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**THE LEGISLATIVE ASSEMBLY FOR
THE AUSTRALIAN CAPITAL TERRITORY**

HOUSING ASSISTANCE ACT 1987

**CREATION OF NEW
HOUSING ASSISTANCE PROGRAM AND
VARIATION OF EXISTING HOUSING ASSISTANCE
PROGRAMS**

No 7 of 1991

EXPLANATORY STATEMENT

(Circulated by authority of
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Minister for Housing
and Community Services)

CREATION OF NEW HOUSING PURCHASE ASSISTANCE PROGRAM AND VARIATION OF EXISTING HOUSING ASSISTANCE PROGRAMS

AUTHORITY

Section 12 of the Housing Assistance Act 1987 empowers the Commissioner for Housing to prepare in the form of an instrument in writing a housing assistance program or a variation of a program. Section 12 also empowers the Commissioner for Housing to revoke a program.

Such a program, variation, or revocation may not be implemented without the approval of the responsible Minister. Following approval, the program or variation is required to be notified in the Gazette and laid before the Legislative Assembly in accordance with Section 6 of the Subordinate Laws Act 1989 where it may be disallowed.

BACKGROUND

The accompanying new Housing Assistance Program, to be known as the "HomeBuyer Housing Assistance Program" was prepared by:

It was notified in ACT Gazette No.

PURPOSE AND CONSEQUENCES

The purpose of the program and the accompanying instrument of revocation is to:

Vary the existing 1983 and 1986 loan programs (copies attached) repeal the 1930 loan program (copy attached) and create a new program to be known as the "HomeBuyer Housing Assistance Program."

These arrangements will effectively provide a single uniform program for the administration of housing purchase assistance provided to residents of the Australian Capital Territory and involve;

A Variation of:

- (i) Scheme for Providing Concessional Home Loans (notified in Commonwealth Gazette No S229 on 30 September 1983) by deleting clauses 2 to 21 inclusive and inserting clauses 2, 7, 8, 9, 10 and 11 except for paragraph 11.1.1 and 11.1.2 of the "HomeBuyer" program.

The purpose of these amendments is to reflect all benefits of the new "HomeBuyer" program including assistance and appeal provisions, as applicable.

The impact upon mortgages issued under this scheme is that portion of monthly mortgage instalment exceeding 25 percent of a mortgagor's income will no longer be waived. Under existing provisions of this scheme, where monthly mortgage instalments exceed 25 percent of the mortgagor's gross income, such excess is not sought as instalments nor is it recoverable in any form.

It is proposed that instalment assistance already waived shall not be recovered, but any future application for assistance will be dealt with under the new program.

- (ii) Scheme for Providing or Assisting in Providing Dwelling Houses (notified in Commonwealth Gazette No S13 on 21 January 1986) by deleting clauses 2 to 23 inclusive and inserting clauses 2, 7, 8, 9, 10 and 11 except for paragraphs 11.1.1 and 11.1.2 of the "HomeBuyer" program.

The purpose of these amendments is to reflect all benefits of the new "HomeBuyer" program including assistance and appeal provisions, as applicable.

The impact upon mortgages issued under this scheme is that deferred amounts must be repaid as soon as a mortgagor can afford to do so. Under existing provisions of this scheme, where instalments exceed 25 percent of the mortgagors combined gross income, such excess (the deferred amount) is not necessarily repayable until the end of the loan term.

It is intended that deferred amounts are captured under collateral agreements.

B

Repeal of:

the 1930 Scheme for Providing and Assisting in Providing Dwelling Houses (Notified in the Commonwealth Gazette on 31 July 1930).

The result of this repeal will be to provide all benefits of the new "HomeBuyer" program in respect of loans issued under the 1930 Scheme.

C

Creation of:

A new Housing Assistance Program more suited to current requirements and aligned with the principals for the operation of Housing Assistance Programs as described in Schedule 1 of the Housing Assistance Act 1987 ("The Housing Agreement").

Known as the "HomeBuyer Housing Assistance Program" this program offers assistance, without discrimination, to those applicants previously unable to achieve home ownership. A summary explanation follows:

Clauses 1 and 2 provide the object, definitions and interpretations of the program and are self explanatory.

Clause 3 describes applicant eligibility for assistance. These arrangements are essentially unchanged from the 1986 scheme. Applicants will have the right of appeal under all eligibility requirements.

Sub-clauses 4.1 to 4.8 inclusive specify the administrative requirements to effect assistance and are self explanatory.

Sub-clauses 4.9 and 4.10 inclusive cover provision for priority assistance under a variety of circumstances.

Clause 5 empowers the Commissioner to determine property value and loan limits which may be varied from time to time subject to market fluctuations in real property and funds available to maintain this program.

Clause 6 relates to mortgage and collateral agreements to secure advances and is self explanatory.

Clause 7 provides a range of interest rates for the several classes of loans provided. Interest rates on loans shall not exceed 1 percent above the interest rate charged by the Commonwealth Bank of Australia for new housing loans, or such other interest rate as applied to the various classes of current loans by the Commonwealth Bank of Australia

The provision to charge 1 percent above the Commonwealth Bank of Australia interest rate is an encouragement for timely payment. Where payment is made on time interest shall be applied at the Commonwealth Bank of Australia rate for new housing loans.

Interest rates on deferred amounts shall not exceed the Consumer Price Index. This ensures that the value of deferred amounts is not eroded by inflation.

Clause 8 relates to mortgagee sublet provisions and provides for the application of a "leased rate" of interest as charged by the Commonwealth Bank of Australia. Such application is to discourage Housing Purchase Assistance loans being utilised for property investment and personal gain. However, it does not prohibit genuine sublet cases relating to employment transfer, postings or other reasonable absences.

Clause 9 refers to the program "safety net" by means of deferred assistance, that is, should mortgagors experience financial difficulty beyond their reasonable control, assistance may be provided by reducing monthly mortgage instalments until such time the mortgagors are financially able to repay or on discharge of the loan, whichever is earlier.

Clause 10 specifies the secrecy provisions and is self explanatory.

Clause 11 relates to arrangements for review of decisions and are self explanatory.

Sub-clauses 12 to 12.2 inclusive relate to the transition arrangements and are self explanatory.

Sub-clauses 12.3 to 12.4 inclusive relate to scheme amendments as detailed in A (i) and (ii) of this document, aligning provisions of current housing purchase assistance schemes to the new "HomeBuyer Housing Assistance program". This differs from the repeal of the 1930 loan program because mortgage documents issued since 1983 refer to the schemes.