



Australian Government



**NHFIC**

National Housing Finance  
and Investment Corporation



National Housing Finance  
and Investment Corporation  
**Social Bond Report 2021–22**

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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.



# Contents

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<b>About NHFIC</b>	<b>2</b>
<b>Highlights 2021–22</b>	<b>2</b>
<b>Message from the Chair and CEO</b>	<b>3</b>
<b>NHFIC social and sustainability bonds</b>	<b>4</b>
<b>Social impact metrics</b>	<b>11</b>
<b>2021–22 borrower profiles</b>	<b>19</b>
Home in Place	20
Evolve Housing	22
City West Housing	24
Haven; Home, Safe	26
Community Housing (Qld) Limited	28
<b>Appendix</b>	<b>30</b>
Appendix A: Summary of NHFIC bond issuance to 30 June 2022	31
Appendix B: Use of proceeds	32
Appendix C: Independent Assurance Report	41
Appendix D: Abbreviations	46



## About NHFIC

NHFIC is a corporate Commonwealth entity with the purpose of improving housing outcomes for Australians.

NHFIC provides long-term and low-cost finance, and capability building assistance, to registered community housing providers (CHPs) to support the provision of more social and affordable housing.

NHFIC also lends, invests, and provides grants to help finance critical infrastructure projects needed to unlock and accelerate new housing supply. NHFIC supports eligible home buyers by administering Government housing schemes that help them purchase their home sooner, and undertakes independent research into housing supply, demand and affordability in Australia.

Since our establishment on 30 June 2018, NHFIC has:

- Approved \$3 billion in long-term loans to 38 CHPs, supporting over 16,365 new and existing homes and potentially saving these CHPs an estimated \$550 million in interest and fees as well as other indirect costs associated with refinancing
- Issued nearly \$2.2 billion in social and sustainability bonds, including the largest social bond in Australia by an Australian issuer
- Attracted investment from over 60 domestic and global institutional investors, to promote and grow social and affordable housing as an investible asset class

# Highlights 2021–22

## APPROVED \$509.3 MILLION OF NEW LOANS TO CHPs



To support the delivery of 3,296 social and affordable dwellings.

## ISSUED \$198 MILLION IN ADDITIONAL BONDS



Increasing two of NHFIC's existing bond lines with support from six repeat investors and three new international investors.

## PROVIDED CONCESSIONAL FINANCE TO 5 CHPs



The \$198 million in additional bonds helped five CHPs with financial sustainability via longer tenor and lower interest loans.

## DELIVERING AN ESTIMATED \$96.2 MILLION IN SAVINGS



To CHPs in estimated interest charges and reduced fees, over the life of the approved loans and an estimated \$25.9 million in savings on loans funded by bonds in 2021–22.

# Message from the Chair and CEO



Adrian Harrington, Chair



Nathan Dal Bon, Chief Executive Officer

As the leading Australian issuer of social bonds, we are pleased to present the fourth edition of NHFIC's Social Bond Report.

This report provides information and transparency to investors in NHFIC bonds and forms a key disclosure requirement under NHFIC's Sustainability Bond Framework.

The issuance of social and sustainability bonds enables NHFIC to achieve its social purpose by attracting capital investment into the community housing sector. These bonds facilitate capital flowing into the CHP sector at scale, underpinning an increase in the supply of social and affordable housing in Australia. In addition to the social purpose, NHFIC is increasingly funding new energy efficient buildings that deliver an environmental benefit and reduce heating and cooling costs for social and affordable housing tenants.

NHFIC bonds are unique in the Australian market and attract both domestic and international investors focused on social outcomes, in particular those that value the contribution we are making to the Australian housing market. In 2021–22, NHFIC issued \$198 million in new bonds, increasing two of our existing bond lines and supporting five CHPs. Larger bond lines should improve the liquidity of NHFIC bonds over time and attract new investors that require larger issuance volumes.

We are proud to show our investors the impact their investments have on the lives of Australians, including vulnerable and at-risk women and First Nations people. On 1 June 2022, NHFIC hosted an investor tour of two social and affordable developments in inner Sydney supported by the Affordable Housing Bond Aggregator (AHBA) funding. There were 31 attendees across key stakeholder groups including investors, banking partners, Commonwealth Treasury and NHFIC Board members and staff. The tour provided an opportunity to learn more about the sector and to hear first-hand accounts from residents supported by the CHPs about the incredible difference that access to secure, safe and affordable homes has made to their lives.

NHFIC's bond program continues to grow and evolve, and we are excited about the growth opportunities and the positive impact that NHFIC and its partners can have in the coming years.

**Adrian Harrington**  
Chair

**Nathan Dal Bon**  
Chief Executive Officer

# NHFIC social and sustainability bonds

## Social and sustainability bonds issued during the financial year

In 2021–22, 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 \$198 million in new bonds during 2021–22 (Table 1), taking total bonds issued to \$2,195 million. The new bonds issued increased two existing NHFIC bond lines: our June 2032 social bonds by \$133 million to \$695 million and our June 2036 sustainability bonds by \$65 million to \$408 million (see page 6 for a definition of social and sustainability bonds). Both issuances were strongly supported by existing domestic investors, with the 2032 bonds attracting three new international investors. NHFIC now has more than 60 institutional investors in its bonds and has built up a core group of repeat investors.

NHFIC's bond issuance in 2021–22 was lower than in previous financial years and reflected a shift in the nature of NHFIC's lending to the community housing sector as well as rising interest rates and construction costs. Increasingly, NHFIC is funding the construction of new social and affordable housing developments. These developments have longer lead times and are usually funded by NHFIC's line of credit or another financier during the construction

Table 1: NHFIC social and sustainability bond issuance in 2021–22

Bond 3, Tranche 2 – Social bond	
Principal amount	\$133 million increasing the aggregate amount to \$695 million
Issue date	28 March 2022
Maturity date	29 June 2032
Issue price (clean)	84.93 per cent of the principal amount
Coupon	1.41%
Yield	3.14%
Coupon payable	Semi-annually on 29 June and 29 December
Bond classification	Social bond
ISIN	AU3CB0272904
CHP supported	Home in Place (previously Compass Housing Services)
Bond 4, Tranche 2 – Sustainability bond	
Principal amount	\$65 million increasing the aggregate amount to \$408 million
Issue date	30 June 2022
Maturity date	2 June 2036
Issue price (clean)	75.724 per cent of the principal amount
Coupon	2.335%
Yield	4.725%
Coupon payable	Semi-annually on 30 June and 30 December
Bond classification	Sustainability bond
ISIN	AU3CB0280659
CHPs supported	City West Housing, Evolve Housing, Haven; Home, Safe, Community Housing (Qld) Limited

phase before being refinanced by a NHFIC bond at completion. This combination of factors resulted in lower bond issuance volume for the 2021–22 financial year, despite NHFIC's board approving \$509.3 million of new loans to CHPs, supporting the delivery of 3,296 social and affordable dwellings.

Figures 1 and 2 show NHFIC's bond maturity profile and cumulative issuance by financial year since inception.

## Financial market conditions

Interest rates have increased significantly in 2022 as financial markets price in higher inflation, the central bank tightens monetary policy and geopolitical events unfold, including the war in Ukraine.

Long term bond yields which determine NHFIC's cost of funding and the interest rates we can offer to the community housing sector, have increased significantly with the 10-year Government bond yield increasing 2.18 per cent during the 2021–22 financial year. Further, the interest rate premium that NHFIC is required to pay over the relevant government bond yield to attract investors has increased as financial markets price in higher risk premiums across most asset classes. This increase in funding cost is evident in Table 2 with NHFIC's most recent bond in June 2022 being issued with a yield of 4.725 per cent.

Figure 1: NHFIC bond maturity profile

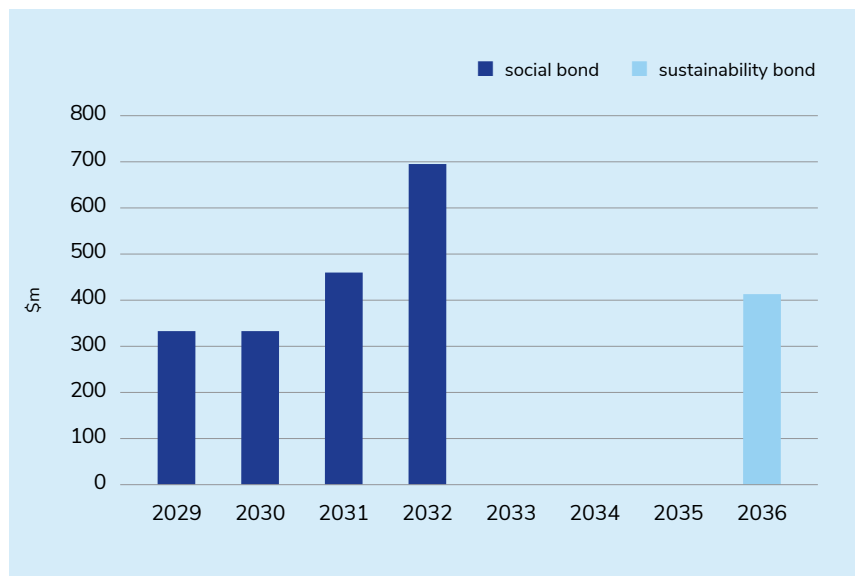
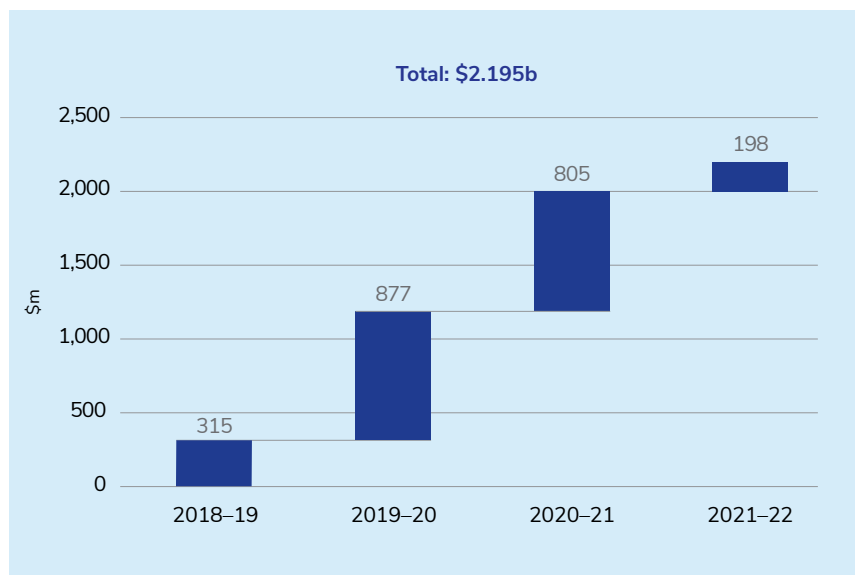


