



**TREASURER
MINISTER FOR INFRASTRUCTURE
MINISTER FOR THE HUNTER**

M E D I A R E L E A S E

FIRST HOME BUYERS TO GET EXTRA HELPING HAND

23 February 2007

NSW Treasurer Michael Costa today said young families' access to the housing market would be significantly improved following the extension of stamp duty concessions to first home buyers using shared equity schemes.

Under **First Home Plus One**, first home buyers who enter into a shared equity arrangement with an approved financial institution or immediate family member would still be eligible for a proportion of the stamp duty exemption.

The equity partner could provide up to 50 per cent of the purchase price, with the stamp duty concession prorated to the purchaser's stake in the property.

Mr Costa said the new scheme would provide significant additional assistance for purchasers as well as giving extra stimulus to the property market.

"Although housing affordability in NSW has improved over the last two years, it remains a serious concern particularly for young families trying to buy a stake in their future," Mr Costa said.

"That's why the Iemma Government is building on our First Home Plus scheme – which over the past 18 months has provided \$651 million in stamp duty concessions to almost 58,000 first home buyers – by giving this additional helping hand.

"The First Home Plus One scheme will allow first home owners to enter into a shared equity arrangement with an approved financial institution or an immediate family member while retaining a portion of the stamp duty concession.

"Under First Home Plus, a purchaser borrowing 90 per cent of the purchase price on a home valued at \$500,000 saves \$19,730 in stamp duty.

"Under First Home Plus One, a purchaser taking a 50 per cent share in the same \$500,000 home will receive a \$9,865 stamp duty concession – a significant boost for a first home buyer.

"This is great news for first home buyers and it's great news for the property sector."

Analysis by NSW Treasury has found First Home Plus One would:

- Bring about new transactions;
- Bring forward some first home purchases; and
- Mean some first home buyers purchase a home of higher value than they otherwise would have.

Mr Costa said the Government had been presented with a number of schemes to improve housing affordability, but its focus remained first home buyers.

"In the last 18 months the Iemma Government has made significant property-related tax cuts, including abolishing vendor duty and introducing three-year averaging for land tax assessments," Mr Costa said.

"These two changes alone are worth \$422 million in 2006-07 and \$1.995 billion over the next four years.

"But continuing to focus on first home buyers is the most equitable way to encourage and support activity in the property sector as a whole, as well as assisting young families move from renting to owning their own home."

Mr Costa called on the Federal Government to adjust the Commonwealth-oversighted \$7,000 First Home Owner Grant to also be prorated for first home buyers using shared equity arrangements.

"If Mr Howard is as concerned with housing affordability as he says he is he should move on this today," Mr Costa said.

First Home Plus One will be introduced from 1 May 2007.

In addition to meeting the normal APRA requirements, financial institutions will have to submit their shared equity schemes to the Office of State Revenue for approval.
