator aims to address the latter through the provision of longer term, cheaper finance, it does not remove the main issue of providing security. We are concerned that a commercial approach as currently proposed in the draft investment mandate, will do little to remove the challenges with finance for affordable housing.

*We recommend revisiting the requirements around credit worthiness, security and commercial returns.*

### **Restricting finance to individual CHPs**

We appreciate that the loans by the bond aggregator are restricted to CHPs. We believe however that, unintended, the wording of the proposed investment mandate is too restrictive, limiting lending to individual CHPs, and excluding a special purpose vehicle (SPV) made up solely of CHPs, but not registered as a CHP.

*We recommend expanding provision of finance by the bond aggregator to SPVs made up of CHPs; these SPVs are s not required to register as a CHP.*

We thank you for pursuing solutions to the critical issue of funding for affordable housing in Australia and look forward to working with you.

Yours sincerely

On behalf of Co-operation Housing  
Eugenie Stockmann  
Acting CEO