

A First Home Buyers Guide to Grants



As a First Home Buyer there are a number of Grants and Stamp Duty Concessions and Benefits you can access. This helpful guide pulls them all together in one place. It also looks at how you can make your first house your first investment property so it becomes the foundation to your financial goals.

Is it time to buy my first home now?

There is no doubt that in recent years housing affordability has got worse however if there is any good news from the Covid-19 pandemic it is that in most cities there has been a decline in the property prices. But that doesn't mean that it is easy to buy a home you can afford where you want to live and that is where the State Governments and the new Federal Government First Home Loan Deposit Scheme initiatives come into play. Add to this the lowest interest rates ever, the HomeBuilder Grant announced in June 2020 and first home buyer stamp duty concessions, the number of first home buyers are on the rise.

What is the First Home Loan Deposit Scheme?

During the 2019 election both sides of Government committed to the FHLDS. This scheme is to assist first home buyers in purchasing a home with only a 5% deposit. Traditionally if a person had less than a 5% deposit then their lending institution would require them to take out Lenders Mortgage Insurance to protect the lender in case you default on the loan. Yes you are required to pay the once off insurance premium for the lender.

The new scheme started in January 2020 and the first 3,000 of the 10,000 spots were allocated to NAB and CBA. These were filled in the first week. The scheme has the Australian Government backing the 95% loan and hence the first home buyer will not require to pay the Lenders Mortgage Insurance. This is typically 2-3% of the purchase price and can cost well over \$10,000 on a typical property. The second 2,000 spots were allocated to CBA and NAB on the 1st February and the final 5,000 spots were allocated to 25 other smaller, regional lenders. The second issue was released on 1st July 2020 and the 2020 Federal Budget announced another 10,000 places in Jan 2021.

Once a spot is reserved the lender has 10 days to assess an application and give a pre-approval and then the applicant has 90 days to find, buy and settle the property purchase. During Covid-19 this was extended to 180 days.

Currently the Australian Government has said a single person earning under \$125,000 and a couple earning under \$200,000 who are both eligible for this Grant. There is also maximum purchase prices for every major city and regional town. See below for these caps.



Why would I consider my first home as my first investment?

Here at Investors Choice Mortgages we have spent over 15 years helping investors build their financial future based on investment properties. However, often we find the first home becomes their first investment property. After all it is convenient but it not always the right choice, that buying power could be used elsewhere better.

Rather than waiting to find out years later that the decision to turn the first home into the first investment property was not a clever one, we are actively committed to showing first home buyers how to buy with investors goggles on. This doesn't necessarily mean that the property needs to be kept as an investment but it can mean that when it comes time to sell, buying with an investor mindset can create \$100,000's of extra equity for you.

So what does this mean to me?

To get every dollar working for you you need to be firstly aware of the Grant you might be able to access then the Stamp Duty Concessions and any restrictions around these. Then if you are eligible for the First Home Loan Deposit Scheme then you can potentially save \$15,000 on lenders mortgage insurance. This all adds up to having the most available funds to assist you with your purchase.

Obviously you and the lender will assess based on your income and expenses what you can afford. But what we often find is that it is the deposit restricting your purchase price, not your serviceability. So by keeping every dollar in your pocket you have the potential to buy in a better area, that fits your short term needs but which will create for you a launching pad to achieving your financial goals and doing that comes down to one thing... LOCATION.



State by State Guide to Grants

Below you'll find the grants and stamp duty concessions available in each state. Remember there are a host of eligibility requirements for the grant and duty concessions which can vary from state to state, so be sure to visit your state's office of revenue website and find out if you're eligible as grant values change periodically.

Each State and Territory has its own set of rules and requirements. Many of these were updated on 1st July 2019, so please check back regularly if you are depending on these Grants and Concessions.

Some of the more interesting restrictions:

- ACT will give a stamp duty concession but is based on how much you earn and how many children you have
- WA restricts the property value of a new home to be eligible for a Grant according to your location as relative to the 26th parallel of latitude
- NT will allow you to claim a stamp duty concession if you haven't had a home in the NT in the last 24 mths (but you have previously)
- In SA you have to buy a new (or substantially renovated) apartment to get any type of concession
- In some States you have to live in the property for 12 months (Vic) for others it is only 6 months (NSW, Qld, SA

As you can see depending on where you buy, what you buy, how many kids you have and how long you plan to live in the property your eligibility can change so this guide is to assist you in knowing what you might be able to be eligible for.

