

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

2017 - 2018

Division/Agency: Social Policy Division

Question No: 283

Topic: National Housing Infrastructure Facility - Eligibility

Reference: Written

Senator: Rhiannon, Lee

Question:

1. Are remote Indigenous Local Governments eligible to apply to the grant, equity investments or loans under the National Housing Infrastructure Facility?
2. What proportion of the National Housing Infrastructure Facility grant fund is budgeted for remote Indigenous local governments?
3. What conditions or eligibility criteria will be in place for National Housing Infrastructure Facility assistance?
4. If the government is able to direct the NHIF to invest in particular projects, what safeguards will be in place to prevent politicisation of investment decisions?
5. Are remote Indigenous Local Governments eligible to apply for the grant, equity investments or loans under the National Housing Infrastructure Facility?
6. What proportion of the National Housing Infrastructure Facility grant fund is budgeted for remote Indigenous local governments?
7. How do you justify that finance mobilised through a bond aggregator will be adequate to build new supply? Do you agree that capital grants and free or subsidised land will be needed?

Answer:

1. The NHIF is a national financing facility to assist local governments in their provision of infrastructure that will speed up the supply of housing. Implementation details, including the eligibility criteria, will be settled during 2017-18, informed by consultations with stakeholders.

The NHIF is expected to start assessing applications for financial assistance from local governments from 1 July 2018. Local governments will have the opportunity to access up to:

- \$600 million in concessional loans;
 - \$225 million in equity investments; and
 - \$175 million in grants.
2. See above.
 3. See above. To be eligible for financial assistance from the NHIF, local governments will need to make an application that satisfies the eligibility criteria. Applications will be assessed from 1 July 2018 by an independent board. The application criteria will be determined following consultations which will take place in 2017-18.
 4. The NHIF will make decisions regarding financial support to local governments. Financial assistance applications will be assessed by an independent board that is

governed by an investment mandate. The Government will be able to direct the NHIF to invest in particular projects where this is in the national interest with the effect of such directions being made transparent.

5. The NHIF is a national financing facility to assist local governments in the provision of infrastructure that will speed up the supply of housing. Implementation details, including the eligibility criteria, will be determined through stakeholder consultations in 2017-18.
6. See above.
7. The bond aggregator will lower the operational and capital costs for many providers, with these efficiencies available for further investment in social and affordable housing. Stimulating new supply will also require closing of the funding gap that is the difference between the cost of provision of affordable housing and the concessional rents received. This is being investigated by the Affordable Housing Working Group which will report to Heads of Treasuries shortly.