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



HousingConsultation@treasury.gov.au

National Housing Finance and Investment Corporation

Cbus welcomes the opportunity to provide feedback on the establishment of a National Housing Finance and Investment Corporation to attract institutional investment for affordable housing.

Background

Established in 1984, Cbus is the industry superannuation fund for the built environment. Cbus recently received recognition for its 11 years as a platinum rated fund by independent ratings agency *SuperRatings*. Cbus is run only to benefit members, and doesn't pay commissions to sales agents or financial advisers.

Cbus also invests back into the construction and building industry, which not only provides strong long-term investment returns, but helps boost our economy and create jobs within the industry.

Cbus has over:

- 750,000 members
- 136,000 employers
- \$40 billion in funds under management

Housing

Access to secure and affordable housing is an important part of ensuring a dignified and comfortable retirement. Cbus believes that superannuation funds can, and should, play a role in helping to improve the supply of affordable housing for Australians through funds investing in this area. Super funds could provide an important source of capital to partner with government to help resolve this longstanding policy issue which affects so many Australians.

In our view, housing affordability cannot be addressed without tackling issues around supply and as the population of Australia increases we need to build more houses and more infrastructure.

As a large-scale investor Cbus is interested in playing a role in helping to deliver positive housing outcomes for Australia. Cbus is a patient provider of capital with a strong focus on the sustainability and innovation of the investments we make, with a particular emphasis on the built environment.

Cbus is also somewhat uniquely placed to finance and deliver assets that contain a mix of infrastructure and property characteristics through the ability to partner with wholly-owned property developer Cbus Property.

Cbus has been active in discussions around affordable housing area for many years and has been an active participator in a range of research forums,¹ public discussions² and reviews on the topic.

Cbus has been a strong advocate for a financing model that would allow for greater institutional investment in affordable housing and we welcomed the Budget announcement regarding establishment of a National Housing Finance and Investment Corporation and a Bond Aggregator.³ While only one step in the broader affordable housing solution, we see strong merit in the Bond Aggregator, noting similar models have had significant success in offshore markets.

Return for risk

Given its nature, investments in 'affordable housing' do not generally generate the same risk-adjusted returns as investments in other types of real estate given their role in the broader social and economic policy framework. Some form of Government contribution is typically required to bridge the gap between non-commercial and commercial returns.

Cbus would encourage a degree of Government support, and views positively the potential for a Government Guarantee to be attached to issuances of the proposed Bond Aggregator. This could provide a mechanism to deliver more competitive and longer-term financing to the affordable housing providers, thus allowing them to operate more effectively and to generate greater levels of housing stock through time.

Our detailed comments regarding the Bond Aggregator and the National Housing Infrastructure Facility are attached. Please contact James Bennett, Public Policy & Media Advisor on (03) 9910 0218 if you have any queries in relation to our submission.

Yours sincerely,



David Atkin
Chief Executive Officer

¹ http://www.nhc.edu.au/wp-content/uploads/2015/12/NHC_2015_program_grid.pdf

² <https://www.cbussuper.com.au/about-us/news/media-release/cbus-calls-on-government-to-build-investment-structures-for-affordable-housing>

³ <https://www.cbussuper.com.au/about-us/news/media-release/Cbus-welcomes-action-to-attract-super-investment-in-affordable-housing>