

Media Release

Mr Tim Pallas MP
Treasurer
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SHARED EQUITY FUND HELPS MORE VICTORIANS OWN A HOME

The Allan Labor Government's Victorian Homebuyer Fund has reached a major milestone, providing \$1.1 billion in shared equity contributions to help thousands of people achieve the dream of owning their own home.

The \$2.1 billion Homebuyer Fund has been progressively boosted since it was launched around two years ago and has now supported more than 7,300 Victorians to secure a home. Two-thirds have been first home buyers.

The most recent \$500 million injection was part of the Labor Government's landmark Housing Statement – the generational strategy to expand housing supply and affordability across the state.

In the early 2000s, it took the typical Victorian household 3.6 years to save a deposit to buy a home – now it takes an average of 6.2 years. The Homebuyer Fund drastically shrinks up-front costs for families and individuals who might otherwise struggle to get a foothold in the property market.

The Fund contributes up to 25 per cent of a participant's home purchase price and reduces the required deposit to just 5 per cent, helping to avoid the need for buyers to pay costly premiums for lenders mortgage insurance.

Homebuyers backed by the scheme would pay only \$30,000 for a deposit on a \$600,000 property, while the fund would contribute equity of up to \$150,000. The median purchase price of Fund participants is \$615,000.

Preston resident Cassandra Bird bought her apartment for \$350,000 last November and moved in a month later.

Ms Bird said the backing of the Fund was the difference between her being able to buy or being forced to continue renting indefinitely. It significantly reduced her deposit and interest payments, and removed the need to pay for lenders mortgage insurance on behalf of her credit provider.

Homebuyer Fund participants can earn up to \$130,485 individually, or \$208,775 as a couple, while the maximum purchase price is \$950,000 in metropolitan Melbourne and Geelong, and \$600,000 elsewhere in regional Victoria.

The Government delivers the scheme in partnership with four lenders – Commonwealth Bank, Bendigo Bank, Bank Australia and Indigenous Business Australia.

Scheme participants can buy back the Government's share in their property over time through refinancing, using savings, or upon sale of the property, with proceeds recycled to support new participants.

Homebuyer Fund participants are eligible for Victorian first-home-buyer stamp duty exemptions and concessions and First Home Owner Grants of \$10,000 – this separate support topped \$780 million last financial year.

Quotes attributable to Treasurer Tim Pallas

"Shared equity is a partnership that is helping thousands of Victorians take the keys to their own home."

"The Homebuyer Fund has been a success because it makes a real difference, while the very nature of the scheme means the impact on the state's balance sheet is at worst neutral."

Quotes attributable to Victorian Homebuyer Fund participant Cassandra Bird

"The scheme made all the difference for me. I was saving money, but it was a slow process and the shared equity gave me the ability to access the market now."

"I was aware of the scheme but wasn't sure if I'd qualify, but I'm glad I followed it up. It's been amazing for me."

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