



# Government Incentive Schemes Available to Aboriginal People to Buy Their Own Home

Home ownership can be of great benefit to Aboriginal people. Aboriginal people buying their own home can access government incentives for home buyers that reduce the time it takes to save enough to enter the housing market or that remove some of the costs that can be a barrier to becoming home owners.

## Benefits of Home Ownership

There are many reasons why people may wish to buy their own home.

- Home ownership gives security of tenure.
- For many people home ownership has increased their personal wealth as house values have risen.
- If the homeowner is moving for employment, they can use their collateral to buy into a new area.
- Homeowners may be able use their home as collateral to start a new business.
- Home ownership allows intergenerational transfer of wealth with the ability to pass the home on as inheritance to the family.

## Cost of Buying a Home

Unless the home buyer has enough money to buy the home outright, they will need to pay a deposit and arrange finance so they can make full payment on settlement.

The ability of the home buyer to pay the mortgage is tested by the lending institution based on the income of the home buyer as well as other factors such as their

commitments and expenses, their credit history, and the amount of deposit they have saved to act as equity to contribute to the purchase.

The home buyer will also need to pay transfer duty and other costs related to the purchase (such as legal fees, insurance, rates, adjustments etc).

## Incentives Available to Aboriginal People to Buy Their Own Home

Aboriginal home buyers may be able to access Australian and NSW Government home ownership supports and products as well as those offered specifically to Aboriginal people by the Aboriginal Housing Office and Indigenous Business Australia.

Most of these schemes are available to those intending to be owner-occupiers of the purchased property who are first home buyers (ie. who have not previously owned, or had an interest in, a property in Australia).

Most schemes have limited places available. More details on the schemes and eligibility are found at the providers websites.

## Australian Government Schemes

Under the Australian Government **Home Guarantee Scheme**, part of an eligible home buyer's home loan from a participating lender is guaranteed by the National Housing Finance and Investment Corporation. This enables the home buyer to purchase a home with a reduced deposit without paying lenders mortgage insurance.

The **Home Guarantee Scheme** includes the following incentives.



### First Home Guarantee

Enables eligible first home buyers earning up to \$125,000 for individuals or \$200,000 for couples to purchase a home with as little as 5% deposit without paying Lenders Mortgage Insurance. There is a limited number of places available each year (35,000 in 2022-23).

### Regional First Home Buyer Guarantee

This is similar to the *First Home Guarantee* but is specifically for home buyers in regional areas. There is a limited number of places available each year (10,000 in 2022-23).

### Family Home Guarantee

Supports eligible single parents earning under \$125,000 with at least one dependent child to buy a home with as little as 2% deposit without paying Lenders Mortgage Insurance, whether that single parent is a first home buyer or a previous home owner. There is a limited number of places available each year (5,000 in 2022-23).

## NSW Government Schemes

The NSW Government offers several products that will support home buyers.

### First Home Buyer Assistance Scheme

First home buyers may be entitled to exemption from transfer duty for properties below threshold values - or a concessional rate of transfer duty for properties within the following ranges:

- New houses \$800,000 - \$1,000,000
- Existing houses \$650,000 - \$800,000
- Vacant land \$400,000 - \$500,000

### First Home Owner Grant

The First Home Owner Grant is a \$10,000 grant only available for newly built or substantially renovated homes which may be paid in addition to other exemptions or concessions for eligible home buyers. The first new home can be a house, townhouse, apartment, unit or similar that is newly built, purchased off the plan or substantially renovated under the value of \$600,000.

If the first home buyer purchases vacant land and signs a building contract with a builder, the combined cost including the cost of any building variations done together can be up to \$750,000.

### Shared Equity Home Buyer Helper

The NSW Government Shared Equity scheme assists eligible single parents (with dependent children), single people (50 years and over) and first home buyers who are employed as key workers (nurses, midwives, paramedics, teachers, early childhood educators and police officers) with buying a home. It is aimed at people who want to purchase a home but would not be approved for a mortgage because of their circumstances.

The NSW Government will pay up to 40% for new builds and 30% for existing homes, of the purchase price of an eligible property, retaining it as equity for as long as the home buyer is eligible for Shared Equity or until they sell the property.

Payments or rent aren't required on the Government's equity interest in the property while the home buyer remains eligible for Shared Equity.

To be eligible, participants must:

- Not currently own any land or property
- Not be able to service the mortgage without the government contribution
- Not have a gross income of more than \$90,000 (singles) and \$120,000 (couples)
- Buy a home in NSW that does not exceed the maximum property price as determined by the home's location:
  - \$950,000 in Sydney and major regional centres (Newcastle & Lake Macquarie, Illawarra, Central Coast and North Coast of NSW), or
  - \$600,000 in other regional areas of NSW

Participants can make additional voluntary payments and move towards full ownership of their home (staircasing).

