OUR PLAN

TO SUPPORT FIRST HOME BUYERS
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KEY POINTS

The Liberal and Nationals Government believes that all Australians should be able to aspire to own their own home. For most individuals and families, their home is the largest and most important asset they will own. We understand that home owners work hard, and make sacrifices, in order to pay their mortgage.

And we understand that Mum and Dad investors have worked hard and made sacrifices to build their nest egg, which also provides more rental accommodation options for Australians.

Australians are buying a house later in life and first home buyers are having to save a bigger deposit than their parents did.

When you work hard, save and invest for the future, the Liberal and Nationals Government believes you should be supported.

We want to support Australians to realise their aspirations for home ownership, and protect the value of their home.

That’s why the Liberal and Nationals Government is backing first home buyers, home owners and Mum and Dad property investors.

We will support Australians in buying their first home.

We will support Australians’ choices on home ownership and investment.

We will ensure that home owners and Mum and Dad property investors’ assets are protected.

We will, by keeping our economy strong, continue to achieve record jobs growth that will enable more Australians to save for a home and pay their mortgage.

We will support more investment in the housing market to provide more affordable options for renters.

We will not undermine the value of Australians' homes or investment properties.

We will not hit Australian residents with new taxes on housing. Guaranteed.

We will not put our economy and jobs at risk by introducing policies that weaken the housing market.
Home ownership helps with the cost of living, including in retirement. While housing prices have been coming down in some cities, we understand it is still a challenge for people who want to buy their first home.

Our policies respect your circumstances, whether you are a first home buyer, a home owner or a Mum and Dad investor.

On the other hand, Labor wants to crash the housing market with their reckless taxes. If elected, Labor will pit one Australian against another.

Their devastating housing tax is a $32 billion tax grab that will hit all Australians.

If you own your own home it will be worth less and if you rent you will pay more.

Experts have estimated that Labor’s housing tax would result in house prices falling by as much as 16 per cent and rents going up as much as 22 per cent.

With the housing market already moderating now is the worst possible time to introduce a new tax on housing. Research by the Master Builders Association shows it would be an $11.8 billion hit to our economy and lead to 32,000 fewer full time jobs.

Labor’s housing tax would end negative gearing as we know it and increase the capital gains tax rate by 50 per cent, making it one of the highest rates in the world.

The Liberal and Nationals Government’s plan for a strong economy and record job growth will protect the value of Australians’ homes and help first home buyers get into the market.

**OUR PLAN**

Our policies are already delivering for home owners.

By creating the right incentives we have helped thousands of first home buyers enter the market. In the past year, the share of first home buyers has risen back up to above average levels, with more than 110,000 Australians buying their first home in 2018 – the highest level since 2009.

We are backing current and future home owners, renters and Mum and Dad investors by:

- Guaranteeing no new taxes on housing for Australian residents.
- Implementing our plan to increase housing supply across Australia.
- Establishing the National Housing Finance and Investment Corporation (NHFIC) with a dedicated team looking at ways to improve housing affordability.
- Investing $1 billion in local infrastructure to unlock new housing supply in partnership with local councils through the National Housing Infrastructure Facility.
• Setting up the first affordable housing bond aggregator to drive efficiencies and cost savings in the provision of affordable housing by community housing providers.
• Releasing suitable Commonwealth land, including defence land, for housing development.
• Making it easier to get from home to school and work and back with our $100 billion investment in congestion-busting transport infrastructure putting more affordable housing options within reach for first home buyers.
• Allowing first home buyers to save a deposit through our First Home Super Saver Scheme (FHSSS), which commenced on 1 July 2017.
• Reducing barriers for older Australians to downsize to free up larger homes for families, which commenced on 1 July 2018.
• Stopping foreign investors from getting a free ride on the Australian housing market, and making sure they are paying the tax they owe.
• Investing over $7 billion in housing funding and homelessness services, with the National Housing and Homelessness Agreement (NHHA) commencing on 1 July 2018 in partnership with the States and Territories.
• Providing over $4.5 billion in Commonwealth rent assistance each year.

Providing low deposit financing

If re-elected, the Liberal and Nationals Government will establish the First Home Loan Deposit Scheme. This will help first home buyers purchase a home faster by allowing them to access a loan offered under the Scheme by a participating financial institution.

The Scheme will be able to support up to 10,000 first home buyer loans each year.

Complementing the FHSSS, the Scheme will give first home buyers better access to finance without having to save a 20% deposit.

The Scheme will be available to eligible first home buyers who have been able to save for a deposit of at least 5% up to 20%. This will mean that eligible first home owners will be able to purchase their own home years earlier than they would normally be able to do. Also, they would not be required to purchase lenders mortgage insurance saving them approximately $10,000.