HomeBuilder Scheme

The HomeBuilder grant is available if you build a new home for \$750,000 or less; or a renovate a home purchased for less than \$1.5mill, with a minimum of \$150,000 spent on renovations. Income caps of \$125,000 for singles and \$200,000 for couples and contracts need to be signed by Dec 31st 2020 and construction or works started within 3 months. Initially it was for \$25,000 and now \$15,000 for contracts entered into from 1 Jan - 31 March 2021 Details [here](#)

First Home Super Saver

You can make voluntary contributions into your super fund up to \$15,000 a year (a total of \$30,000). You will only pay 15% tax on those amounts and you can withdraw the funds when you are ready to buy. More details [here](#). Please get professional advice if you are considering this.

Australian Capital Territory

Grant Value

After the 1st July 2019 there is no FHB Grant available

Stamp Duty Concessions

All properties and vacant land will be applicable up to any value as long as you meet the household gross income threshold. That is up to a \$11,400 saving.

# of Children	Total Gross Income Threshold
0	\$160,000
1	\$163,330
2	\$166,660
3	\$169,990
4	\$173,320
5 or more	\$176,650

For more information check here <https://www.revenue.act.gov.au/>

FHLDS Caps on Purchase Price

Purchase price cap \$500,000

New South Wales

Grant Value

\$10,000

Property Type

Purchase or construction of new homes only. If the property has been significantly renovated ie most of the property removed or replaced it will be considered new and this is the first sale after renovations

Property Value

Purchase must not exceed \$600,000 and construction not exceed \$750,000

Stamp Duty Concessions

No duty for new **and established** homes valued up to \$650,000 and concessions for new and established homes valued between \$650,000 and \$800,000. That is up to a \$24,585 saving.

On 27th July 2020 the NSW Government announced they will temporarily extend, for 12 months, the stamp duty exemption to new build homes up to the value of \$800,000 (saving \$31,335) and with further concessions for properties under \$1 million. At \$950,000 the savings are \$7,834)

The Government will also raise temporarily the threshold for stamp duty on vacant land. This will rise from \$350,000 to \$400,000 (saving \$13,335) and will phase out at \$450,000

Other Considerations

Move in within 12 months live there continuously for 6 months

For more information check here <https://www.revenue.nsw.gov.au/>

FHLDS Cap on Purchase Price

A price cap of \$700,000 in capital cities and regional centres, Newcastle, Lake Macquarie, Illawarra and with a cap of \$450,000 in the rest of the state.

Victoria

Grant Value City

\$10,000

Grant Value Regional

\$20,000 contracts need to be entered into before 30 June 2021

Property Type

New or building a new home. Regionally this is available for new homes built and contracts signed prior to 30 June 2021

Property Value

Below \$750,000

Stamp Duty Concessions

Up to \$600,000 will be exempt from stamp duty, while buyers purchasing a new **or established home** valued between \$600,000 and \$750,000 will be eligible for a stamp duty concession. That is up to a \$31,070 saving.

First home buyers purchasing an off-the-plan property or refurbished lot may be eligible for an off-the-plan duty concession.

For more information check here <https://www.sro.vic.gov.au/>

The 20/21 budget also announced a Victorian Homebuyer Fund providing \$500 million to reduce the size of the deposit required in exchange for an ownership share of the property. This is for new and existing properties. In addition a land tax transfer duty waiver was announced with 50% off new properties and 25% off existing residential properties. Details [here](#)

Other Considerations

You must live in the property for 12 months and move in within 12 months of purchasing

FHLDS Cap on Purchase Price

A price cap of \$600,000 in Melbourne and Geelong, with a cap of \$375,000 in the rest of the state.

Queensland

Grant Value

\$15,000 to first-time owners buying or building a new home or a substantially renovated one (there is eligibility [requirements](#)) but importantly it is substantially renovated before purchase and no-one has lived there since the renovation

Regional Grant

For those buying regionally by 31st March 2021 you may also be eligible for a grant of \$5,000. Value has to be less than \$750,000. Check out the details [here](#)

Property Type

Purchase of or building a new home or an established property ONLY if it has been through extensive renovation before purchase.