Figure 2: NHFIC bond issuance since inception



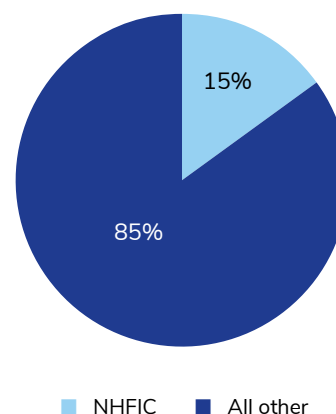
## The leading Australian issuer of social bonds

NHFIC has issued \$2.195 billion in social and sustainability bonds since inception, consisting of \$1.787 billion in social bonds and \$408 million in sustainability bonds (see page 7 for definition). All six NHFIC bonds support social and affordable housing outcomes, in addition to sustainability outcomes achieved by NHFIC's sustainability bond.

NHFIC's social bonds represent 15 per cent of all Australian dollar social bonds outstanding in the Australian debt capital markets. NHFIC is the only Australian domiciled issuer of social bonds and is the second largest issuer of Australian dollar social bonds behind the Asian Development Bank.

The demonstration of the important social impact that NHFIC bonds are having on the lives of Australians is critical to facilitating greater private and institutional investment in social and affordable housing. It is also important to the operation of the AHBA and NHFIC's contribution to the development of the social bond market in Australia. In this year's Social Bond Report, NHFIC has provided additional information on the development of the community housing sector and enhanced our social impact reporting.

Figure 3: Australian dollar social bonds on issue



Source: Bloomberg

Table 2: NHFIC bonds against benchmark

Issue	Issue date	Tenor (Yrs)	Yield (%)	Price above ACGB benchmark
Issue 1	28 March 2019	10	2.38	+48.3bp
Issue 2	27 November 2019	10.5	1.52	+37.8bp
Issue 3	29 June 2020	12	1.41	+38bp
Issue 3, tranche 2	28 March 2022	10.25	3.14	+34.6bp
Issue 4	2 June 2021	15	2.335	+21.7bp
Issue 4, tranche 2	30 June 2022	14	4.725	+58.2bp
Issue 5	15 June 2021	10	1.74	+21.5bp
Issue 6	15 June 2021	10	3mBBSW + 18bp	n/a



## Social and sustainability bonds explained

### What is a social bond?

“Social bonds are any type of bond instrument where the proceeds, or an equivalent amount, will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible social projects and which are aligned with the International Capital Market Association’s (ICMA) Social Bond Principles.”

ICMA, Social Bond Principles, 2021

NHFIC issues social bonds to support its mandate of improving housing outcomes for Australians, with an emphasis on low-income and vulnerable Australians and affordable housing.

### What is a sustainability bond?

“Sustainability bonds are any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance a combination of both Green and Social Projects.”

ICMA, Sustainability Bond Guidelines, 2021

NHFIC issues sustainability bonds where it is financing a combination of eligible social projects and energy efficient, green buildings.



## Additional information

### Unallocated proceeds

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

### Undistributed proceeds

As at 30 June 2022, there was \$24.7 million of allocated bond proceeds yet to be distributed. The undistributed proceeds are from the bonds issued on 30 June 2022.

As at 21 October 2022, \$15.7 million remains undistributed. This is funding being held by NHFIC in accordance with the terms of the Commitment and Indemnity Agreement dated 20 June 2022 between NHFIC, City West Housing Pty Limited and CWH Sydney South Limited. These funds will be released upon all conditions being satisfied which NHFIC expects will occur in 2023. Based on current information, NHFIC expects this will occur in 2023.

Further information is available under 2021–2022 borrower profiles.

### Independent assurance

All NHFIC social and sustainability bonds are independently verified by Ernst & Young (EY) as aligning with international social bond principles (SBP), as outlined by the ICMA. EY's annual reasonable assurance report is available in Appendix C of this Social Bond Report.

EY's procedures assess NHFIC's Sustainability Bond Framework against accepted market principles (e.g. ICMA's Social Bond Principles and Sustainability Bond Guidelines) and market practices and expectations from the investment community. The scope of the EY assurance engagement is akin to a Second Party Opinion and an annual review of existing bonds against the framework.

### Credit quality

NHFIC's loan portfolio remains healthy and resilient with no incidents of credit default and there is an active focus on continuous and agile management. The strong credit quality of the loan portfolio has been achieved by ongoing, early engagement with clients, NHFIC's prudent yet balanced assessment of new credit applications and proactive portfolio management. It is underpinned by a frequently refined framework of internal policies and processes. Portfolio stress-testing indicates that NHFIC possesses adequate buffers in terms of the broader credit quality of its loans, while regular assessments of the liquidity and solvency of NHFIC's CHP client base also indicate no concerns in relation to clients' ability to comply with loan covenants.

We recognise that credit risk conditions are becoming more challenging. Interest rates continue to rise, construction costs are increasing and labour shortages are being felt, while there is pressure on achieving rental rates and property capital values. NHFIC remains attuned to these pressures with all remaining key credit considerations for new and existing exposures. The recent establishment of NHFIC's inhouse Treasury function has also enhanced the visibility of interest rate movements and capital markets, and their related impact on both the origination of new transactions and the wider credit quality of NHFIC's existing loans.

NHFIC continues to actively monitor its loan portfolio and believes its CHP client base remains well placed to navigate and meet the multiple challenges present within the current credit and economic environment.

### NHFIC Investment Mandate

NHFIC is governed by the NHFIC Act and Investment Mandate, which outlines the objective and eligibility criteria for the AHBA. The objective for NHFIC is to provide lower cost and longer tenor loans for CHPs, compared to alternative sources of finance. NHFIC can achieve this by issuing Australian Government guaranteed social bonds in debt capital markets 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 via the provision of social and affordable housing. AHBA loans can only be provided to registered CHPs that are regulated under a State or Territory law or scheme.

## Social housing and affordable housing

### 'Affordable housing' and 'social housing' are two distinct categories of housing assistance.

- In general, 'affordable housing' refers to housing provided to low to moderate income earners, whose incomes are insufficient to enter the private market. Affordable housing rents are typically set at a discount to market rent (at least 25 per cent). Affordable housing is usually managed by 'not-for-profit' CHPs. However, there can be different eligibility requirements, such as being a key worker.
- 'Social housing' provides housing for people on low incomes. It includes public housing (provided and managed by a state/territory government), state-owned and managed Indigenous housing, community housing and Indigenous community housing. Rents are usually set as a proportion of household income (typically 25 per cent).



## NHFIC's Sustainability Bond Framework

NHFIC's Sustainability Bond Framework enables it to fund affordable housing projects and/or green buildings through the issuance of social and sustainability bonds that are aligned with the United Nations Sustainable Development Goals (UN SDG) and ICMA principles.<sup>1</sup>

		 	
		UN Sustainable Development Goals	NHFIC SBP project categories
<div>SOCIAL BOND</div> <div>SUSTAINABILITY BOND</div>	 	<p><b>No poverty</b></p> <p>Target 1.4 Ensure access to basic services ownership and control over land and other forms of property</p> <p><b>Sustainable cities and communities</b></p> <p>Target 11.1: Make cities and human settlements inclusive, safe, resilient and sustainable</p>	Affordable housing
	     	<p><b>No poverty</b></p> <p>Target 1.4 Ensure access to basic services ownership and control over land and other forms of property</p> <p><b>Clean water and sanitation</b></p> <p>Targets 6.3, 6.4 and 6b: Improve water quality by substantially increasing recycling and safe reuse; increase water-use efficiency; and improve water and sanitation management</p> <p><b>Affordable and clean energy</b></p> <p>Targets 7.3 and 7a: Promote investment in energy infrastructure and clean energy technology; improve energy efficiency</p> <p><b>Industry, innovation and infrastructure</b></p> <p>Target 9.4: Upgrade infrastructure to make it sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies</p> <p><b>Sustainable cities and communities</b></p> <p>Target 11.1: Make cities and human settlements inclusive, safe, resilient and sustainable</p> <p>Target 11.2: Provide access to safe, affordable, accessible and sustainable transport systems for all</p> <p>Target 11.3: Enhance inclusive and sustainable urbanisation and capacity for sustainable human settlement planning and management</p> <p>Target 11.6: Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and other waste management</p> <p><b>Responsible consumption and production</b></p> <p>Target 12.5: Substantially reduce waste generation through prevention, reduction, recycling and reuse</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>

1. 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 the Australian Housing and Urban Research Institute (AHURI) to measure the impacts of NHFIC's social bonds

In the framework, the outputs are the issuance of social bonds and the provision of loans to CHPs. Primary outcomes are almost entirely attributable to AHBA activities, whilst secondary and tertiary outcomes are attributable to a broader range of influences. 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.