The lender would still undertake the full normal credit check process on the borrower (meeting all their legal obligations) to ensure that the borrower is in a position to be able to afford the repayments. If the borrower refinances or the loan comes to an end the Commonwealth support will terminate.

The Scheme will support low and middle income earners across Australia. Support would only be available to first home buyers below a certain capped income level which is $125,000, or $200,000 combined income for a couple who are both first home buyers. The income test would be based on the previous year’s taxable income to provide certainty.
Support will also be targeted to entry properties, with a maximum loan size determined on a regional basis, reflecting the different property markets across Australia. The first home buyer will be able to use the Scheme in conjunction with the FHSSS and State or Territory first home buyer grants and duty concessions.

The Scheme will commence on 1 January 2020 and will be operated by NHFIC. Support for borrowers could include guaranteeing approved applicants the additional loan amount taken out by the first home buyer to cover the difference between the amount of the first home buyer’s deposit and 20 per cent of the value of the property.

This Liberal and Nationals Government initiative will be a game changer for first home buyers with the potential to substantially reduce the average waiting time to save the relevant deposit to purchase a home by at least half, with independent research finding it can take nine to ten years for an average household.

**New research capability on Australian residential housing**

The Liberal and Nationals Government will also fund the NHFIC to conduct comprehensive research on housing demand, supply and affordability in Australia.

NHFIC will receive an additional $25 million over the next 4 years to establish the Scheme and conduct research.

By providing NHFIC with these additional responsibilities it will ensure it has the capacity to both support affordable ownership and boost the supply of residential housing, which can be developed to ensure that housing affordability is improved for all Australians.

**Stopping Labor’s unfair housing taxes**

Labor’s housing tax would end negative gearing as we know it and increase the capital gains tax rate by 50 per cent making it one of the highest rates in the world.

- If you own your home it will be worth less and if you rent you will pay more.
- 2.2 million Australians own an investment property and 1.3 million of those negatively gear. There are more teachers, nurses and police negatively gearing than doctors, surgeons and financiers. Most property investors (72 per cent) have only one rental property.

Labor also wants to abolish the First Home Super Saver Scheme and has no viable alternative to help first home buyers to buy their own home faster.
THE CHOICE

There is a lot at stake at this election. And there is a clear choice.

A choice between the Liberal and Nationals Government that is delivering a strong economy or the Shorten Labor Party that would weaken our economy. A choice between the Liberal and Nationals Government that is fixing the Budget or the Shorten Labor Party that can’t manage money. A choice between the Liberal and Nationals Government that supports first home buyers, existing home owners and Mum and Dad investors and the Shorten Labor Party that chooses to pit young Australians against middle aged and older Australians.

A Shorten Labor Government would be the highest taxing government in the nation’s history.

When Labor runs out of money they come after yours.

When you take responsibility, save and build for your future, Labor comes after your money. Labor’s housing tax would hurt all Australians.

By contrast, the Liberal and Nationals Government has a proven track record of securing and respecting the choices Australians make about their homes, their family budgets and their future. We will protect your home and its value and also support first home buyers.

We will continue to support first home buyers by providing mechanisms to allow them to own their first home earlier.

“Economically disastrous to do anything on negative gearing … It’s not assisted by pulling further investment and new housing out of the market.”
- Wayne Swan, then Labor Treasurer, Interview on ABC Melbourne, 3 May 2010

“...I am concerned that it would do so much damage – unemployment, higher interest rates it could tip us into recession.”
- John Symond, Founder of Aussie Home Loans, 19 November 2018
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<tr>
<th>LIBERALS AND NATIONALS</th>
<th>LABOR</th>
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<tr>
<td>Help first home buyers purchase their first home quicker.</td>
<td>Wants to shut down the First Home Super Saver Scheme.</td>
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<td>Protect the value of homes with no new property taxes on Australian residents.</td>
<td>Crash the housing market through a reckless property tax.</td>
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<td>Ensure Mum and Dad investors are protected.</td>
<td>Punish Mum and Dad investors for wanting to invest in the property market.</td>
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<td>Supporting all Australians to get ahead whether you are a first home buyer, a home owner or a Mum and Dad investor.</td>
<td>Wanting to push some Australians down to bring others up.</td>
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**THE COST**

The Liberal and Nationals Government will contribute up to $500 million to NHFIC in the form of equity to allow it to establish and operate the First Home Loan Deposit Scheme. It will also contribute $25 million to NHFIC over 4 years to establish and maintain the expertise required for its expanded role.