

# CEFC

CLEAN ENERGY FINANCE CORPORATION



# Driving the construction of affordable and efficient housing



FINANCIAL MODELS FOR  
AFFORDABLE HOUSING  
CONFERENCE

Victoria Adams

Melbourne, 14<sup>th</sup> Sept 2016



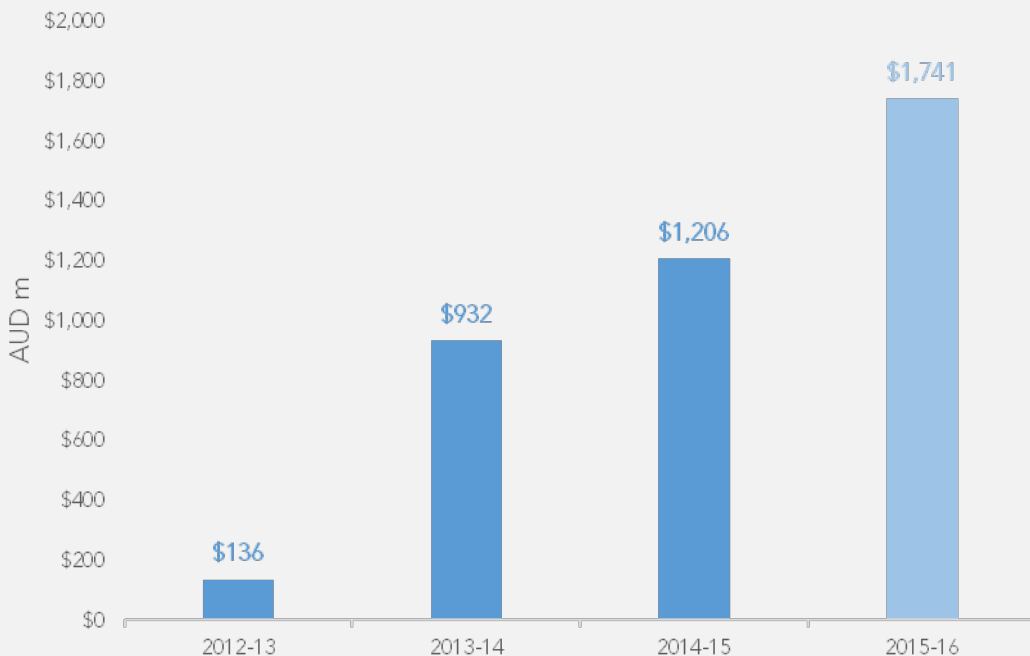
# About Clean Energy Finance Corporation



- Independent run Australian Government institution created to facilitate increased flows of finance into clean energy
- Private sector expertise with public purpose - Finance for energy efficiency, low-emissions and renewable energy projects and programs across the economy
- Access to \$10 billion for clean energy investment
- Expect a return on investment (debt or equity)
- Can work on projects that are smaller, more complex or new to the Australian market
- Operates as a co-financier to encourage greater participation in the sector from banks and other financiers



# A growing portfolio of clean energy investment commitments



# Types of finance available

## DEBT

Project finance

Corporate finance

Green bonds

Securitised  
facilities

Aggregation  
programs

## EQUITY

Australian Bioenergy Fund

CEFC Innovation Fund

High Income Sustainable Office Trust

Palisade renewable energy fund



# Social and affordable housing is one of our business platforms



## THE CHALLENGE

Carbon intensive electricity

Large emissions from transport

Inefficient energy use

## STRATEGIC OBJECTIVES

INCREASED FLOWS OF FINANCE INTO THE CLEAN ENERGY SECTOR

Cleaner Power Solutions

A Better Built Environment

## TARGET CLIENT SECTORS

Renewables Developers & Generators

Energy Retailers & Utilities

Waste, Bio-energy & Agriculture

Infrastructure & Transport

Governments & Not For Profits

Property & Manufacturing

## BUSINESS PLATFORMS TARGETING IDENTIFIED CLIENT SECTORS

ALIGNED ORIGINATION PROGRAMS  
INCL. INVESTMENT RESEARCH  
& MARKETING PROGRAMS

①  
Wind



②  
Large Scale Solar



③  
Grid & Storage Solutions



④  
Waste, Bio-energy & Agriculture



⑤  
Infrastructure & Transport



⑥  
Social Housing



⑦  
Universities



⑧  
Local Government



⑨  
Property & Manufacturing



## FACILITATED BY CAPITAL

CEFC Direct

⑩ Debt Markets & Financial Institutions



⑪ Investment Funds



⑫ Clean Energy Innovation Fund



## DELIVERING OUTCOMES

Lower carbon energy

Efficient energy use

# The CEFC and the property sector: Our strategy

- **Property contributes an estimated 23% of Australia's emissions**
- Opportunities exist across office buildings, community housing, shopping centres, schools, universities, hospitals and aged care facilities and in residential property
  - Rooftop solar and storage
  - LED and smart lighting
  - Building management systems
  - Zero carbon developments
- The CEFC aims to invest with a goal to improve energy efficiency within targeted segments of the property sector
- Unlock sustainability for the sector by incentivising outcomes with better buildings

