



21 May 2024

Australian Treasury

By email: [housing@treasury.gov.au](mailto:housing@treasury.gov.au)

Dear Madam / Sir

### **Help to Buy Program Directions**

#### **Submission from the Community Housing Industry Association and National Shelter**

The Community Housing Industry Association (CHIA) welcomes the opportunity to make this short submission on the Help to Buy Program Directions. CHIA is the national peak body representing not for profit social and affordable rental housing across Australia. Our 150+ member CHOs are regulated, not-for-profit, organisations that accommodate very low, low and moderate income Australians unable to secure adequate housing in the private market.

National Shelter is a non-government peak organisation that aims to improve housing access, affordability, appropriateness, safety, and security for people on low incomes. National Shelter is supported by the work of State Shelters and members in all jurisdictions, as well as national member organisations, associate members, and sponsors.

Our submission is largely informed by our [submission](#) with National Shelter to the Senate Economics Legislation Committee - Help to Buy Bills 2023 and our input into the Australian Treasury consultation session with community organisations on Thursday 16 May 2024. It therefore mainly focuses on those elements of the directions that impact on the ability of lower income Australians to participate in the scheme.

We are not in a position to assess whether the directions cover all salient issues concerning the administration of the Help to Buy scheme. It is assumed that Treasury will have sought input from those jurisdictions with similar programs already operational, particularly those of more recent origin such as the NSW Shared Equity Home Buyer Helper.

#### **Supporting New Supply**

In our first submission we recommended that the Help to Buy Scheme should be targeted at encouraging new supply while supporting individuals such as women in a relationship breakdown to remain in the family home. However, we recognise the government has committed to allowing the purchase of existing homes and in these circumstances we are supportive of the recommendations

made by Ys Housing in their submission to make new home purchase more attractive. Building on their submission and the discussion on 23 May, we therefore recommend:

- That the specific time restriction in subsection 24(1)(a)(i) for signing a contract of sale for off-the-plan purchase, is amended to allow purchase once the developer obtains development application (DA) approval. This would allow buyers to benefit from a larger range of new properties, noting buying new apartments off plan is the norm in Australia, acquiring a property at a point where the price is likely to be lower than later in the construction stage, provide a greater range of choice and also allow those purchasers requiring customization of dwelling (such as to enhance accessibility features) to negotiate these for a lower cost. Once a DA is approved, the developer has already committed substantial resources to the project and thus the risk of non-completion is substantially lowered. By requiring the prospective purchaser to make regular progress reports, Housing Australia would be forewarned of potential significant delays.
- In locations where the proposed income limits would to all intents and purposes rule out purchase of new homes, the Australian Government should consider increasing these limits. If the intention is to retain a focus on moderate income earners an alternative would be to increase the government equity share in these locations to 50%, acknowledging this would have a significant cost implication. Without adjustment the scheme risks not only reducing the proportion of new homes purchased, but also preventing applicants from purchasing even a small unit in capital city locations close to jobs and services.

### **Reserving places for disadvantaged groups**

The first come, first served approach to allocating Help to Buy assistance will disadvantage certain groups that the scheme should be helping if, as we assume, the primary aim is to extend home ownership down the income spectrum rather than simply helping households bring forward purchases that may have occurred anyway or enabling first home buyers to purchase larger or better homes than would otherwise have been acquired.. We have in mind households where there is no family history or expectation of home ownership, and who are less likely to have engaged with media around the scheme and are harder to reach with marketing material.

In our first submission we suggested that there should be (1) a targeted communication plan and (2) funding for assistance to support more disadvantaged groups into home ownership.

Building on the conversation at the 16 May consultation our recommendation is that the program directions allow Housing Australia to reserve an initially small number of places from year 2 for renters in public, community and Aboriginal community controlled organisations who could be assisted into a shared equity arrangement through mentoring and support. This would emulate the Scottish Government's [Open Market Shared Equity program](#) which prioritises FHB applicants who are social renters, disabled people, armed forces and veterans, people aged 60. Without going into detail, we assume this would involve:

- Housing Australia running an EOI for charitable organisations (perhaps partnered with a bank) to identify, engage and work with prospective purchasers in sub-market rental housing (but not restricted to their own portfolio) who meet income eligibility criteria to enable them to become 'market ready'.
- Supporting the purchase of any eligible home but encouraging the purchase of a home

developed by the charitable organisation.

- The charitable organization would continue to provide support post purchase should this be required.

Such an initiative would have the added benefit of releasing sub-market rental housing for another low income household.

### **Other measures to assist more disadvantaged groups**

We support Ys Housing's recommendation to raise the income cap for single parent households to the equivalent income threshold of a joint applicant. As currently proposed, a couple without dependents benefits from a higher income threshold than a single parent. The Victorian Homebuyer shared equity scheme has adopted the proposed approach.

We also believe that the scheme should be open to applicants who cannot (or where it would be inadvisable to) secure a mortgage. Two specific examples illustrate the point:

- Older women who have equity from a previous family home possibly sufficient to meet their 60-70% share of the property price, but due to age and / or income would be unable to secure a mortgage
- A person with disability whose family are able to provide equity.

We understand the reason for excluding these households is that they would not undergo a bank mortgage credit check. However, given that they are not liable for mortgage repayments this lowers the risk and the check could be replaced by other criteria. The scheme administered by Housing Choices for people with disability referred to in our first submission provides a model to draw upon.

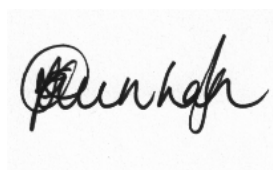
### **Reporting and review**

The Help to Buy legislation requires a statutory review of the scheme after three years. We recommend that in the program directions require Housing Australia to report annually on the scheme's performance. There should also be scope to allow adjustments to income eligibility etc ensure it meets its objectives.

The experience of the Canadian Government's 2019 [shared equity mortgage](#) provided by the Canadian Mortgage and Housing Corporation (CMHC) shows the value of early review. While acknowledging the Canadian scheme is different in scope, it significantly underperformed against its objectives having low take up while costing more than anticipated to administer. Arguably these failures could have been identified and rectified earlier if the program had been subject to earlier review.

Thank you once again for the opportunity to make this submission.

Yours sincerely,



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