

Northern Australia Infrastructure Facility

Finance for Housing Infrastructure Webinar



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About Us

NAIF is a Commonwealth Government gap financier, providing loans for infrastructure projects in northern Australia and the Australian Indian Ocean Territories.

- We are a catalyst for investment in the north investing in infrastructure projects that create jobs, procurement opportunities, public benefit for the region and Indigenous outcomes
- We have a higher risk appetite than commercial lenders for risks that are specific to the north
- We may offer concessional financing to facilitate projects, and to crowd in private sector capital through de-risking of those projects.

Our Role

Our mission is to generate transformational growth for northern Australia through being an innovative financing partner.

A key focus of any financing is to drive public benefit, economic and population growth and Indigenous involvement in northern Australia.

\$7B

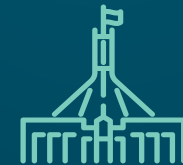
Development financier
financing across capital
infrastructure

2016

NAIF was established



We're focused on
economic growth, jobs and
Indigenous Outcomes



NAIF is a key part of
the Federal Government's
20-year plan for
Northern Australia

Investment Guidelines

Our purpose is to provide financing support to businesses by funding and encouraging private-sector investment for projects that facilitate sustainable economic growth.



Involves the development or enhancement of infrastructure



Generates public benefit



Located in, or provides significant benefit to northern Australia

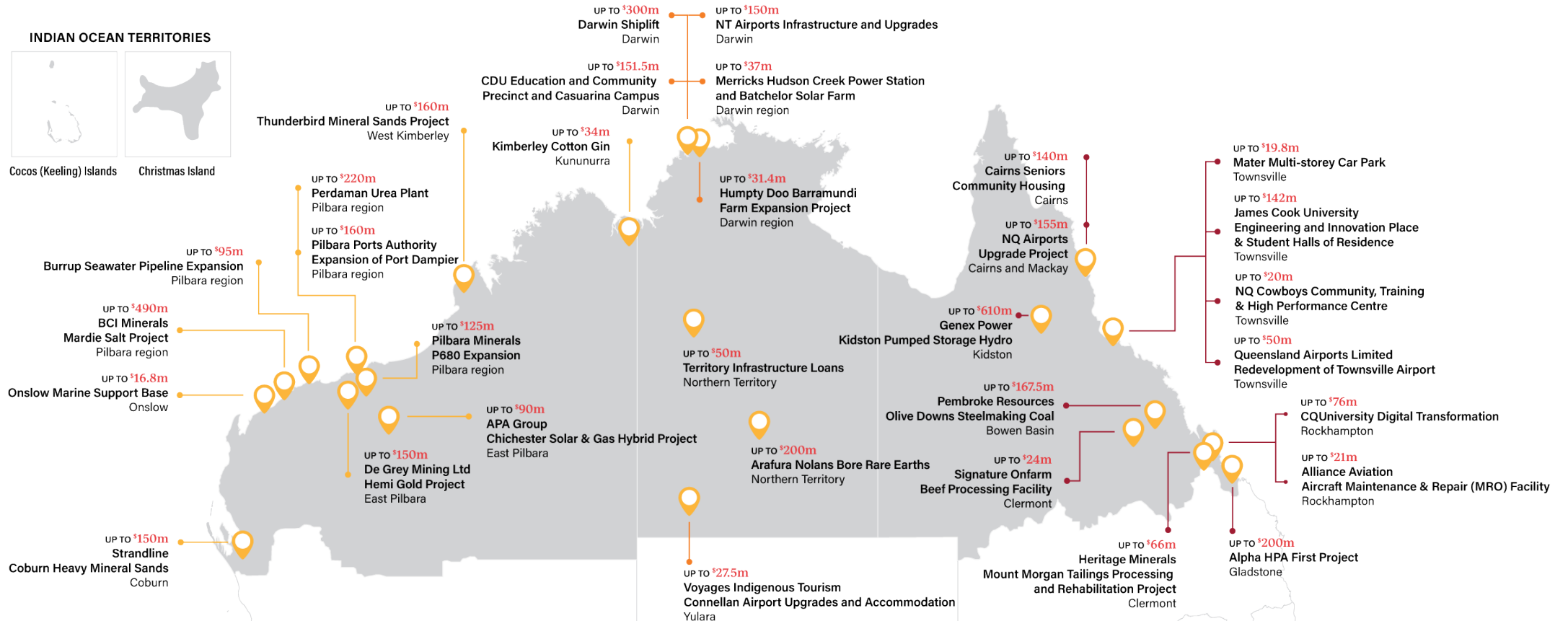
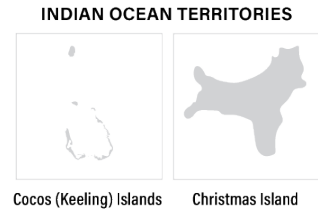