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

Inputs	Activities	Outputs	Primary outcomes	Secondary outcomes	Tertiary outcomes	Impacts
Financiers with the capacity to invest	NHFIC issues social bonds into the wholesale capital market	Social bond issuances	New source of development finance for CHPs	Growth and resilience of the social and affordable housing sector	Improved tenant outcomes and satisfaction in social and affordable housing	Reduced housing affordability stress
Australian Government \$1 billion line of credit and guarantee	AHBA investment and credit risk assessment		Reduced refinancing costs and risks for CHPs			Reduced homelessness
Registered CHPs with exiting stock and a capacity to apply for loans	CHPs apply for finance	Loans issued to CHPs	Increased financial sustainability for CHPs	Increased capacity for individuals providers	Improved quality of social and affordable housing stock	New supply of housing stock
	AHBA provides finance to registered CHPs		Interest savings for CHPs			Better community access to social and affordable housing



Table 3: Achievements against AHURI framework

AHURI social impact framework		Achieved	Commentary
<b>Outputs</b>	<b>Social bond issuances</b>		NHFIC issued \$198 million of additional bonds during the 2021–22 financial year increasing one of NHFIC's existing bonds and one sustainability bond.
	<b>Loans issued to CHPs</b>		The bonds issued in 2021–22 funded \$163.4 million of CHP loans.
<b>Primary outcomes</b>	<b>New source of development finance for CHPs</b>		Three of the five of the CHPs supported by the bonds issued in 2021–22 have utilised or will utilise all or part of the funding to finance construction and/or recently completed dwellings.
	<b>Reduced refinancing costs and risks for CHPs</b>		Feedback from the CHP sector continues to highlight that NHFIC loans reduce refinancing costs and risks within the sector.  NHFIC's bonds have supported loans of between 10 to 15 years in tenor, which better match the life of housing assets of CHPs.
	<b>Increased financial sustainability for CHPs</b>		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 and invest in social and affordable housing.
	<b>Interest savings for CHPs</b>		The \$163.4 million in loans funded by bonds in 2021–22 will provide the CHPs with an estimated \$25.9 million in interest and fee savings over the life of the loans.

NHFIC has also spent considerable time consulting investors about how it can improve its reporting around the social impacts of investing in community housing projects, particularly in relation to some of the broader outcomes. These are outlined below.

## Investor feedback on social impact reporting

NHFIC's 2020–21 Social Bond Report focused on the primary outcomes for CHPs from the use of its proceeds (such as reduced financing costs). However, investors have indicated they would value more holistic reporting on the broader economic and social impacts of NHFIC funding to CHPs, and the benefits to tenants.

This year's Social Bond Report seeks to address investor feedback and extends NHFIC's reporting beyond CHPs funded by NHFIC bonds, to examine the broader outcomes of community housing (which the AHURI assessment framework refers to as 'tertiary outcomes'). This was undertaken using data relating to the broader community housing sector in Australia. Whilst this does not relate specifically to NHFIC-funded dwellings, it does provide an indication of the potential outcomes and impacts of NHFIC funding. Some caution does need to be applied when attributing outcomes to tenancy in community housing, as a range of external factors can affect a tenant's socio-economic status, and housing stability in general (regardless of tenure type) can have many positive effects. In addition, academic evidence is mixed around the broader outcomes.

Research undertaken by NHFIC based on existing longitudinal datasets suggests that tenants living in CHP properties are typically vulnerable and/or at-risk groups, however once housed in this type of accommodation they tend to experience security of tenure allowing them to secure employment, see modest increases in income, and feel more settled in their lives.

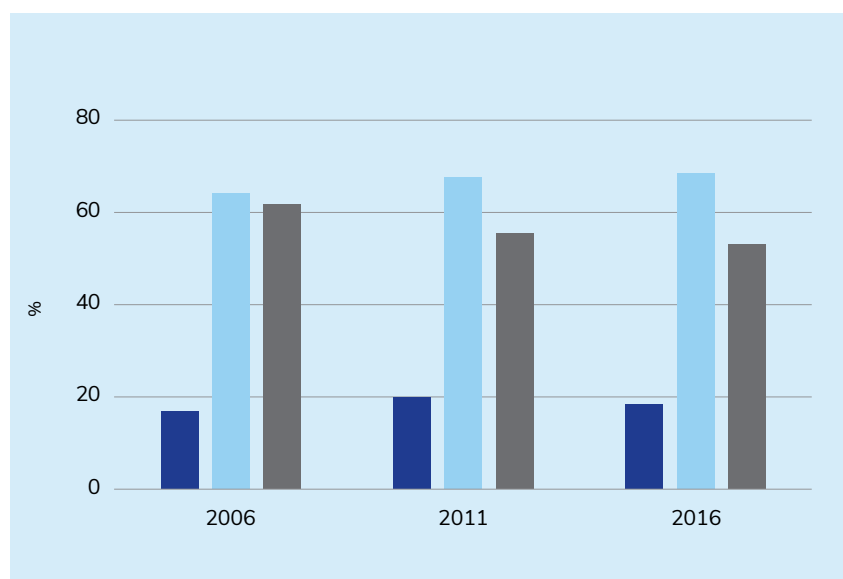
## Impact of community housing on tenants' housing security and stability

As noted in NHFIC's 2021–22 State of the Nation Housing Report, there is a shortage of rental properties that are affordable for lower income tenants. In this environment, obtaining access to the stability that social and affordable housing provides is highly valued by tenants.

Community housing organisations typically provide 'wrap-around' services, or partner with organisations to assist tenants with more complex needs (such as mental health issues and/or alcohol or drug dependency), as well as broader goals around employment and training. These can contribute to improved positive socio-economic outcomes.

Those living in community and non-profit housing are much more likely to remain in their home for five years or more than those renting in the private market (see Figure 5), although are less likely than those renting from state or territory housing authorities. As well as helping tenants feel more secure and settled, this stability provides the foundation for realising other social and economic benefits (outlined further in this section).

Figure 5: Proportion in same property as five years previously (%)



■ Landlord: Real estate agent  
 ■ Landlord: State/Territory housing authority  
 ■ Landlord: Housing co-operative/community/church group

Source: ABS Census of Population and Housing, 2006, 2011 and 2016 Censuses

## Impact on vulnerable groups

**The community housing sector effectively supports vulnerable groups in our society, including older women and those with a health condition. For example, The Household, Income and Labour Dynamics in Australia (HILDA) data indicates that:**

- on average, nearly two-thirds of tenants living in community/cooperative type housing for three consecutive years are women (62.2 per cent versus 37.8 per cent for males).
- this type of housing is disproportionately assisting older age-groups, with 51 per cent of longer-term tenants being older than 50.
- 84.1 per cent of households in community/cooperative type housing in 2020 had someone living in it with a long-term health problem.



In addition, Australian Institute of Health and Welfare (AIHW) reports that nearly 40 per cent, or 5,334 of the newly allocated households that went into community housing in 2020–21 reported that they were previously homeless (of the 13,716 newly allocated households).

In the AIHW's *National Social Housing Survey 2018*, 93.8 per cent of tenants in community housing that responded to the survey indicated that one of the benefits of living in this type of housing was that they 'feel more settled.'

Some of the other impacts of living in community housing for tenants (including those flowing from the increased stability provided) are outlined below:

Impacts of living in community housing	Details
<b>Reduction in housing costs</b>	<p>A significant proportion of lower-income households renting in the private sector are in rental stress (that is, they spent more than 30 per cent of their household income on rent.)<sup>2</sup> Those renting from CHPs are largely insulated from this stress. In 2020–21, it is estimated that only six per cent of low-income households in community housing were in rental stress.<sup>3</sup></p> <p>The 2021 Census indicates that those households renting from a CHP are most likely to be paying between \$100–\$200 in rent weekly, whilst those renting through a real estate agent are most likely to be paying between \$350–\$450 rent weekly.</p>
<b>Increased prosperity</b>	<p>HILDA survey data suggests that there is a modest increase in annual household equivalised disposable incomes after spending three years in community/cooperative housing, with incomes increasing, over the three-year period, on average, from \$28,277 to \$29,548 (December 2020 prices).</p> <p>HILDA survey data indicates that 41.5 per cent of those renting from a community/cooperative housing organisation for three years consecutively felt prosperous/very comfortable/reasonably comfortable, compared to 39.7 per cent in the year prior.</p>
<b>Improved employment outcomes</b>	<p>Of those tenants in community/cooperative type housing for three consecutive years, 44.6 per cent were in full/part time employment at the end of the three years, compared with 40.5 per cent of these tenants in the year prior to this three-year term. There was also a reduction in the proportion of tenants 'not in the labour force' (55.4 per cent to 50.2 per cent). Results suggest that community housing facilitates transition into active labour market participation.</p>
<b>Improved health outcomes</b>	<p>HILDA longitudinal data indicates that tenants living in community/cooperative housing for three consecutive years are slightly less likely to declare a long-term health problem compared to in the year prior to this term.</p>

NHFIC will continue to look at further ways to build on current available datasets to provide more meaningful insight into the outcomes of tenants housed in CHP dwellings.