The minimum additional contribution must reduce the government's equity by at least 5 percentage points.

The government will subsidise the cost of five independent valuations of the property to calculate the equity contribution payment for voluntary contributions or when a periodic review deems the home buyer ineligible for Shared Equity.

The home buyer can exit by repaying the Government's equity through:

- Voluntary payment
- Sale of the property
- Refinancing

The NSW Shared equity scheme is available in addition to other existing grants and exemptions for first home buyers. However, they will need to apply for each of these grants individually.

Shared Equity Home Buyer Helper was launched in early 2023 and is accessed via the lending partner Bendigo Bank. If the pilot is successful, the scheme will be expanded to other lenders.

### Indigenous Business Australia (IBA)

IBA offers a range of products and services to assist Aboriginal and Torres Strait Islander people to enter home ownership. IBA provides home loans to eligible first home buyers and previous homeowners, who are unable to borrow all the required funds from another lender.

IBA loans can assist to:

- Purchase a home
- Purchase land and the construction of a home
- Purchase a home and upgrade
- Make home improvements

IBA offers concessional commencing interest rates and has lower deposit requirements (as low as \$1,500) which are determined based on customers' income levels. IBA does not charge loan application fees, account keeping fees or require borrowers to take out mortgage lenders insurance.

IBA will undertake an assessment at formal application

stage to confirm how much applicants are able to borrow. Applicants must be able to comfortably meet the loan repayments. Income, other debts, expenses, and the ongoing costs of home ownership (among other factors) are used to determine how much you can borrow.

IBA is also a panel member for the Home Guarantee Scheme referenced earlier in this fact sheet.

IBA provides a series of workshops to help customers prepare for and remain in home ownership:

- IBA Home Ownership
- Budgeting
- Understanding Credit and Credit Reporting
- Preparing for Home Ownership
- Now I am a Homeowner

These workshops can be accessed via the IBA [website](#).

### Remote Indigenous Housing Loans

IBA's Remote Indigenous Housing Loans provide added benefits for Aboriginal and Torres Strait Islander people living in remote locations. In NSW, remote locations include Baradine, Bourke, Brewarrina, Cobar, Collarenebri, Coonamble, Hillston, Lake Cargelligo, Lightning Ridge, Menindee, Narrabri, Nyngan, Walgett, and Wilcannia.

Remote Indigenous Housing Loans may also be available in remote Indigenous communities i.e., community-titled land, with an appropriate term lease arrangement in place (land tenure must meet IBA requirements).

The additional assistance that may be available under these loans includes:

- A standard IBA introductory interest rate loan with a 2-year fixed period for eligible lower income earners.
- A grant up to \$13,000 to meet establishment costs, such as legal services or financial advice, pest report, property valuation and home insurance.
- A grant up to \$20,000 for minor house renovations, repairs and maintenance (subject to eligibility, conditions apply).

The customer must currently live in a remote location and have been there for at least the last 3 years, or must previously have lived in a remote location for at least 3 years but have moved away from the remote location in the last 5 years.

Further details of IBA products can be found on their [website](#).

### Aboriginal Housing Office (AHO)

The AHO Aboriginal Home Buyer Saver scheme consists of 3 grants to Aboriginal people who are social housing tenants or private tenants and who have saved up at least \$1,000 towards a deposit and are in the process of purchasing a home.

### Home Buyer Booster Grant

Offers \$2,500 to help with home ownership expenses such as:

- Legal fees including the administrative costs of buying a property and preparing a will
- Property valuations
- Home and contents insurance
- Surveying costs
- Pest control
- Transfer duty

### Tenancy Plus Grant

Rewards long-term AHO tenants with good tenancy history with a higher rate of co-contribution up to a maximum of \$20,000.

The higher rates of co-contribution are:

- Over 5 years tenancy - \$1: \$1.25
- Over 10 years tenancy - \$1: \$1.50
- Over 15 years tenancy - \$1: \$1.75
- Over 20 years tenancy - \$1: \$2.00

Home Buyer Booster Grant and Deadly Deposit Grant; or Home Buyer Booster Grant and the AHO Tenancy Plus Grant can be applied in combination.

### Deadly Deposit Grant

Matches the home buyer's savings towards their deposit on a dollar-for-dollar basis up to a maximum of \$10,000. Deposit savings may be made up of money in the bank, cash, and other sources including inheritance.

### More Information

For more detailed and up to date information, the home buyer should refer to the specific organisations websites by clicking the links or scanning the QR codes below.

It should be noted that places in most schemes are limited. Also, products are sometimes modified or discontinued, and new products offered from time to time.

#### Australian Government Schemes



#### NSW Government Schemes



#### Indigenous Business Australia (IBA)



#### Aboriginal Housing Office (AHO)