Has an Indigenous Engagement Strategy



Can repay or refinance NAIF's debt

Where we operate

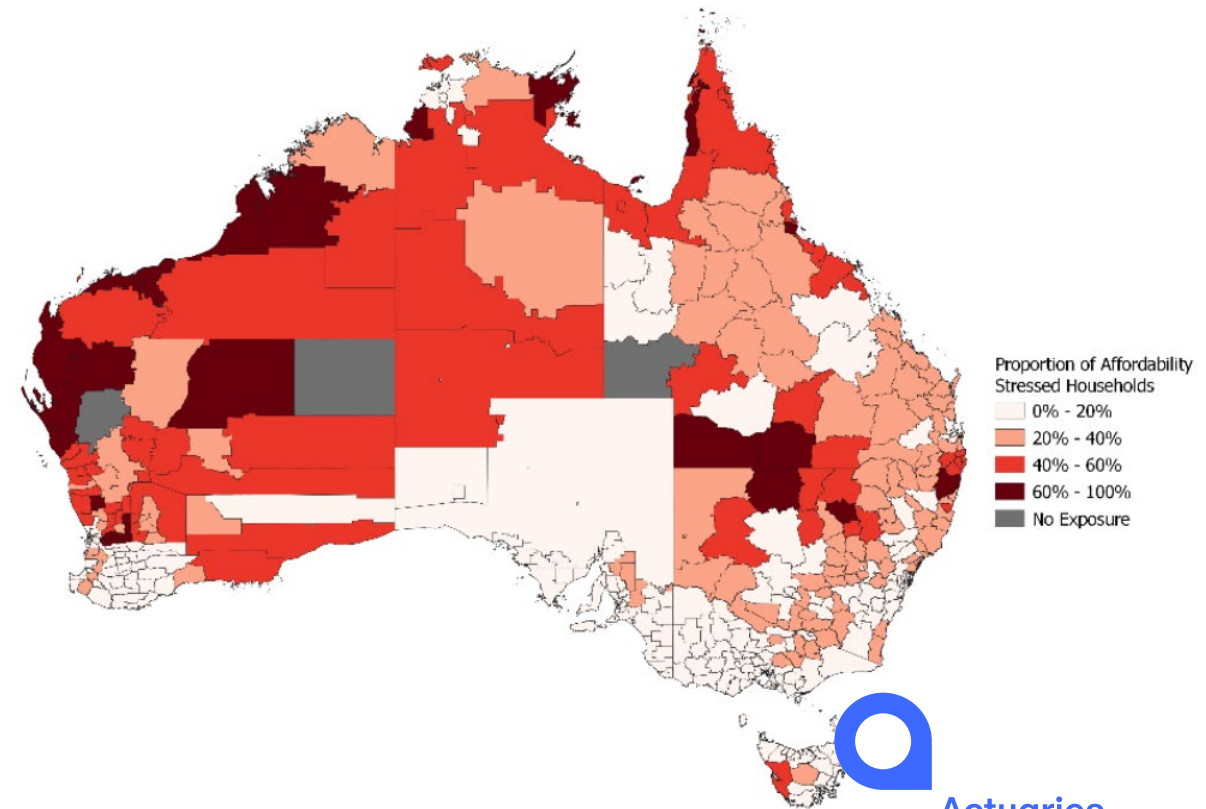


Context - Housing pressure

The housing industry in northern Australia faces significant challenges, driven by various factors that impact both developers and homeowners.

- Availability of financing
- Elevated construction costs
- Labour and skills shortages
- Built value often lower than the total cost of construction
- Insurance costs
- Stretched logistics chains
- Affordability concerns
- Land availability and zoning

