

**2013**

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

**FIRST HOME OWNER GRANT AMENDMENT BILL 2013**

**EXPLANATORY STATEMENT**

# First Home Owner Grant Amendment Bill 2013

## Summary

The *First Home Owner Grant Amendment Bill 2013* amends the *First Home Owner Grant Act 2000*.

## Overview

As part of the Government's housing affordability measures, amendments are being made to the *First Home Owner Grant Act 2000* to take effect from 1 September 2013. These amendments will retarget the grant to assist those most in need, including an increase to the value of the grant.

The First Home Owner Grant (FHOG) was introduced on 1 July 2000, with its original intent being to offset the effect of the GST on home ownership. Under the original scheme, a one-off grant of up to \$7,000 was payable to first home owners who satisfied the eligibility criteria.

The Housing Supply and Affordability Reform Working Party Report to COAG found that the FHOG contributes to increases in house prices, working counter to its original objective of offsetting the impact of the GST, and increasing housing affordability.

Following this finding, other jurisdictions have already retargeted their FHOG to new and substantially renovated properties only, to help stimulate construction and boost further supply of housing.

Under this amendment, the grant in the ACT will be retargeted to new and substantially renovated properties only, at an increased value of \$12,500 per eligible transaction. This will align the FHOG with the Territory's Home Buyer Concession Scheme to provide greater support to construction activity and housing supply.

The higher FHOG value will make buying a first home in the ACT more competitive when compared with nearby NSW land releases.

The change to extend the residency period from 6 months to 1 year is made as it has been found that a number of residences are tenanted or sold immediately after the 6 month period is completed.

Extending the residency requirement will ensure that the grant is more appropriately targeted to genuine first home buyers with a view to having the property as their principal place of residence.

## Commencement Date

The amendments will be effective from 1 September 2013.

## Details of the First Home Owner Grant Amendment Bill 2013

### Clause 1 – Name of Act

This is a technical clause that provides the title of the Act. The name of the Act is the *First Home Owner Grant Amendment Act 2013*.

### Clause 2 – Commencement

This Act commences on 1 September 2013.

### Clause 3 – Legislation amended

This is a technical clause stating that the legislation being amended is the *First Home Owner Grant Act 2000*.

### Clause 4 – Residence requirements Section 12 (1)

This clause replaces the period of residency in the subject property from 6 months to 1 year.

### Clause 5 – New section 12B (in Division 2.3)

This clause inserts, in division 2.3, the meaning of a *new home*.

### Clause 6 – Meaning of *eligible transaction* etc - Section 13 (1)

This clause substitutes the meaning of *eligible transaction* to update it for the purposes of this amendment.

### Clause 7 – New section 13 (2) (c)

This clause inserts a new provision to identify when a replacement contract is not an eligible transaction.

### Clause 8 – Amount of grant – Section 18 (b)

This clause identifies that the amount of the first home owner grant (subject to the criteria being met) is \$12 500 (increased from \$7 000).

### Clause 9 – Expiry – div 2.5A etc – Section 24H

This amendment expires the note in section 13A (1), with other items which are due to expire on 1 July 2013.

### Clause 10 – New part 10

This clause inserts a new part which identifies the transitional arrangements associated with this Bill.

### Clause 11 – Dictionary, new definition of *new home*

The definition of *new home* for the purposes of division 2.3 has been included in the dictionary.

### Clause 12 – Dictionary, definition of residency requirements, paragraph (a) (i)

The definition of residency requirements has been amended to stipulate the period of continuous occupancy required is 1 year (was previously 6 months).