2. Productivity Commission, Report on Government Services 2022, Proportion of lower-income households in private rental market in rental stress between 2009–10 and 2017–18 was approximately 50 per cent. Lower income households are defined as households whose members are at or below the 40th percentile of equivalised disposable household income (excluding CRA), calculated at the total Australian households' level.

3. Low-income households are defined as those in the bottom 40 per cent of equivalised gross household income. Productivity Commission, Report on Government Services. Note this is a different definition than that used for rental stress in the private rental market previously.



## Community housing sector – a snapshot

As of June 2021, there were 108,519 community housing dwellings in the social housing sector in Australia, providing accommodation for approximately 186,000 people.<sup>4</sup> Dwellings rented from a CHP currently represent 0.8 per cent of all occupied private dwellings in Australia, compared to dwellings rented from a state/territory

housing authority, which represent approximately 2.8 per cent.<sup>5</sup> The Community Housing Industry Association (CHIA) recently estimated that upwards of one-quarter of all community housing tenancies are in dwellings owned by a community housing organisation, with the remainder largely owned by state or territory governments.<sup>6</sup>

Table 4: Social housing sector in Australia

Year (ended 30 June)	Community housing	Public housing	State owned and managed indigenous housing	Indigenous community housing	All programs
2017	82,902	319,913	14,921	17,925	435,661
2018	87,819	316,231	14,686	17,477	436,213
2019	100,205	305,191	14,662	17,660	437,718
2020	103,895	300,403	14,639	17,396	436,333
2021	108,519	299,520	14,714	17,439	440,192

Notes:

- Source: AIHW, *Housing Assistance in Australia 2022*.
- Community housing includes tenancy units under management of a community housing organisation, excluding Indigenous community housing organisations.
- Reporting to AIHW by state/territory differs, with some jurisdictions including affordable housing in their figures, and others excluding affordable housing.

4. AIHW, *Housing Assistance in Australia 2022*.

5. ABS, *Census of Population and Housing, Australia, 2021*.

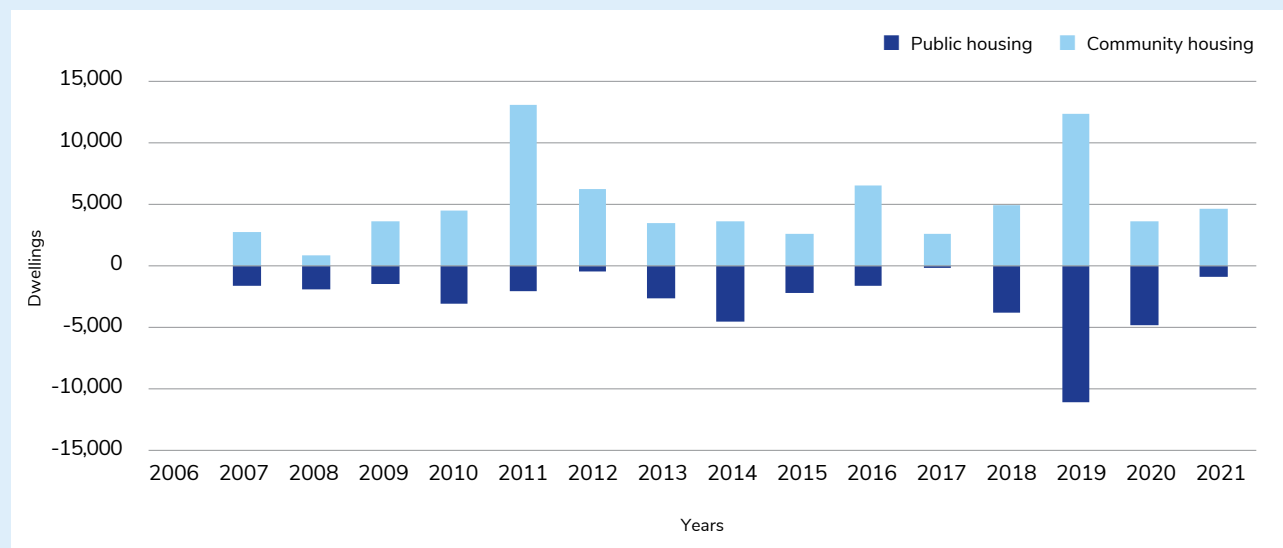
6. CHIA, *Australia's Community Housing Industry in Profile, 2020*.

## Growth of the CHP sector in Australia

Recognising the benefits that the CHP model can deliver, community housing dwellings have increased in recent years, whilst there has been a decline in the number of public housing dwellings, partly due to transfers across the sectors. Productivity Commission

data indicates that in 2018–19 and 2019–20 13,418 public housing and state owned and managed indigenous housing dwellings were transferred from the NSW Government to CHPs (transferring either both ownership and management, or management only).

Figure 6: Annual change in dwelling numbers



Source: AIHW, Housing Assistance in Australia 2022

Households entering social housing are increasingly entering community housing rather than public housing. AIHW data (*Housing Assistance in Australia 2022*) shows that the number of households moving into community housing in 2020–21 was inline with those moving into public housing (13,716 compared to 15,165). CHIA estimated that over 6,000 dwellings were in the supply pipeline for CHPs in 2020.<sup>7</sup> NHFIC is contributing to this growth by providing finance for construction or re-financing.

Based on Census data, the ten-year growth in community housing dwellings as a proportion of all dwellings has been highest in Tasmania, followed by the Northern Territory. This has offset a decline in public housing dwellings as a proportion of all dwellings across all states and territories.

While the CHP sector in Australia remains small, there are significant opportunities for growth. For example, the UK Housing Association estimates that housing associations in England provide 2.8 million homes for approximately 6 million people, housing 11 per cent of the population.<sup>8</sup>

## Percentage of occupied dwellings – Community housing provider

	Tas	NT	SA	NSW	WA	ACT	Vic	Qld	Au
2011	0.7	2.2	1.0	0.6	0.5	0.4	0.4	0.5	0.6
2016	0.8	1.5	0.9	0.6	0.4	0.4	0.4	0.4	0.5
2021	1.3	2.7	1.3	0.9	0.7	0.6	0.5	0.6	0.8
<b>10-year change</b>	<b>0.6</b>	<b>0.5</b>	<b>0.3</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.2</b>

Source: ABS, Census of Population and Housing, 2021, 2016, 2011.

7. CHIA, Australia's Community Housing Industry in Profile, 2020.

8. United Kingdom, National Housing Federation – Impact of housing associations.

## ESG reporting standard

NHFIC has been collaborating with the community housing sector on an industry-led ESG Reporting Standard, one of the first country-based CHP standards developed worldwide. The development of a national reporting standard for CHPs across Australia will help better position the sector to access capital and diversify its investor base.

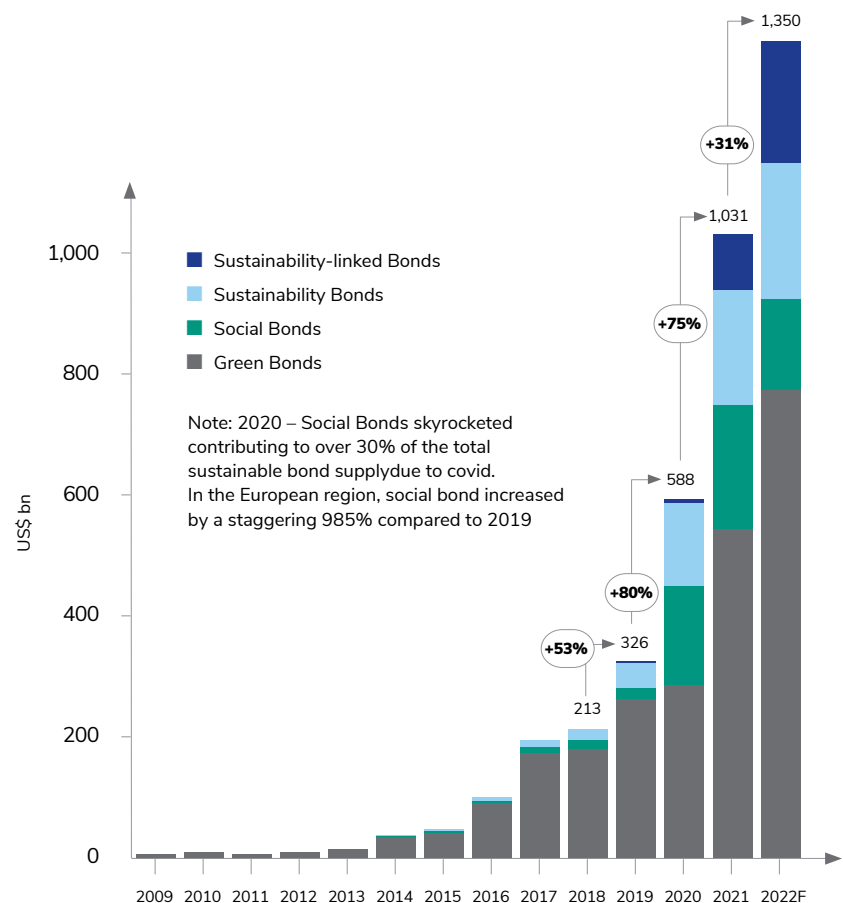
Momentum is building around the world to mobilise capital to help deliver better ESG outcomes. There is a growing appetite from investors for more information on these non-financial factors so they can better identify material risks and growth opportunities. Global finance channelling into ESG-related activities has grown exponentially over the last decade, with capital into social bonds increasing significantly over the last five years.