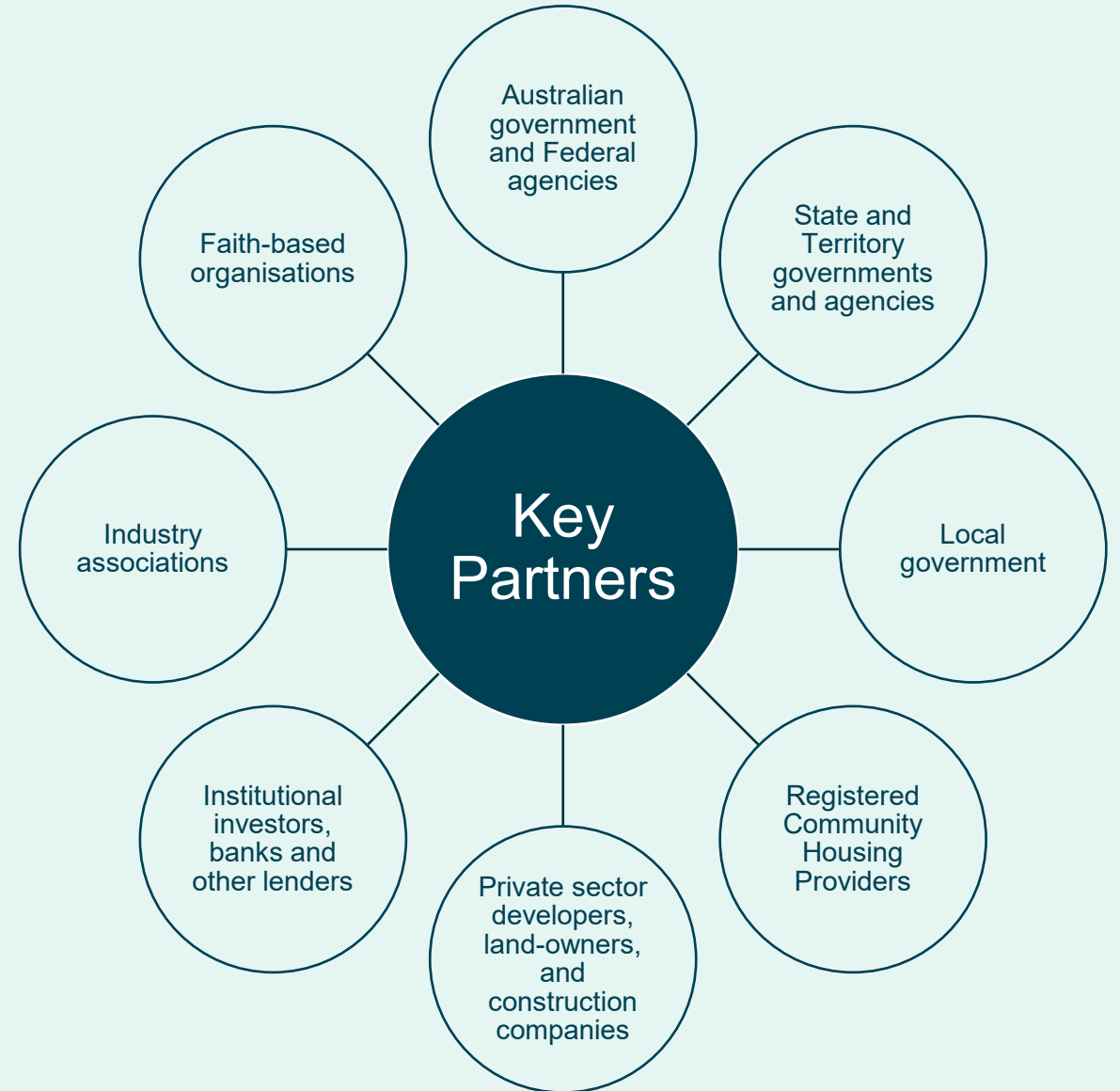
Proportion of affordability-stressed households by LGA



Key Parties - Future Housing Finance

Successful housing developments are the result of collaboration between multiple key stakeholders, each playing a critical role in navigating project complexities, securing financing, and ensuring compliance with regulations and environmental standards.

State government operating subsidies play a critical role in securing project financing.



SUPPORTING HOUSING PROJECTS

Financing Partners

Australian Government provides grants, subsidies, tax incentives, and infrastructure support.

State/Territory Governments contribute land, funding, regulatory frameworks, and operating subsidies.

Local Governments facilitate development approvals, land contributions, and rate reductions.

Community Housing Providers (CHPs) manage housing operations and tenancies.

Private Developers construct housing through residential and mixed-use projects.

Institutional Investors invest through equity and provide commercial rigour.

Banks/Government Lenders: Offers concessional finance and risk-sharing models.



Project complexity and issues to be addressed

Multiple stakeholders: Often involve various stakeholders, including government bodies (local, state, federal), private developers, community housing providers, and financiers.

Regulatory compliance: Development must comply with regulations, zoning laws, building codes, environmental impact assessments, and local council approvals.

Infrastructure needs: Requires investment in supporting infrastructure, including transport, water, electricity, and sewage systems.

Project management: Managing construction timelines, cost control, supply chain logistics, especially for large-scale developments.

Financial structuring: A mix of private, public, and concessional financing often needs to be structured to ensure the project's viability.

