

Help to Buy (Commonwealth Powers) Bill 2024

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Committee Secretary
Housing, Big Build and Manufacturing Committee
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Help to Buy (Commonwealth Powers) Bill 2024

The Housing Industry Association (HIA) welcomes the opportunity to provide feedback in relation to the Help to Buy (Commonwealth Powers) Bill 2024. HIA has indicated **support** from the outset of the announcement of the Help to Buy Scheme and HIA continues to advocate for greater assistance for first homebuyers.

The Housing Industry Association (HIA) is Australia's only national industry association representing residential building industry. HIA represents a membership of 60,000 across Australia, involving a diverse mix of companies and sole traders that collectively construct over 85% of Australia's new building stock.

Queensland continues to face immense challenges in the housing sector. An inadequate supply of new housing over many years has led to intense competition to secure housing, amongst limited options. This intense competition is evident across all sections of the housing market including owner occupier, private rentals and government subsidised or supported housing.

A key challenge for HIA is educating decision makers and the broader public that the housing market is interdependent. In most instances, a first homebuyer represents an individual or couple that will cease competing in the rental market for life. This alleviates pressure on the housing market, resulting in less competition for those in dire need of rental accommodation.

In March 2024, Queensland's rental vacancy rate was recorded at a critically low 0.9% ⁽¹⁾ and despite a record hike to interest rates, the median home price in Brisbane has increased by 63% since March 2020 and now exceeds the median home price in Melbourne ⁽²⁾. With this rapid increase in house prices, access to finance for a deposit is the biggest obstacle for Queenslanders trying to buy their first home. Accordingly, HIA strongly supports the Help to Buy Scheme and the opportunity it presents for those Queenslanders attempting to purchase their first home.

(1) [RE O \(May 2024\) Residential Vacancy Report: March Quarter 2024](#)

(2) [PropTrack \(Apr 2024\) Home Price Index: March 2024](#)

Eligibility for Help to Buy Scheme in Queensland

While it is understood that the eligibility requirements for the scheme are being determined by separate legislation at a Federal Government level, HIA notes the proposed price caps may severely hinder the success of this initiative in Queensland. Peculiarly, participants in Victoria will be permitted to purchase more expensive properties under the scheme, despite Queensland now having a greater median home price. HIA urges the Queensland Government to advocate for an increase to the price cap to assist first homebuyers in Queensland.

Information and advice for participants

The draft legislation is complex and there are significant ramifications for participants of the scheme if their personal circumstances or home building intentions change. In consideration of concerns being raised internationally with shared equity schemes, HIA notes there is a significant role for all levels of government to properly educate participants on their financial obligations and potential ramifications of the Help to Buy Scheme. For example, information should be provided relating to the following circumstances:

- If household income increases beyond the threshold;
- If a building contract needs to be varied and the revised contract exceeds the price cap;
- If the property valuation completed after construction varies from the estimated value when applying under the scheme;
- If a participant completes home renovations or additions under \$20,000;
- If a participant seeks to buy out the Government's share of the property and the potential need to pay lenders mortgage insurance.

HIA supports the Help to Buy Scheme and emphasises that the success of this initiative in Queensland will be determined by appropriateness of the eligibility requirements and by ensuring all participants are well informed of the potential implications of the scheme.

At a time when the cost of buying a home has increased rapidly and the time required to save for a deposit continues to increase, any government policy options to ease the burden on first home buyers is welcome. HIA looks forward to working with the Queensland Government on this initiative and any others aimed at assisting first homebuyers into home ownership, and to supporting the delivery of more homes to address our current housing shortages.

If any assistance or further information is required in relation to this response, please do not hesitate to contact me on [REDACTED] or [REDACTED].

Yours sincerely

[REDACTED]
Michael Roberts
Executive Director
HOUSING INDUSTRY ASSOCIATION LIMITED