

Scott Morrison gives green light to affordable housing finance plan

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Treasurer Scott Morrison says the government is working on a package of reforms to address housing affordability in the May federal budget. *Alex Ellinghausen*



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by [Phillip Coorey](#)

The federal government has given the go-ahead for a scheme in which the private sector would be given access to cheap capital in return for building more community housing.

The bond aggregation scheme, as [revealed by *The Australian Financial Review*](#), was given the in-principle approval of Commonwealth and state treasurers in December and will now be designed by a new housing affordability taskforce before final approval in the middle of the year.

On Friday, Treasurer Scott Morrison, who is putting together a housing package for the May budget, will announce the establishment of the Affordable Housing Implementation Taskforce to develop an affordable housing bond aggregator model.

The community housing sector is currently funded by government grants and stock transfers, and short-term, high-interest bank loans. A bond aggregator will provide a long-term funding source of up to 20 years.

It would allow for securitisation of debt used in the construction and maintenance of housing for low-income families.

By pooling a wide range of different community housing schemes, the plan aims to effectively win financiers of public housing a better deal from the bond market.

The plan could see hundreds of millions of dollars raised from the bond market.

Late last year, Mr Morrison alluded to the idea when he said there needed to be a more efficient way to build and fund community housing.

"We spend almost or around \$11 billion a year together with the states to support people in housing. I don't think it is spent well by the states, it is not well spent by the Commonwealth either," he said.

"That is a lot of money we are putting in every year that we can get a lot more out of than we currently are."

Mr Morrison said on Thursday that "housing affordability remains a concern for many hard-working Australians, including the 30 per cent of Australians who live in rented homes, and those who rely on affordable and social housing.

"An affordable housing bond aggregator would allow a financial intermediary to attract greater private sector investment into affordable housing. This would give community housing providers access to cheaper and longer-term debt, freeing up capital for the construction of new affordable housing."

The taskforce will be led by a panel comprising federal Treasury secretary John Fraser, former chief executive of the NSW Treasury Corporation in New South Wales and former member of the Australian Office of Financial Management advisory board, Stephen Knight, and chief executive of the Community Housing Industry Association, Peta Winzar.

Read more: <http://www.afr.com/news/scott-morrison-gives-green-light-to-affordable-housing-finance-plan-20170309-guulfa#ixzz4as6xJKg1>

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