Natural disaster risk (floods, bushfires, cyclones): Building in these areas requires housing developments to adhere to stricter building standards.

Insurance challenges: Rising insurance premiums make it more expensive to both develop and maintain housing in high-risk regions.

Sustainability requirements: Housing projects must meet higher environmental sustainability standards (e.g., Green Star, NABERS ratings).

Environmental Impact Assessments (EIAs): All major housing projects must undergo EIAs to assess the impact of the development on local ecosystems, flora, and fauna.

Heritage protections: In some regions, housing developments may be subject to heritage protections for Indigenous land or significant natural habitats, further complicating approval processes.

Modular Housing / Time to Build / Construction Skills



Modular Housing Benefits

- Faster construction times (up to 50% quicker than traditional builds)
- Cost-efficiency through reduced labour and material waste
- Adaptable designs for various terrains and housing needs
- Helps to manage construction sequencing, weather delays and supply logistics.



Addressing Local Skill Shortages

- Prefabrication reduces reliance on highly skilled local labour
- Off-site manufacturing allows for better workforce management and use of specialised labour
- Simplifies the construction process in regions with limited skilled workers.



Impact on Housing

- Reduced project timelines and costs in northern Australia due to modular construction
- Enables the project to move forward despite local construction skill shortages
- Provides scalable housing solutions adaptable to local environmental conditions.

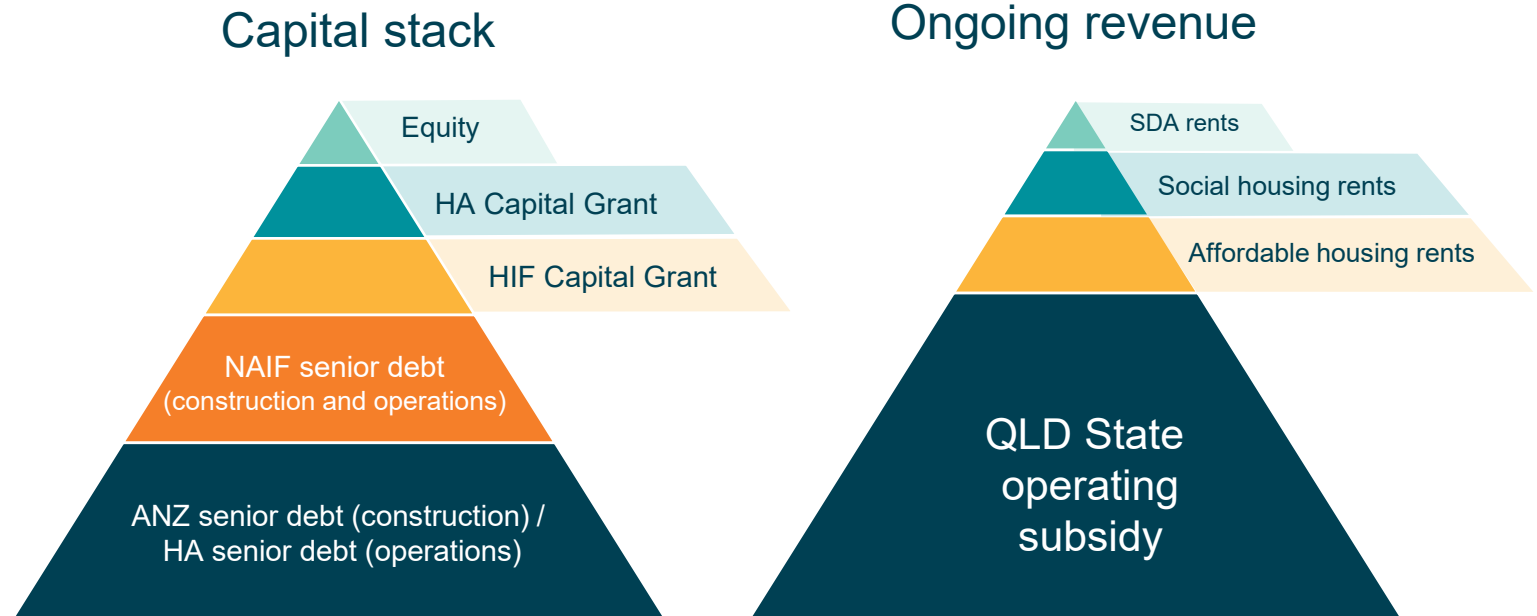
Cairns Seniors Community Housing Project

- **The Queensland State Government (through the Housing Investment Fund)** provided a 20-year operating subsidy that guarantees a portion of revenues and underpins debt serviceability, along with additional grants.
- **NAIF and Housing Australia (HA)** provided long-term concessional debt and further grant funding (from HA) post completion.
- **NAIF and ANZ** provided the construction facility.
- **Tetris and Community Housing Limited (CHL)** are an experienced developer and operator of similar projects.
- **FCC Construction and Modscape** provided a robust construction package and modular construction techniques.