In November 2020, the UK developed a new Sustainability Reporting Standard for Social Housing (SRS), for housing associations to demonstrate their ESG credentials. The CHP standard being developed in Australia has drawn on the success of the SRS and will be tailored to Australia.

The community housing sector performs an instrumental role in the Australian housing system, but remains a relatively small industry and hasn't yet established itself in equity and debt capital markets. NHFIC has provided an important link between CHPs and institutional investors, but there is an opportunity to make the sector more recognisable, transparent and accountable to investors and lenders who are increasingly focussed on ESG outcomes. The Reporting Standard will include reporting on things like greenhouse gas emissions, the number of longer-term secure tenancies offered to tenants and the wrap-around services CHPs offer their residents.

The reporting framework will allow the aggregation of data across CHPs, to provide greater insight into the CHP sector and its ESG impact. NHFIC has worked with CHIA and other organisations on developing the Standard (see below). This work has included extensive consultations with the broader CHP sector and investors. It is expected the Reporting Standard will be formally launched later this year.

Figure 7: Global growth in green, social and sustainability bonds



Market development for Green, Social and Sustainability Bonds (GSS-Bonds)  
Sources: Moody's, Sustainable Bond Insights, RITTERWALD Consulting

### Project team leading ESG Reporting Standard work


















# 2021–22 borrower profiles

The information in this section is provided by each of the CHPs, whose loans were funded by NHFIC bonds issued during 2021–22.

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.

CHP	State	Tenant mix	Target cohort			Page
Bond 3 – Tranche 2						
Home in Place (previously Compass Housing Services)	NSW	S,A				20
Bond 4 – Tranche 2						
Evolve Housing	NSW	S,A				22
City West Housing	NSW	S,A				24
Haven; Home, Safe	Vic	S				26
Community Housing (Qld) Limited	Qld	A				28


## Key

 At-risk, including at-risk youth, domestic violence survivors, people at-risk of homelessness

 Disability

 Elderly

 Indigenous

 Women, including single parents

(S) Social (A) Affordable (M) Market or private



Casey

## Finding a safe and secure place to call home can be a life changing moment.

Things haven't been easy for Casey. After being in a long-term domestic violence relationship, Casey found herself homeless, sleeping on the street and separated from her children.

Casey sought help and applied for social housing. Casey was led to the Together Home Program, which is a NSW Government initiative that provides housing and personalised support for people sleeping on the street across the state. The program helps transition people away from homelessness and into long-term, stable housing, whilst improving their overall personal wellbeing.

Casey's experience with the program was incredibly positive and provided her with a sense of security and community that she had not felt in years. The support and help provided to Casey has helped her improve her relationships with family and in particular, her children, and has inspired her to begin a career in community services.

Casey said "Having a fresh new unit has helped me mentally reset. A few months after moving into this place my eldest son who I hadn't seen in years came to visit me. Having the stability to be able to contact him and let him know where I was so he could come and visit was incredible."

# Home in Place



Dwellings delivered through the NHFIC loan have been built to high environmental standards, having achieved a 7.5-star NatHERS sustainable building design rating. Residents on low incomes save money through reduced energy consumption, as well as through affordable rents.

"NHFIC and the Affordable Housing Bond Aggregator have been a game changer for the community housing sector in Australia.

By providing longer-tenor low-interest loans NHFIC has enabled CHPs to scale up at a pace that would be impossible if they were forced to rely on conventional finance, meaning they are able to provide critical services to larger numbers of people than would otherwise be the case."

### Greg Budworth

Group Managing Director, Home in Place

### Above

Dunleigh Street, Toukley

### Opposite L to R:

Bunker Road, Adamstown

Station Street, Wickham

Home  
in Place



<b>NSW State:</b>	New South Wales
<b>Target cohorts:</b>	Diverse, At-risk, Women (inc. Single parents)
<b>Tenant mix:</b>	Social, affordable



Name	Home in Place
About	<p>Home in Place, (previously Compass Housing Services) is one of Australia's largest non-government social housing providers with over 35 years' experience in providing secure and affordable housing, as well as delivering housing products for disadvantaged people who have difficulties sourcing adequate housing.</p> <p>Home in Place provides tenancy and/or property management for over 7,600 social, affordable and disability housing properties in New South Wales, Queensland, Victoria and New Zealand.</p>
Loan value and tenor	\$114.16 million (10.25-year fixed rate loan)
Loan purpose	<p>To finance the construction of 273 social and affordable dwellings.</p> <p>Three projects have been delivered to date as part of the NSW Social and Affordable Housing Fund with NHFIC's support including:</p> <p><b>Dunleigh Street, Toukley</b></p> <p>New apartment development with 34 social and affordable residential dwellings; comprising a single one-bedroom apartment and 33 two-bedroom apartments, including four ground floor adaptable units with communal gardens and outdoor spaces.</p> <p><b>Station Street, Wickham</b></p> <p>New apartment development comprises 16 mixed tenure social and affordable housing dwellings, delivered via a three-way partnership between Home in Place, the NSW Government, and the City of Newcastle. The complex features nine one-bed apartments and seven two-bed apartments, as well as a rooftop garden for residents and a commercial space on the ground level.</p> <p><b>Brunker Road, Adamstown</b></p> <p>New apartment development includes 50 mixed tenure social and affordable residential dwellings, comprising 13 one-bedroom apartments and 37 two-bedroom apartments. The apartments are set over six levels, with the ground floor providing two communal spaces, as well as an outdoor courtyard. In addition, the rooftop provides residents with a landscaped terrace, offering 360-degree views of the city.</p>
Geographic concentration	Hunter and Central Coast regions of NSW
Target cohorts	Tenants selected from the NSW Housing Register
Tenant mix	80 per cent social and 20 per cent affordable



# Evolve Housing



## Samantha

### A permanent place to call home

Things have been difficult for Samantha, mother of two. Pregnant and looking after her young daughter, Samantha lost her job. Not long after Samantha gave birth to her son she received an eviction notice. It was a difficult period for Samantha, as she struggled to make ends meet and was unable to afford her rent. Samantha sought help and applied for social housing.

Evolve Housing was able to offer Samantha and her two children a home where they have lived for over a year now. Samantha is truly grateful for everything Evolve Housing has done for her family.

While they still struggle Samantha says, "I have groceries, my bills are paid, I know my rent's paid ... [and] the spiral of rental arrears hasn't happened in the 12 months I've been here".

Evolve Housing CEO, Lyall Gorman said "People like Samantha, living in housing stress are no different to anyone else... it's just a matter of circumstances at a point in time."



**By owning the properties, all support provided by the Government will remain within the CHP sector and can be reinvested into wrap-around services such as counselling, employment opportunities and wellbeing initiatives, to sustain residents' tenancy and/or increase their economic and social participation.**




"NHFIC is an integral partner with CHPs to enable them to deliver quality housing that requires some form of subsidy to make it cost efficient."

**Brett Manwaring**  
CFO, Evolve Housing

**Above L to R:**  
Samantha and her children,  
Evolve housing, Guilford NSW





	<b>State:</b>	New South Wales
	<b>Target cohorts:</b>	Mixed, incl at-risk (homelessness), women, single parents
	<b>Tenant mix:</b>	Social

Name	Evolve Housing
About	Evolve Housing is one of Australia's leading Community Housing Providers, managing over 4,000 social and affordable housing and housing 9,981 residents in New South Wales, and Tasmania.
Loan value and tenor	\$20.5 million (14-year fixed rate interest-only loan)
Loan purpose	<p>To support the provision of more social and affordable housing in Western Sydney by enabling Evolve to acquire properties utilising the NSW Community Housing Leasing Program which would otherwise be leased from the private sector.</p> <p>The loan comprises two facilities, Facility A and Facility B. The \$20.5 million loan advanced during 2021–22 relates to Facility A only.</p>
Geographic concentration	Western Sydney (Cumberland, Penrith, Bankstown, Parramatta)
Target cohorts	Mixed, incl at risk (domestic violence, homelessness), women incl single parents
Tenant mix	<p>100 per cent social.</p> <p>Tenants will be selected from the NSW Housing Register and are allocated based on specific need matched to vacant dwelling.</p>



# City West Housing






**Above:** Artist impression of Boronia Apartments

“NHFIC’s finance on this development frees up valuable equity that can now be used to help fund 450 apartments in City West’s development pipeline in the City of Sydney and deliver on our purpose of building stronger communities and improving people’s lives by providing affordable housing.

Supporting vulnerable community groups with access to safe and affordable housing is an important step in supporting the wellbeing of Australians.”

