



# Help to Buy Shared Equity Scheme

Treasury



## The policy problem and preferred policy approach

- Australia has seen a decades long fall in home ownership from **71.4 per cent** in 1994 to **66.3 per cent** in 2021. This has resulted in **more households renting for longer**, increasing pressure on the rental market and preventing many Australians from achieving the benefits offered by home ownership.
- To assist more Australians, and particularly low- and middle-income households, into home ownership, the Government committed to establishing the **Help to Buy shared equity scheme** as part of its 2022 election platform. The Help to Buy scheme will assist **10,000 Australian households each year for 4 years** to purchase a home with a smaller deposit and lower ongoing mortgage repayments.



## Impact Analysis

### Impacts

- Help to Buy will support 40,000 low- and middle- income households to purchase a home of their own and realise the social and economic benefits associated with home ownership. In particular, participants will benefit from **lower ongoing mortgage repayments**, no longer being required to participate in the rental market, and the **additional wealth accumulation** associated with home ownership.
- While policies that increase the purchasing capacity of buyers can put upward pressure on housing prices by adding to demand, Help to Buy is capped at 10,000 participants each year for 4 years. This helps to ensure that **any impact** of the scheme on housing prices **will be limited**.
- Participation in the scheme **will be voluntary**, but there will be some regulatory costs to individuals (scheme participants) and businesses (commercial lenders) who participate. Treasury estimates that the average annual regulatory costs of the scheme will be **approximately \$5.88 million per year** over the first five years.

### Who is impacted

#### Individuals

Treasury estimates the scheme will result in **costs of approximately \$41 per participant** each year, or **\$1.406 million per year** for the first five years.

#### Businesses

Costs to lenders who decide to participate in the scheme are estimated by Treasury to total **\$4.474 million per year** for the first five years.

#### Community organisations

Help to Buy is not expected to involve any costs for community organisations.



## Other considerations and implementation

- As the scheme is a Government **election commitment**, the policy has been compared only against the status quo, in accordance with Office of Impact Analysis guidance.
- **Housing Australia** is responsible for implementing the Help to Buy scheme and will be supported by a **panel of participating lenders**. It is expected that Housing Australia will engage with participants and monitor delivery of the scheme to manage risks, limit disruptions and ensure any additional costs are minimised for all parties.