



# HomeBuilder

HomeBuilder provides eligible owner-occupiers (including first home buyers) with a grant of \$25,000 to build a new home or substantially renovate an existing home. HomeBuilder will assist the residential construction market by encouraging the commencement of new home builds and renovations this year.

## HOMEBUILDER

### Summary

HomeBuilder is a time-limited grant program to help the residential construction market to bounce back from the Coronavirus crisis.

HomeBuilder will provide eligible owner-occupiers (including first home buyers) with a grant of \$25,000 to build a new home or substantially renovate an existing home where the contract is signed between 4 June 2020 and 31 December 2020. Construction must commence within three months of the contract date.

HomeBuilder will complement existing State and Territory First Home Owner Grant programs, stamp duty concessions and other grant schemes, as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

### Eligibility

To access HomeBuilder, owner-occupiers must meet the following eligibility criteria:

- you are a natural person (not a company or trust);
- you are aged 18 years or older;
- you are an Australian citizen;
- you meet one of the following two income caps:
  - \$125,000 per annum for an individual applicant based on your 2018-19 tax return or later; or
  - \$200,000 per annum for a couple based on both 2018-19 tax returns or later;
- you enter into a building contract between 4 June 2020 and 31 December 2020 to either:
  - build a new home as a principal place of residence, where the property value does not exceed \$750,000; or
  - substantially renovate your existing home as a principal place of residence, where the renovation contract is between \$150,000 and \$750,000, and where the value of your existing property does not exceed \$1.5 million;
- construction must commence within three months of the contract date.

### Process and timing

HomeBuilder will be implemented via a National Partnership Agreement, signed by the Commonwealth and State and Territory governments. This approach will utilise existing state and territory mechanisms to distribute the HomeBuilder payments.

When the States and Territories begin accepting HomeBuilder applications, they will backdate acceptance of these applications to 4 June 2020.

Information on when and how you will be able to access HomeBuilder will become available through the relevant State or Territory revenue office.

## Budget impact

This measure is expected to have a cost of \$680 million. Final program costs will depend on actual take-up of the grant and may differ from these estimates as HomeBuilder is an uncapped and demand-driven program.

## Case Study Examples

### First home buyers Emma and Liam decide to purchase a house and land package

Emma and Liam enter into a house and land contract for \$550,000 on 25 September 2020. Emma and Liam's bank applies on the couple's behalf to the relevant State or Territory revenue office to receive the HomeBuilder \$25,000 grant. The revenue office conducts the eligibility checks and reviews the couple's documentation and confirms that both Emma and Liam are Australian citizens, over the age of 18, have a combined taxable income under \$200,000 based on their 2018-19 tax return and the value of the contract is under the \$750,000 contract price cap.

As the couple are both first home buyers, Emma and Liam may also be entitled to their State's First Home Owner Grant and stamp duty concessions as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

### Owner-occupier Cassidy decides to substantially renovate her home

Cassidy enters into a contract to substantially renovate her home on 31 December 2020, with renovations valued at \$400,000. The value of her home is \$900,000 (this includes the value of the house and the land). Cassidy pays the builder \$10,000 to commence renovation of her home on 2 February 2021. Cassidy then applies directly to her State or Territory revenue office to receive the \$25,000 HomeBuilder grant.

The revenue office conducts the eligibility checks and confirms that Cassidy owns the property, is an Australian citizen, over the age of 18, and has a taxable income under \$125,000 based on her 2019-20 tax return. The revenue office also confirms the value of the renovations is between \$150,000 and \$750,000, and the value of her home is less than \$1.5 million and Cassidy has made the first progress payment on the renovations. The revenue office approves the application.

As Cassidy already owns her own home, she is not eligible for the First Home Owner Grant, the First Home Loan Deposit Scheme or the First Home Super Saver Scheme.

### First home buyer Rebecca decides to purchase an off-the-plan apartment

First home buyer Rebecca enters into a contract to purchase an off-the-plan apartment valued at \$550,000 on 6 October 2020.

Rebecca's bank applies on her behalf to the relevant State or Territory revenue office to receive the HomeBuilder \$25,000 grant. The revenue office conducts the eligibility checks and reviews Rebecca's application documentation. The revenue office confirms that Rebecca is an Australian citizen, over the age of 18, has a taxable income under \$125,000 based on her 2018-19 tax return and the value of the off-the-plan apartment is under the \$750,000 contract price cap.

As Rebecca is a first home buyer, she may also be entitled to their State's First Home Owner Grant and stamp duty concessions as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

### Owner occupiers Jacqui and Henry decide to knock down and rebuild their existing home

Jacqui and Henry enter into a building contract to knockdown and rebuild their existing home on 24 August 2020, with the knockdown and rebuild contract valued at \$400,000. The value of the property is \$800,000 (including the current value of the dwelling and land). The couple pay the builder \$15,000 to commence the knockdown and rebuild on 14 September. Jacqui and Henry's bank applies on the couple's behalf to the relevant State or Territory revenue office to receive the HomeBuilder \$25,000 grant.

The revenue office conducts the eligibility checks and confirms that the couple own the property, are Australian citizens, over the age of 18, have a combined taxable income under \$200,000 based on their 2018-19 tax return, and the value of their existing home and land pre-renovation is less than \$1.5 million. The building contract is also within the HomeBuilder renovations price range (between \$150,000 and \$750,000) and the couple have made the first progress payment on the renovations. The revenue office approves the application.

As Jacqui and Henry already own their own home, they are not eligible for the First Home Owner Grant, the First Home Loan Deposit Scheme or the First Home Super Saver Scheme.

### Owner-occupiers Carla and Andrew decide to build a new home on a vacant block

Carla and Andrew decide to build a new home on a vacant block of land that they already own. The value of the vacant block is \$400,000 and the building contract that Carla and Andrew sign is for \$300,000. Carla and Andrew enter into the building contract on 4 July 2020 and make the first progress payment when construction commences on 2 August 2020.

The State that Carla and Andrew live in signs the HomeBuilder National Partnership Agreement on 23 August 2020 and starts to receive HomeBuilder applications through the revenue office on 27 August.

Carla and Andrew apply for HomeBuilder via the relevant revenue office which conducts the eligibility checks and confirms that both Carla and Andrew are Australian citizens, over the age of 18, have a taxable income under \$200,000 based on their 2018-19 tax returns, the value of the property (house and land) is less than \$750,000, the contract was signed on or after 4 June 2020 and before 31 December 2020, and they have made the first progress payment. The revenue office approves the application.

As Carla and Andrew are not first home buyers, they are not eligible for the First Home Owner Grant, the First Home Loan Deposit Scheme or the First Home Super Saver Scheme.

Owner-builders and those seeking to build a new home or renovate an existing home as an investment property are ineligible for HomeBuilder.

In negotiating a building contract, the parties must deal with each other at arm's length. This means the contract must be made by two parties freely and independently of each other, and without some special relationship, such as being a relative. The terms of the contract should be commercially reasonable and the contract price should not be inflated compared to the fair market price.

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.

The 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).

HomeBuilder will be non-taxable - consistent with existing state and territory First Home Owner Grant programs.