Property Value

Valued less than \$750,000

Stamp Duty Concessions

Nothing is payable below \$550,000 and concessions available for the purchase of a home valued over \$550,000. That is savings up to \$15,925.

Other Considerations

You must move into the property within 12 months and live there continuously for 6 months

For more information check here <https://www.qld.gov.au/housing/buying-owning-home/financial-help-concessions/qld-first-home-grant>

FHLDS Cap on Purchase Price

A price cap of \$475,000 in Brisbane, Gold Coast, Sunshine Coast, and with a cap of \$400,000 in the rest of the state.

Western Australia

Value of Grant

\$10,000

Type of Property

Purchasing or building a new home, a substantially renovated property can be considered a new home.

Value of Property

Eligible properties located south of the 26th parallel of south latitude are limited to \$750,000, while properties north of the 26th parallel of south latitude are limited to \$1 million.

Stamp Duty Concessions

Exemption for purchasing homes valued at less than \$430,000 and concessions up to \$530,000

Vacant land is exempt for less than \$300,000 and concessions up to \$400,000

For more information click here <https://www.finance.wa.gov.au>

Home Buyers Assistance Account

This is a grant up to \$2,000 to cover incidental expenses of purchasing an established or partially built home through a licensed real estate agent up to a \$400,000 purchase price. Details [here](#) the scheme is funded by the interest paid on real estate agents trust accounts (great use of these funds). You must live in the property for the first 12 months at least and move in within 6 months of settlement.

FHLDS Cap on Purchase Price

A price cap of \$400,000 in capital cities and regional centres, with a cap of \$300,000 in the rest of the state.

South Australia

Grant Value

\$15,000

Property Type

Purchase and construction of new homes

Property Value

Up to value of \$575,000

Stamp Duty Concessions

There are no exemptions specific to First Home Buyers but you may be eligible for the off-the-plan stamp duty concession if you purchase a new or substantially refurbished apartment, capped at the stamp duty payable on a \$500,000 valued apartment.

Other Considerations

You must move into the property within 12 months and live there continuously for 6 months

For more information click here <https://www.revenuesa.sa.gov.au/>

FHLDS Cap on Purchase Price

A price cap of \$400,000 in capital cities and regional centres, with a cap of \$250,000 in the rest of the state.

Tasmania

Grant Value

\$20,000 extended to 30 June 2022

Property Type

Purchasing a home off the plan or building a new home.

Property Value

No upper value stated

Stamp Duty Concessions

There is a 50% concession for properties under \$400,000

Other Considerations

You must move into the property within 12 months and live there continuously for 6 months

For more information click here <https://www.sro.tas.gov.au/>

FHLDS Cap on Purchase Price

A price cap of \$400,000 in capital cities and regional centres, with a cap of \$300,000 in the rest of the state.

Northern Territory

Grant Value

\$10,000

Property Type

Purchase or construct a new home.

Property Value

No limit applies to the value of the property you buy or build.

Build Bonus Grant

If you are buying or building a new home the grant is available till 31 March 2021 and is \$20,000 if signed prior to 31 Dec 2020 and after that date the grant is for \$12,000. This is not just available to first home buyers, construction must start before 1st April 2021.

Stamp Duty Concessions

Available to those who have not had a home within NT within the last 24mths and is a reduction of stamp duty up to \$18,601 when the property is worth less than \$650,000

For more information click here <https://treasury.nt.gov.au/dtf/revenue>

FHLDS Cap on Purchase Price

A price cap of \$375,000

Further Information

This guide to the First Home Buyers Grants throughout Australia is the first step in the process of buying your first home. Once you know what concessions you are entitled to these are the next steps:

1. Determine what funds you have available or you can save towards your deposit and buying costs
2. Determine your Borrowing Capacity
3. Determine where you can afford to buy
4. Determine the correct loan structure for your current and future needs

We have First Home Buyer Experts standing by to assist you in these next steps and determine if you are eligible for the new First Home Buyers Deposit Scheme Initiative.

Make a time to talk to our lending and grant expert by [clicking this link](#) or going to www.investorschoice.com.au/bookatime or calling 1800 46 48 10, Option 1 to book a time. All first home buyers who attend a introduction call will receive complimentary access to a FHB Course valued at \$495

There is more information at www.firsthousebuyer.com.au and there is a link to a lending and FHLDS eligibility quiz as well as The First Home Buyers Show, plus lots more.

