

FIRST HOME BUYER LEGISLATION AMENDMENT BILL 2023 STATEMENT OF PUBLIC INTEREST

Need: Why is the policy needed based on factual evidence and stakeholder input?

- In the 1990s it took around six years to save for a 20 per cent deposit and one year to save stamp duty. It now takes around 10 years to save for a 20 per cent deposit and two years to save for stamp duty. This is based on a NSW household with the median household income, saving 15 per cent of their income to purchase a median priced dwelling.
- Around half of the stamp duty forgone under First Home Buyer Choice has been going to only 13 per cent of first home buyers purchasing homes between \$1 million and \$1.5 million.
- Around 30 per cent of people who receive first home buyer concessions become landlords and rent out their property within 12 months of completing the minimum 6-month residence requirement. This fails to support home ownership or housing affordability.

Objectives: What is the policy's objective couched in terms of the public interest?

- The policy aims to increase number of households who are able to purchase their first home and thereby increase the share of home ownership in NSW.
- The policy also seeks to better target a portion of the benefits from Government that are received by investors and landlords towards owner-occupiers.

Options: What alternative policies and mechanisms were considered in advance of the bill?

- Retaining the status quo of First Home Buyer Choice was considered however the scheme provides support for properties up to \$1.5 million. This was not considered to be appropriately targeted, given the Sydney median price for a home is around \$1 million.
- Increasing the First Home Buyers Assistance Scheme duty concessions that apply to first home buyers purchasing vacant land was considered. This was not advanced as it was not within the election commitment and would increase current budget pressures.

Pathway: What are the timetable and steps for the policy's rollout and who will administer it?

- The Chief Commissioner of State Revenue will administer the changes. Revenue NSW is working closely with relevant public and private sector system operators to ensure there is a smooth transition on 1 July 2023.
- First home buyers who sign a contract to purchase a home on or after 1 July 2023 will be able to benefit from the increased support under the First Home Buyers Assistance Scheme.
- Access to First Home Buyer Choice will not be available for those who sign a contract on or after 1 July 2023.

Consultation: Were the views of affected stakeholders sought and considered in making the policy?

- This Bill contains first home buyer policies that were clearly set out in the lead up to the 2023 NSW State Election as part of the Government's plan to address housing affordability and home ownership. The Government was elected and is implementing its stated election commitments.
- The closure of access to First Home Buyer Choice will be aligned with the increase in First Home Buyer Assistance Scheme thresholds for contracts signed on or after 1 July 2023, to provide first home buyers certainty and clarity, as well as sufficient time for Revenue NSW and their private sector business partners to implement required system changes.
- First home buyers who opted into First Home Buyer Choice before 1 July 2023 will be grandfathered so that they continue paying property tax until they sell their property.