Financial structure of Cairns Seniors Community Housing Project

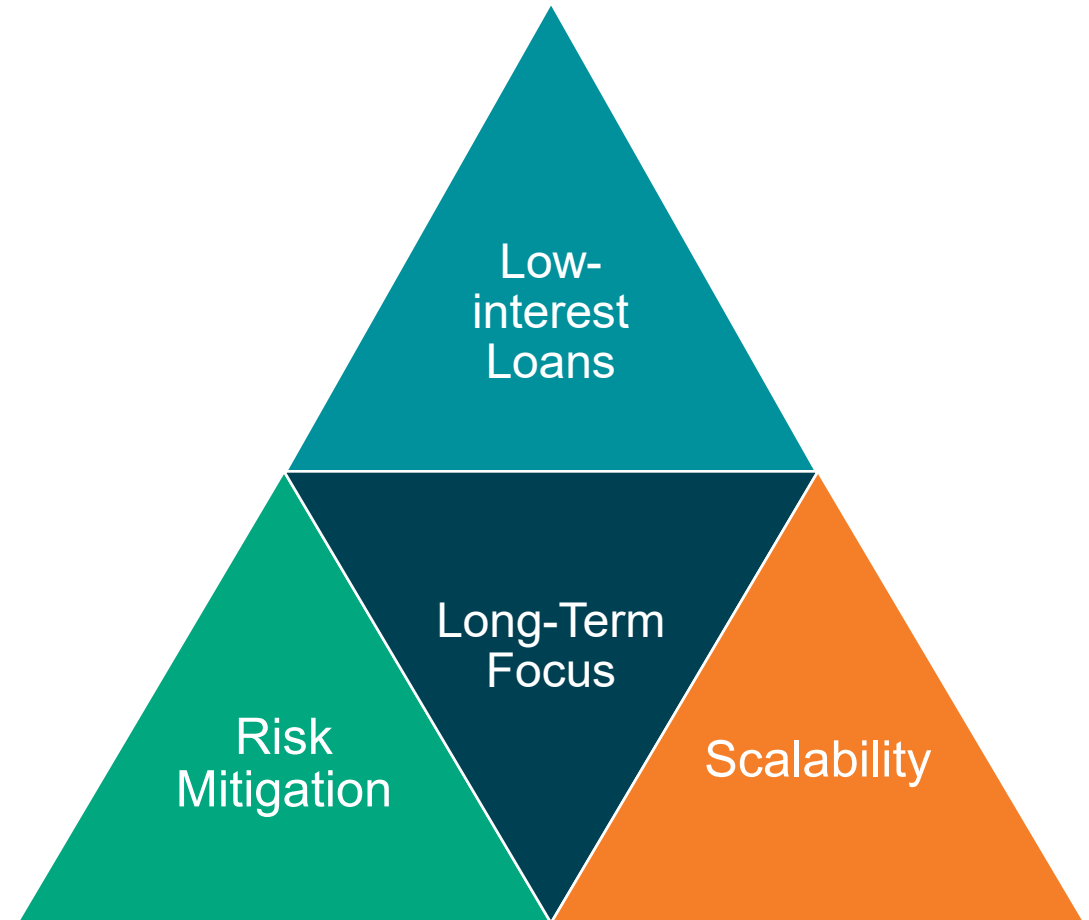
- Parties worked collaboratively to deliver a financing structure that spread risks and enabled each partner to work within its credit risk appetite.
- NAIF and HA used their different investment mandates to deliver complementary financing that enabled the project to proceed.
- The QLD State operating subsidy was critical to provide revenue certainty and underpin long-term debt.



Why these models are working

These financial models work because they combine public and private funding, spreading risk and attracting more investment.

- Concessional loans, like those offered by NAIF, reduce upfront and ongoing costs and make projects more viable.
- By sharing risk between the government, financiers, and developers, these models encourage investment in complex or high-risk projects.
- The focus on long-term sustainability and scalable financing allows these models to be adapted for various project sizes and locations, ensuring they meet both financial and community needs.



Priorities for supporting housing infrastructure



Acquire development ready land



Long-term leasing agreements or operating subsidies



Stamp duty on insurance & property transfers



Housing as critical enabling economic infrastructure



Housing for state government employees (e.g. teachers)



Operating subsidy and grants

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