**Leonie King**  
CEO, City West Housing



 <b>State:</b>	New South Wales
 <b>Target cohorts:</b>	Mixed, incl at-risk (homelessness), women, single parents
 <b>Tenant mix:</b>	Affordable and social

Name	City West Housing
About	<p>City West Housing is a recommended provider of affordable housing in the City of Sydney, managing nearly 900 apartments for 1,600 residents and their families on very low to moderate incomes.</p> <p>City West Housing provides the full spectrum of services from new housing development to tenancy management and community engagement.</p>
Loan value and tenor	\$15.7 million (14-year fixed rate interest-only loan)
Loan purpose	<p>To support City West Housing (CWH Sydney South Ltd) build 74 medium-density, social and affordable apartments in Waterloo in Sydney, NSW. Boronia Apartments will include a combination of one-two-and three-bedroom apartments and a commercial space on the ground floor.</p> <p>The apartments are well located near services amenities, including the new Gunyama Park Aquatic and Recreation Centre, Green Square town centre and train station, East Village Shopping Centre, and the new Waterloo metro station.</p>
Geographic concentration	Waterloo, Sydney
Target cohorts	90 per cent of tenants will be selected from City West Housing's waiting list or through referrals from DFV organisations and will include a mix of very low, low- and moderate-income, including women and children who are escaping domestic and family violence. The remaining 10 per cent of tenants will be targeted to women escaping domestic and family violence will be selected from the NSW Housing Register.
Tenant mix	90 per cent affordable and 10 per cent social



## Julie

### A permanent and secure home

After becoming homeless and living in unsafe conditions, Julie and her mother Veronica sought access to safe and secure accommodation. Their life changed significantly when HHS offered them long-term social housing and a place to call home.

"We call this place our home because it truly has become our home. [My] favourite thing is the privacy. In here you've got safety and security," said Julie.

The home provided by HHS is conveniently located, with easy access to public transport, including buses and trains. Located behind their home is a park which the local community enjoys and refer to as their "hidden treasure".

With a place to call home, Julie was able to go back to studying and has finished a four-year diploma and nearly finished her master's degree in textiles.

# Haven; Home, Safe



The project debt and the umbrella debt provide greater certainty for HHS to execute on our strategic plan and provides us with the agility to meet both market opportunities and market challenges. The finances provide us with a greater level of ability to mobilise faster with more purpose and impact for accelerated client outcomes.

NHFIC has consciously and deliberately changed their approach to be more than a financier. They are a true collaborator for commercially-oriented and socially impactful outcomes. They take the time to understand the business, strategy, culture, and capacity and have shifted from a transactional mindset to a human-centred focus".

**Andrew Cairns**  
CEO, Haven; Home, Safe

**Above L to R:** Julie and her dogs, Julie's home, Haven; Home, Safe Townhouses in Tarneit, Melbourne

*haven*  
HOME, SAFE





<b>Vic</b>	<b>State:</b>	Victoria
	<b>Target cohorts:</b>	Over 55, disability, at-risk
	<b>Tenant mix:</b>	Social



Name	Haven; Home, Safe
About	Haven; Home, Safe (HHS) is an integrated affordable rental housing and homelessness service provider that provides a range of housing solutions and wrap-around services across Victoria. HHS work with a wide range of government, public and private partners to provide affordable housing, homelessness support services, Specialist Disability Accommodation (SDA), property development and asset management.
Loan value and tenor	\$9 million (10-year fixed rate interest-only loan)
Loan purpose	In conjunction with a grant from the Victorian Government to support the delivery of up to 113 social two-and-three-bedroom apartments and townhouses to accommodate up to 260 residents. The loan will support the delivery of: <ol style="list-style-type: none"> <li>1. 26 new town houses in Werribee (Melbourne)</li> <li>2. 17 new town houses in Tarneit (Melbourne)</li> <li>3. 14 new apartments in Preston (Melbourne)</li> <li>4. 16 new town houses in Ballarat</li> <li>5. 8 new houses in Mt Pleasant (Ballarat)</li> <li>6. Up to 32 new town houses in Bendigo</li> </ol>
Geographic concentration	Metropolitan Melbourne and regional Victoria (Ballarat, Bendigo)
Target cohorts	Over 55, disability, at-risk, youth, women
Tenant mix	100 per cent social A minimum of 75 per cent of tenants will be sourced from the Victorian Housing Register of Priority and the remaining 25 per cent to come from the general wait list of the Victorian Housing Register Tenants will have access to additional support services, either through Government-operated programs or through other community service providers to sustain their tenancy and/or increase their economic and social participation.

# Community Housing (Qld) Limited



## Kylee

### A safe and secure place to call home

Six years ago, while pregnant and looking after her three young children, Kylee found herself homeless after leaving a long-term abusive relationship.

Kylee sought assistance from the Queensland Department of Housing, who put Kylee in touch with CHQL.

Kylee and her children were initially assigned to CHQL's emergency accommodation, before being placed in short-term housing for two years, and then long-term housing, which is where they have remained.

Having access to secure housing has provided Kylee and her children with much needed stability, and they have been able to embrace school life and study.

"The kids are stable in their school life, and I feel like I'm parenting better," said Kylee.

Kylee has completed studies in community services with Community Employment Australia and secured a full-time job, helping youth with complex behavioural issues. In her spare time, Kylee is advocating for her local electorate to develop an initiative that brings awareness and understanding to residents in her community about domestic violence; an issue which is very important to her.

Kylee praises CHQL with helping her create a stable family life and said "I don't think I would be here if I weren't so stable in my home. It's given [me] a chance to be well."



NHFIC plays an important role in the development of vital social and affordable housing projects nationally. Having access to low cost and reliable loans through NHFIC allows community housing providers like CHQL to expand our operations

and most importantly to improve housing outcomes for Australians in need of social and affordable housing".



**Francis Soesanto**  
Community Housing (Qld) Limited, Treasurer

**Above L:** CHQL Housing Officer, Byron Manitzky, Kylee, CHQL Family Support Worker, Karen Goodfellow



COMMUNITY HOUSING (QLD) LTD  
PART OF THE CHL GROUP OF COMPANIES



	<b>State:</b>	Queensland
	<b>Target cohorts:</b>	Diverse
	<b>Tenant mix:</b>	Affordable and specialist disability

Name	Community Housing (Qld) Limited
About	Community Housing (Qld) Limited (CHQL) is a not-for-profit organisation delivering housing for vulnerable and low to moderate income people who are unable to secure long-term affordable housing in the market. CHQL currently manage 11,000 properties in Australia across six states.
Loan value and tenor	\$4 million (14-year fixed rate loan)
Loan purpose	To refinance loans that were originally undertaken to provide 19 social and affordable properties in the Gold Coast City Council LGA in Southeast Queensland.  The loan is part of a larger project that CHQL will use to increase the supply of social and affordable housing in Southeast Queensland.
Geographic concentration	Southeast Queensland
Target cohorts	Mixed
Tenant mix	92 per cent affordable and 8 per cent specialist disability accommodation.  Tenants will be selected from the Queensland Housing Register and those with low to moderate incomes who qualify for affordable housing.  Tenants will have access to additional support services, either through Government-operated programs or through other community service providers to sustain their tenancy and/or increase their economic and social participation.



# Appendix



## Appendix A: Summary of NHFIC bond issuance to 30 June 2022

	Principal amount (\$m)	Issue date / settlement date	Tenor	Maturity date	Issue price	Interest / coupon rate (%)	Yield to maturity (%)	Spread to ACGB benchmark <sup>1</sup>	Credit rating	Coupon payable	Bond classification	ISIN
<b>Bond 1</b>	\$315	28 Mar 2019	10 years	28 Mar 2029	100 per cent of the principal amount	2.38	2.38	+48.3bp	AAA	Semi-annually on 31 Mar and 30 Sept	Social bond	AU3CB0262038
<b>Bond 2</b>	\$315	27 Nov 2019	10.5 years	27 May 2030	100 per cent of the principal amount	1.52	1.52	+37.8bp	AAA	Semi-annually on 27 May and 27 Nov	Social bond	AU3CB0268746
<b>Bond 3</b>	\$562	29 Jun 2020	12 years	29 Jun 2032	100 per cent of the principal amount	1.41	1.41	+38bp	AAA	Semi-annually on 29 Jun and 29 Dec	Social bond	AU3CB0272904
<b>Bond 3 (Tranche 2)</b>	\$133	28 Mar 2022	10.25 years remaining	29 Jun 2032	84.93 per cent of the principal amount	1.41	3.14	+34.6bp	AAA	Semi-annually on 29 Jun and 29 Dec	Social bond	AU3CB0272904
<b>Bond 4</b>	\$343	2 Jun 2021	15 years	30 Jun 2036	100 per cent of the principal amount	2.335	2.335	+21.7bp	AAA	Semi-annually on 30 Jun and 30 Dec	Sustainability bond	AU3CB0280659
<b>Bond 4 (Tranche 2)</b>	\$65	30 Jun 2022	14 years remaining	30 Jun 2036	75.724 per cent of the principal amount	2.335	4.725	+58.2bp	AAA	Semi-annually on 30 Jun and 30 Dec	Sustainability bond	AU3CB0280659
<b>Bond 5</b>	\$362	15 Jun 2021	10 years	1 Jul 2031	100 per cent of the principal amount	1.74	1.74	+21.5bp	AAA	Semi-annually on 1 Jul and 1 Jan	Social bond	AU3CB0280923
<b>Bond 6</b>	\$100	15 Jun 2021	10 years	1 July 2031	100 per cent of the principal amount	3mBBSW +18bp	3mBBSW +18bp	N/A	AAA	Quarterly on 1 Jul, 1 Oct, 1 Jan and 1 Apr	Social floating-rate note	AU3FN0061032
<b>Total</b>	<b>\$2,195</b>											

1 Price compared to ACGB benchmark bond of equivalent tenor at the time the bonds were priced. Note BBSW is not a government bond benchmark.

