

**Victoria has launched in October 2021, a new home-buyer initiative where the government will contribute 25% of the property purchase price if eligible borrowers have a 5% deposit.**

This initiative has \$500 million allocated to it and is expected to help more than 3000 home buyers who can contribute 5% deposit are prepared to give a share of equity to the government up to 25% of the value of the property in exchange for the upfront government contribution. The remaining 70% will be financed by the home buyer's chosen bank or lender.

Under this scheme, home buyers do not have to be first home buyers, will be able to purchase in broader range of areas and have higher household incomes compared to previous schemes.

To qualify for the scheme:

- Be an Australian citizen or permanent resident over the age of 18 years, who currently does not have an interest in a property and who meets the income thresholds
- Have a gross annual income of \$125,000 per annum or less for individuals or \$200,000 or less per annum for joint applicants
- Be a natural person (that is, not an organisation, company, trust or other body or entity)
- Occupy the purchased property as their principal place of residence
- Not purchase the property from a vendor who is related
- Not own any interest in any land at the time of purchase (including as trustee of a trust or beneficiary under the trust)
- Not be acting as a trustee of a trust
- Not be a shareholder in any corporation (other than a public company) that owns any land

Some highlights:

- Can purchase a property to the value of \$950k in Metro Melbourne or \$600k in regional Victoria
- The purchase can be for an existing or new property provided that a certificate of occupancy has been issued prior to the date of the contract of sale, meaning that off-the-plan property purchases are not eligible.
- The property must be vacant when purchased or if a lease is already in place, must expire within 12 months of the acquisition date.

- Participant borrowers will still be eligible for other Victorian government housing schemes including FHOG, first home buyer stamp duty concessions or exemptions.
- The home buyer can buy out the government's share, at market value at any time the borrower chooses to do so or can pay the share out over time.
- Once a loan is approved, the participant must become the registered owner of the property.
- The property must be vacant when purchased, or, if under a lease, the lease must expire within 12 months of the acquisition date and any tenants must vacate the property.

Fund participants are still eligible for other Victorian government housing schemes, including the First Home Owner Grant and first home buyer stamp duty concessions or exemptions.

More information can be found at <https://www.sro.vic.gov.au/news/victorian-homebuyer-fund-announced>