# CEFC Market Report: Financing energy efficient community housing



## KEY FINDINGS

- More than **200,000** approved applicants are on the wait list for affordable housing across Australia
- Low-income households tend to live in buildings with **poorer energy efficiency**, leading to higher energy costs
- As share of household income, low-income households **spend three times** what high-income households spend on in-home energy
- Around 70% of the most disadvantaged households live in **dwellings that are more than 20 years old**
- More than half of all community housing dwellings **do not have any insulation** and nearly one third have **inefficient electric hot water** systems

## Financing energy efficient community housing

A market report by the  
Clean Energy Finance Corporation

February 2016

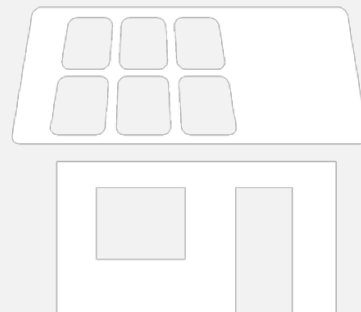




# Our vision for sustainable community housing

## Combining social, economic and sustainability outcomes

1. Sustainability initiatives are cost-effective
2. Building to high energy efficiency standards is economic (e.g. 7 stars NatHERS)
3. Existing stock should be refurbished to improve energy efficiency
4. Tenants should benefit from energy efficiency



# Energy efficient social and affordable housing



## CEFC finance gives community housing a clean energy boost

### Action

- Expected to build over 200 new energy efficient homes with a 7-star NatHERS rating on average

### Impact

- Reducing energy bills for tenants
- Upgrade a proportion of SGCH's 4,300 existing, older properties with energy efficient technologies

CEFC  
COMMITMENT  
**\$60 million**

EXPECTED  
RATING  
**4-star Green Star**  
**7-star NatHERS**

TECHNOLOGIES  
LED lighting,  
energy efficient  
appliances, smart  
meters and solar,  
window glazing,  
insulation

PROJECT PARTNER  
**St George  
Community  
Housing  
(SGCH)**



# \$250 million community housing program

## Lowering energy costs for low income families and residents

Willing to consider design  
and construction risk

Flexible structure

Fixed rate loans

Up to ten year tenor



### INTENDED OUTCOMES

1. Contribute to construction of as many as **1000 new energy efficient homes**
2. Provides funding for upgrades to existing stock via **Tenancy Sustainability Initiatives**
3. Setting a financing precedent for the sector

# The CEFC's debt offering

## Facilitating substantial capital inflows into the community housing sector

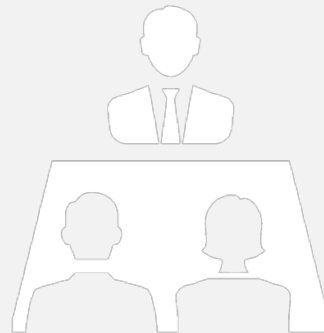
Helping to strengthen borrowers and enhance sustainability of community housing sector with:

1. Flexible finance offering
2. Long-term debt (typically 10 years)
3. Ability to consider construction risk
4. Tenancy sustainability initiatives



# What other initiatives are we considering?

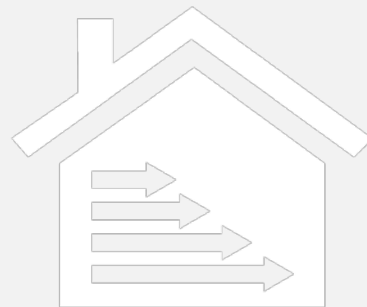
- Partnerships with Community Housing Providers across Australia
- Partnerships with developers and other stakeholders
- Participating in State Government processes for housing redevelopment or housing stock transfers
- Exploring opportunities to catalyse other sources of funding (e.g. super funds)



# Future vision for CEFC & Community Housing

By 2020 we'd like to see:

- Construction of approximately **2,500 new energy efficient dwellings**
- Significant **savings for low income tenants**
- Partnerships with numerous participants in the sector
- National impact
- Attracted significant commercial bank funding to the sector



# Our process

- Initial meeting to discuss project
  - Technological eligibility
  - Capex
  - Timing
- Pre-screen for investment review
- Executive investment committee review and approval
- Board approval



## Key contacts at the CEFC



**Community Housing:** Victoria Adams (Syd)  
[communityhousing@cleanenergyfinancecorp.com.au](mailto:communityhousing@cleanenergyfinancecorp.com.au)

Ph. 1300 002 332



# CEFC

CLEAN ENERGY FINANCE CORPORATION

## Contact us

Clean Energy Finance Corporation  
Suite 1702, 1 Bligh Street, Sydney NSW  
2000

Telephone  
1300 00 2332  
1300 00 CEFC

[www.cleanenergyfinancecorp.com.au](http://www.cleanenergyfinancecorp.com.au)  
[contact@cleanenergyfinancecorp.com.au](mailto:contact@cleanenergyfinancecorp.com.au)