## Appendix B: Use of proceeds

### CHP loans funded by Bond 1

Issue date: 28 Mar 2019; Maturity date: 28 Mar 2029; Volume: \$315 million							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
BlueCHP Limited	70	-	\$50 million to refinance debt originally used to fund construction and acquisition of 318 dwellings.  \$20 million 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 (Qld) Limited	35	-	\$32 million to refinance debt originally provided to construct or acquire 160 properties across WA and NSW.  \$3 million working capital to assist with equity investment in affordable housing projects.	Regional NSW including Port Macquarie and North Gosford.  Perth, WA.	NSW	Tenants on low to moderate income, indigenous, tenants with disabilities, chronic illness and mental health issues	49% social, 51% affordable
Compass Housing Limited	45	-	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	-	\$50 million to refinance debt originally used to fund the development of 128 units in Penrith.  \$20 million 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	-	\$30 million to refinance debt that was originally used to construct 111 dwellings in Sydney.  \$5 million 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
UnitingSA Housing Limited	7	-	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 Kurraltia Park, an eight-bed development in Ferryden Park and planning is underway for four single storey dwellings in Kidman Park.	Adelaide (including Paradise, Parnallowie, 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	-	\$32.5 million to refinance debt originally used to construct and retain 182 units in Adelaide.  \$5.5 million 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	-	\$10.2 million to refinance debt originally used to acquire dwellings in Sydney.  \$4.8 million working capital for future site acquisitions and development projects	Tenants on low to moderate incomes, Indigenous, tenants with disabilities.	NSW	Sydney (Bankstown and Leumeah)	100% affordable
<b>Total</b>	<b>315</b>	<b>-</b>					

## CHP loans funded by Bond 2

Issue date: 27 Nov 2019; Maturity date: 27 May 2030; Volume: \$315 million							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
<b>AnglicareSA Housing Ltd</b>	32	-	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. \$5.3 million 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
<b>Bridge Housing</b>	51.1	-	\$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 \$11.4 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
<b>Churches of Christ Housing Services Limited</b>	4.9	-	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
<b>Foundation Housing, WA</b>	35	-	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 of accommodation located within 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: \$315 million							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
<b>Haven; Home, Safe</b>	65	-	Core refinance of \$54.4 million refinance of existing facilities with the Bendigo Bank. Part debt funding of \$5.7 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 \$31.2 million. General corporate working capital of \$4.9 million towards (directly and indirectly) improve housing outcomes for low-income Victorians.	The properties are in various geographic locations, from the Mornington Peninsula and south-eastern suburbs of Melbourne through to Mildura on the Murray River and everywhere in between, including the regional cities of 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
<b>Housing Choices Australia Limited</b>	55	-	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
<b>HousingFirst and Port Phillip Housing Trust (PPHT)</b>	72	-	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 Victorian Housing Register, with a minimum of 75% from the priority list: primarily older people, those living with a disability, and those escaping family violence.
<b>Total</b>	<b>315</b>	<b>-</b>					

### CHP loans funded by Bond 3

Issue date: 29 Jun 2020 (increased on 28 Mar 2022); Maturity date: 29 Jun 2032; Volume: \$695 million							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
Argyle Housing	12	-	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	-	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	ACT	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	24.9	-	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	-	\$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	All households will be allocated off the Victorian Housing Register
Housing Choices Tasmania	17	-	Refinance of \$7.1 million of core debt that was used to fund the construction of 60 properties and \$9.9 million 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	26.1	-	\$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 (increased on 28 Mar 2022); Maturity date: 29 Jun 2032; Volume: \$695 million							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
Mission Australia	65	-	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, Toormina, 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	-	Reimbursement of the repayment of a \$2.1 million 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 \$1.4 million 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.	PLH manages over 1,100 properties across an 8000sq km footprint in the Central Coast and lower Hunter regions, ranging from Woy Woy in the south to Port Stephens and inland to Maitland, across six local government areas.	NSW	Older single females and families escaping domestic and family violence	The tenancy mix will comprise affordable and market rental housing, with the final allocation to be determined on completion.
SGCH	210	-	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	-	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	Low-income women, key workers, women on public housing wait list.
Home in Place (previously Compass Housing Services)	114.2	-	To fund the acquisition of properties and associated costs in the NSW Central Coast and Hunter regions under the NSW SAHF agreement.	Adamstown, Belmont, Long Jetty, Thornton, Toukley, Wallsend, West Gosford, Wickham	NSW	Mixed, incl at risk (domestic violence, homelessness), women incl single parents	80% social, 20% affordable
<b>Total</b>	<b>676.16</b>	<b>-</b>					

## CHP loans funded by Bond 4

Issue date: 2 Jun 2021 (increased on 30 Jun 2022); Maturity date: 30 Jun 2036; Volume: \$408 million							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
<b>Building Communities (Vic) Limited</b>	344.3	-	<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 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>	Melbourne (Brighton, Prahan, Flemington)	Vic	Diverse / mixed	56% social, 29% private, 10% affordable, 5% supported disability
<b>Evolve Housing</b>	20.5	-	NHFIC's finance facilitated Evolve's participation in the NSW Community Housing Leasing Program ('CHLP') via financing the acquisition of approx. 200 existing and/or new dwellings across 5 Western Sydney LGAs to provide Social Housing (i.e. 100%) under the CHLP	Western Sydney	NSW	Mixed including at risk (domestic violence, homelessness), women and single parents	100% social
<b>City West Housing</b>	15.7	15.7	Construction and term loan financing the development of 74 social and affordable apartments in Waterloo including a small commercial unit and 15 car parks in Waterloo, NSW.	Sydney (Waterloo)	NSW	Mixed including women and children at risk of homelessness due to domestic and family violence, single parents and essential workers.	90% affordable, 10% social
<b>Haven; Home, Safe</b>	9	-	Loan facility supporting Haven; Home, Safe's participation in the Rapid Grant Round of Victorias 'Big Housing Build' program which consists of 143 dwellings across 8 sites.	Werribee, Tarneit, Preston, Ballarat, Bendigo	Vic	Diverse – Over 55s, disability, at-risk, youth	100% social
<b>Community Housing (Qld) Limited</b>	4	-	To refinance loans that were originally undertaken to provide 19 social and affordable properties in the Gold Coast City Council LGA in Southeast Queensland.	Gold Coast, QLD	QLD	Diverse	92% Affordable, 8% Specialist Disability Accommodation
<b>Total</b>	<b>393.5</b>	<b>15.7</b>					

## CHP loans funded by Bond 5

Issue date: 15 Jun 2021; Maturity date: 1 Jul 2031; Volume: \$362 million							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
<b>Common Equity Housing Limited</b>	15	-	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 balance of funding will be 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.	Melbourne (Ringwood) and other future social housing in Victoria.	Vic	Diverse – Low-medium income people experiencing or at risk of homelessness and disability and victims of domestic violence	100% social and affordable
<b>Foundation</b>	45	-	To fund the acquisition of 98 affordable housing units, and 12 planned social housing units	Perth metropolitan areas (Joondalup, Perth, Subiaco, Atwell, Cannington, Scarborough, Inaloo, East Perth)	WA	Diverse – A mix of singles, couples and single families.	89% affordable, 11% social
<b>Housing Choices SA</b>	16.5	-	Refinance \$8.4 million in core debt and construct 32 social dwellings.  Bowden Project is a partnership with Nightingale Housing, Renewal SA & SA Housing Authority; HCSA is developing a carbon-neutral, 36 apartment complex over six stories. 14 dwellings have been pre-sold under the NGH ballot system and eligible for HomeBuilder.  Felixstow is a 14 dwellings development as part of the 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.	Adelaide (Bowden, Felixstow)	SA	<b>Nightingale Bowden</b> 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.  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.  <b>Felixstow</b> 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.	Bowden: 50% affordable, 14% NDIS, 43% Community Housing Felixstow: 100% social



Issue date: 15 Jun 2021; Maturity date: 1 Jul 2031; Volume: \$362 million							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
<b>Housing Choices Tasmania</b>	8	-	To finance 80 new properties in Tasmania, as part of the Tasmanian State Government's Community Housing Grant Program (Round 2) and Extension.	South and Northwest Tasmania (Oakdowns, East Devonport, Devonport, Shorewell Park)	Tas	The property portfolio is designed to meet the needs of a range of vulnerable cohorts across Tasmania.  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.	100% social
<b>Mission Australia</b>	67.9	-	The loan will fund the purchase of a 130-apartment building to be used for affordable housing.	Macquarie Park	NSW	Diverse.  Target cohorts will include affordable housing tenants as well as former social housing tenants transitioning into employment.	New Dwellings: 8% social, 92% affordable dwellings
<b>Pacific Link</b>	7	-	<p>\$3.5 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.</p> <p>\$1.1 million for reimbursement of equity relating to land in Belmont, now being developed as 13 new social, affordable and market rental units</p> <p>\$0.6 million refinancing of a commercial banking facility</p> <p>\$1.8 million to fund general corporate working capital</p>	Central Coast and Lower Hunter regions of NSW – in the Central Coast and Lake Macquarie LGAs.	NSW	<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>	<p>Woy Woy – 65% social; 35% affordable</p> <p>Canton Beach – 50% social; 50% affordable.</p> <p>Belmont: 38% allocated as social housing, with the balance to be rented as affordable and market rent housing.</p>
<b>SGCH Group</b>	150	-	<p>Total portfolio of \$250 million includes:</p> <ul style="list-style-type: none"> <li>\$120.2 million refinancing of existing core debt and associated costs</li> <li>\$23.3 million repayment of other loans</li> <li>\$22.7 million construction finance to fund existing projects, including associated risk reserves.</li> <li>\$73.7 million construction finance to fund new projects</li> <li>\$10.1 million debt services reserves</li> </ul>	Sydney (Cartwright, Chippendale, Liverpool, Moorebank)	NSW	Diverse, including at risk (homelessness, youth), disability, elderly, indigenous.	100% social and affordable

