

CEFC creates \$250 million clean energy program for community housing

Tailored finance to boost market-leading sustainability in homes for low-income Australians

ABOUT THE PROGRAM

The Clean Energy Finance Corporation has created a major new program to help drive the construction of market-leading energy efficient community housing in 2016.

The program will deliver lower energy costs for low income families and residents while helping improve Australia's cities and built environment and lowering Australia's carbon footprint.

The \$250 million Community Housing Program is targeting the construction of as many as 1,000 new energy efficient dwellings Australia-wide, via Australia's growing network of Community Housing Providers.

The long-term finance will support Community Housing Providers in funding new buildings that contain a range of measures to improve energy efficiency, such as using more energy efficient building materials in their construction, featuring double glazing on their windows, or including high-quality insulation and ventilation to reduce heating and cooling needs.

At the same time, Community Housing Providers will be able to access finance to retrofit existing buildings to improve energy efficiency for tenants. This could include measures such as switching to LED lighting, updating household appliances, installing solar panels and improving insulation.



FUNDING GAP

The CEFC Community Housing Program is aiming to change the way new developments are built while closing a funding gap in the sector.

Community housing organisations have limited sources of revenue to fund new building and have generally faced challenges sourcing private finance. Lending has tended to be short-term, which is mismatched with typically long-lived housing assets.

Securing finance is a further challenge for many Community Housing Providers as they have relatively little control over revenue, with rents limited by regulation and other sources of income dependent on government policy. While the balance sheets of some Community Housing Providers have been boosted by housing stock transfers from governments, the transfer of stock is accompanied by strict conditions on how the assets can be dealt with.

The CEFC believes these challenges are manageable and the CEFC's long-term 10-year finance will assist Community Housing Providers to address these constraints, as well as hopefully encourage private sector lenders to participate.

BENEFITS OF ENERGY EFFICIENT COMMUNITY HOUSING

As part of its Investment Mandate, the CEFC has a strong focus on financing emerging and innovative renewable energy technologies, energy efficiency and cities and the built environment.

Australia has some 88,000 community housing dwellings. The sector is expected to experience strong growth in the years ahead, to address long waiting lists from approved applicants.

Finance provided under the CEFC Community Housing Program can be used to complement funding or finance sourced from other state government initiatives or co-financiers.

CEFC finance for energy efficient community housing offers several important benefits, including:

- accelerating Australia's move towards a lower carbon economy
- lowering the energy bills of low income tenants
- providing capital to a sector which has historically struggled to raise funding and
- meeting high community demand for affordable housing.



CEFC MARKET REPORT

In its *Market Report: Financing Energy Efficient Community Housing*, the CEFC said new community housing should be built to ambitious energy efficiency standards:

- Evidence indicates that low-income households tend to live in buildings with poorer energy efficiency, leading to higher energy costs. Poor building energy efficiency and high energy costs can have significant financial and health effects on households in community housing.
- There are many energy efficiency improvements with payback periods of five years or less that can be incorporated into the building fabric during construction. New-build community housing should be designed to ambitious energy efficiency standards and the existing stock should be refurbished to improve energy efficiency.
- While energy efficiency improvements involve upfront costs, more energy efficient social and affordable housing would lower energy costs for households in community housing and reduce carbon emissions.

"Over the next year, our goal is to help finance the construction of 1,000 new dwellings, built to an average seven-star rating under the Nationwide Housing Energy Rating Scheme (NatHERS). With this standard, energy use can be reduced by an estimated 25 per cent, delivering significant savings benefits to tenants and building owners."

Victoria Adams
*Community Housing Sector Lead,
Clean Energy Finance Corporation*

HOW ENERGY EFFICIENCY IS MEASURED

The Nationwide House Energy Rating Scheme (NatHERS), administered by the Department of Industry and Science, provides a reliable way to estimate and rank the potential thermal performance of residential buildings.

It is a method of demonstrating compliance with minimum energy efficiency standards for new residential buildings outlined under the National Construction Code.

The system can be used to determine the efficiency of a design of an existing or yet-to-be-built home and give it a star rating of between zero and 10, allowing for different sized houses and climates to ensure nationwide consistency.



The CEFC Community Housing Program is targeting projects that will result in the design and construction of buildings at an average rating of seven-star NatHERS, subject to seven stars being at least one star higher than the minimum building standard in the relevant State.

While NatHERS carbon metrics, conditions and ratings vary from state to state, in general terms, a seven-star rated home requires about 25 per cent less energy than a six-star one.

DEVELOPING HIGH-PERFORMING ENERGY EFFICIENT HOMES

In 2015 the CEFC committed to lend up to \$60 million to SGCH for the construction of over 200 new energy efficient homes, mainly in Sydney's south, to a seven-star rating under NatHERS.

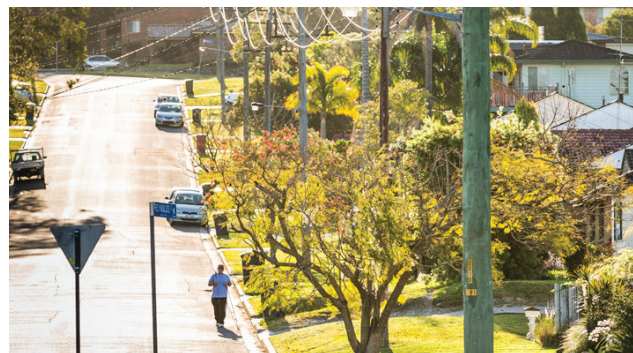
The finance is also being used to upgrade some of SGCH's 4,300 existing properties to improve their energy efficiency and lower their tenants' energy bills.

As part of the project, SGCH is documenting the energy efficiency and green procurement opportunities that were considered and included in the building design to help with the ongoing management of its portfolio.



"This is an exciting development for SGCH and our tenants. We know that reducing day-to-day living costs such as energy bills can make a big difference to people on lower incomes. And the more we save on energy costs, the more SGCH can reinvest into housing services."

Trevor Wetmore
Acting CEO, SGCH



SECURING FINANCE

Organisations wishing to secure finance under the CEFC Community Housing Program should email the CEFC Community Housing team at: communityhousing@cleanenergyfinancecorp.com.au or telephone the CEFC on **1300 002 332** and ask for members of the Community Housing team.

"With nearly 90 per cent of mainstream community housing located in major cities and inner regional areas, it is clear that improved energy efficiency in these buildings will have positive benefits for our cities and the built environment."

Oliver Yates

CEO, Clean Energy Finance Corporation

The Clean Energy Finance Corporation (CEFC) invests commercially to increase the flow of funds into renewable energy, energy efficiency and low emissions technologies. The CEFC has supported projects across the Australian economy, benefitting a diverse range of businesses, large and small. The CEFC's mission is to accelerate Australia's transformation towards a more competitive economy in a carbon constrained world, by acting as a catalyst to increase investment in emissions reduction. The CEFC does this through direct investments which attract private sector finance, as well as through its strategic co-financing partners. The CEFC was created by the Australian Government and operates under the *Clean Energy Finance Corporation Act 2012*. More information is available on the CEFC website: www.cleanenergyfinancecorp.com.au

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