

The Government has announced grants of \$25,000 to support people to build a new home or substantially renovate their current home.

The HomeBuilder scheme targets the residential construction market by providing tax-free grants of \$25,000 to eligible owner-occupiers, including first home buyers, to build a new home or substantially renovate their existing home.

The grants will be administered by the revenue office of the State or Territory where you reside or plan to reside.

There are several hurdles to this grant that both home builders/renovators and the building industry need to get through before diving in and signing a new contract on the expectation that the grant will apply.

Eligibility criteria apply to the individuals applying for the grant and the building project:

Individual eligibility The Home Builder scheme is available to owner-occupiers, including first home buyers. It is not accessible to owner builders, developers, or investors.

To be eligible, you need to be:

- An individual (not a company or trust); and
- 18 years of age or older; and
- An Australian citizen. And you need to meet the income test. To be eligible, you cannot earn more than:
 - **Individuals** - \$125,000 based on your 2018- 19 or later tax return
 - **Couples** - \$200,000 based on both of your 2018-29 or later tax returns

The building project eligibility

The building contract must be signed between 4 June 2020 and 31 December 2020. And, the construction or renovation must commence within three months of the contract date.

The grants are available if you build a new home or renovate a home to reside in (your principal place of residence) where:

New Home*	The property value (house and land) does not exceed \$750,000
Renovation**	Substantially renovate your existing home, where: <ul style="list-style-type: none">• The renovation contract is between \$150,000 and \$750,000, and• The value of your existing property (house and land) does not exceed \$1.5 million

** house, apartment, house and land package, off-the-plan, etc.*

*** renovation works must be to improve the accessibility, safety, and liveability of the dwelling. It cannot be for additions to the property (such as swimming pools, tennis courts, outdoor spas and saunas, sheds, or garages (unconnected to the property)).*

If you own or have purchased land but have not signed a contract to build your home, you may meet the eligibility criteria if you:

- Own a property (house and land), and knock down the house to rebuild – this will be counted as a substantial renovation, and therefore subject to the renovation price range of \$150,000 to \$750,000 provided the total value (house and land) of the property does not exceed \$1.5 million prerenovation;
- Own vacant land before 4 June 2020, and then build, the total value of the land and new build cannot exceed \$750,000; or
- Buy the land after 4 June 2020, and then build, the total value of the land and build cannot exceed \$750,000.

Integrity measures and pricing

Construction contracts must be at arms-length; that is, the parties cannot be linked or related.

Renovations or building work must be undertaken by a registered or licenced building service 'contractor' (depending on the state or territory you live in) and named as a builder on the building licence or permit.

When it comes to cost, the terms should be commercially plausible, and the contract rate should not be inflated compared to the fair market price. The rules allow the purchaser to request that the builder confirm that the contract cost for the new build or substantial renovation is no more than a comparable Product (measured by quality, location and size) as at 1 July 2019.

Interaction with first homeowner grant schemes

The HomeBuyer grant does not eliminate first home buyers from obtaining other grants and concessions such as the First Homeowner Grant, stamp duty concessions, the First Home Loan Deposit Scheme, and First Home Super Saver Scheme.

Problem areas

As the building contract is entered into before the grant is approved, it will be important that the grant is not imperative to finance the building project, just in case, the grant is not approved.

In addition, as the builder needs to commence work within three months of the contract date, it will be important to ensure that the contract recognises the commencement dates.

State	New Home Builder Grant	First-Home Buyers Grant	Regional new home build	Bonus	Stamp Duty First Home	Total
NSW	\$25,000	\$10,000			N/A under \$650,000	\$35,000
VIC	\$25,000	\$10,000	\$20,000		N/A under \$600,000	up to \$45,000
QLD	\$25,000	\$15,000			N/A under \$500,000	\$40,000
WA	\$25,000	\$10,000		\$20,000		\$55,000
ACT	\$25,000				Income based	\$25,000
TAS	\$25,000	\$20,000			50% disc. under \$400,000	\$45,000
SA	\$25,000	\$15,000				\$40,000
NT	\$25,000	\$10,000		\$20,000		up to \$55,000

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