Issue date: 15 Jun 2021; Maturity date: 1 Jul 2031; Volume: \$362 million							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
Unison	53	-	<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"> <li>• Core Refinance: \$31 million - 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</li> <li>• Turnkey property \$12.5 million – Property identified at 69 Buckley St, Seddon</li> <li>• New Construction: construction of new dwellings approved as part of the Big Housing Build and new partnerships</li> <li>• General Corporate Working Capital: Provide an additional working capital to support housing outcomes</li> </ul>	Melbourne (Fairfield)	Vic	Women experiencing or at risk of homelessness, especially single women	100% social
Total	362.4	-					

### CHP loans funded by Bond 6 (Floating rate note)

Issue date: 15 Jun 2021; Maturity date: 1 Jul 2031; Volume: \$100 million							
Name of CHP	Loan amount (\$m)	Undistributed proceeds (\$m)	Loan purpose	Geographic concentration	State	Target cohorts	Tenancy mix
SGCH	100	-	<p>Total portfolio of \$250 million includes:</p> <ul style="list-style-type: none"> <li>• \$120.2 million refinancing of existing core debt and associated costs</li> <li>• \$23.3 million repayment of other loans</li> <li>• \$22.7 million construction finance to fund existing projects, including associated risk reserves.</li> <li>• \$73.7 million construction finance to fund new projects</li> <li>• \$10.1 million debt services reserves</li> </ul>	Sydney (Cartwright, Chippendale, Liverpool, Moorebank)	NSW	Diverse, including at risk (homelessness, youth), disability, elderly, indigenous.	100% social and affordable

# Appendix C: Independent Assurance Report



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

### Assurance conclusion

Based on our reasonable assurance procedures, as of 21 October 2022, and as described below, in our opinion The National Housing Finance and Investment Corporation's ("NHFC") Post-Issuance process, in relation to its First, Second, Third, Fifth and Sixth Social Bond and Fourth Sustainability Bond, as described in NHFC's Affordable Housing Bond Aggregator's ("AHBA") Sustainability Bond Framework, meets the criteria detailed below, in all material respects.

### 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
<p>Post-issuance process for NHFC's Social Bonds (Bonds 1, 2, 3, 5 and 6) and Sustainable Bond (Bond 4) as described in the NHFC's Sustainability Bond Framework, including:</p> <ul style="list-style-type: none"> <li>Eligibility of assets funded by the Bond, as noted in the Loan Facility Agreements and Implementation Agreements with Community Housing providers</li> <li>Use of proceeds</li> <li>Management of proceeds</li> <li>Reporting on the use of proceeds and performance of the Bond, as disclosed in NHFC's Social Bond Report</li> </ul>	<p>Social Bond Criteria:</p> <ul style="list-style-type: none"> <li>International Capital Markets Association's Social Bond Principles ("SBPs")</li> <li>NHFC's internal policies and procedures, as documented in NHFC's Sustainability Bond Framework</li> </ul> <p>Sustainability Bond Criteria:</p> <ul style="list-style-type: none"> <li>International Capital Markets Association's Social Bond Principles ("SBPs")</li> <li>International Capital Markets Association's Green Bond Principles ("GBPs")</li> <li>NHFC's internal policies and procedures, as documented in NHFC's Sustainability Bond Framework</li> </ul>

### Management Responsibility

The management of NHFC 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 as to whether the Subject Matter is presented in accordance with the criteria, in all material aspects. 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 sufficient 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 procedures were 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 opinion.

### Our Approach

Assurance procedures performed included, but were not limited to:

- Conducting enquiries with personnel to understand the business, processes, and systems for collecting, collating, and reporting information relating to the post issuance.
- Reviewing the policies and procedures in the Framework to assess alignment to the requirements of the SBPs and GBPs.
- Confirming eligibility of assets for inclusion in NHFC's Social and Sustainability Bonds against the Framework and the SBP and GBP.
- Reviewing the loan purpose and value set out in final loan agreements to Community Housing Providers to calculate the total value of eligible assets
- Reviewing the allocation and disbursement of net proceeds raised from the Social and Sustainability Bonds to eligible asset
- Obtaining a Letter of Representation from NHFC Management
- Confirming that the NHFC's Social Bond Report contains the required disclosures.

### 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 SBP and the GBP is subjective and will be interpreted differently by different stakeholder groups. Our assurance was limited to NHFC's post-issuance process and did not include any procedures in relation to NHFC's statutory financial statements. Our assurance is limited to policies and procedures in place as at 21 October 2022.

### Use of Report

Our responsibility in performing our assurance activities is to the Directors and Management of NHFC 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 NHFC's Bond Issuance 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.

Emma Herd, Partner

Sydney, Australia  
21 October 2022  
Ernst & Young



## Annex A

### List of eligible assets for the NHFIC's First, Second, Third, Fifth and Sixth Social Bond and Fourth Sustainability Bond<sup>1</sup>

Bond issuance	Eligible Asset	Value as at 21 October 2022 (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 Community Housing Association Co. Limited.	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 Limited	35.0	WA	Refinancing of existing debt.

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

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Bond issuance	Eligible Asset	Value as at 21 October 2022 (AUDm)	State	Purpose
	The Haven Foundation Limited	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 and Port Phillip Housing Trust (PPHT)	72.0	VIC	Refinancing of existing debt plus extra to assist with further developments of affordable housing, including acquisitions and housing refurbishments.
Social Bond 3 (June 2020)	Argyle Community Housing Limited	12.0	NSW	Refinancing of existing debt plus extra to assist with further developments of affordable housing.
	BaptistCare NSW and ACT	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 Limited	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 and Women's Housing Limited	26.14	SA	Refinancing of core debt plus extra to assist with further developments of affordable housing.
	Mission Australia Housing	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.
	Women's Housing Limited	9.0	VIC	Refinancing and repayment of existing debt plus extra to assist with further developments of affordable housing.
	Home in Place (previously Compass Housing Services)	114.16	NSW	To fund the acquisition of properties and associated costs in the NSW Central Coast and Hunter regions under the NSW SAHF agreement.



Bond issuance	Eligible Asset	Value as at 21 October 2022 (AUDm)	State	Purpose
Sustainability Bond 4 (June 2021)	Building Communities (Vic) Limited	344.3	VIC	To fund 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. The project has a number of additional sustainability features.
	Evolve Housing Limited	20.52	NSW	Acquisition funding to acquire up to 200 social dwellings across Southern and Western Sydney to support the NSW Governments Community Housing Leasing Program.
	Community Housing Queensland Limited	4.0	QLD	Refinance of existing debt facility supporting Social and Affordable housing
	City West Housing	15.7	NSW	Funding to assist in the delivery of a 74-dwelling affordable housing complex on Bourke Street, Waterloo, NSW
	The Haven Foundation Limited	9.0	VIC	Working capital funding to assist with the construction of 149 social dwellings across nine sites in regional and metropolitan Victoria.
Social Bond 5 (June 2021)	Housing Choices Tasmania Limited	8.0	TAS	To finance 80 new properties in Tasmania, as part of the Tasmanian State Government's Community Housing Grant Program (Round 2) and Extension.
	Foundation Housing Limited	45.0	WA	To fund the acquisition of 98 affordable housing units, and 12 planned social housing units
	Unison Housing Limited	53.0	VIC	Refinance of existing debt facility to support Unison in the development of new properties underway, new projects and within the Big Housing Build pipeline.
	Common Equity Housing South Australia Ltd	15.0	VIC	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.
	Pacific Link Housing	7.0	NSW	Reimbursement of equity relating to an acquisition of 61 apartment developments at Woy Woy and Canton Beach and land in Belmont, now being developed as 13 new social, affordable and market rental units. To also refinance existing commercial banking facility.
	Housing Choices South Australia Limited	16.5	SA	Refinancing of existing debt plus extra to assist with further developments of affordable housing.
	Mission Australia Housing	67.9	NSW	The loan will fund the purchase of a 130-apartment building to be used for affordable housing
	SGCH	150.0	NSW	Refinancing of existing debt plus extra to assist with further developments of affordable housing.

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Bond issuance	Eligible Asset	Value as at 21 October 2022 (AUDm)	State	Purpose
Social Bond 6 (June 2021)	SGCH	100.0	NSW	Refinancing of existing debt plus extra to assist with further developments of affordable housing.
<b>Total value of eligible assets</b>		<b>2,162, 091,773</b>		

## Appendix D: Abbreviations

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





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