



Australian Government



National Housing Finance
and Investment Corporation

Family Home Guarantee FACT SHEET

Date of issue: June 2021



PLEASE NOTE

The necessary legislative changes to the NHFIC legislation, the NHFIC Investment Mandate and the Scheme Rules are not yet in force.

Accordingly, the final form of the Family Home Guarantee scheme may differ from that described below.

What is the Family Home Guarantee?

The Family Home Guarantee is an Australian Government initiative that aims to support eligible single parents with dependants in purchasing a family home.

From 1 July 2021, 10,000 Family Home Guarantees will be made available over four financial years to eligible single parents with dependants, subject to their ability to service a loan.

The Family Home Guarantee can be used to build a new home or purchase an existing home with a deposit of as little as 2 per cent, regardless of whether that single parent is a first home buyer or a previous home owner. Investment properties are not supported by the Family Home Guarantee.

How does the Family Home Guarantee work?

Eligible single parents with dependants looking to build a new home or purchase an existing home are able to apply for a loan to purchase an eligible property through a participating lender.

The Family Home Guarantee program is administered by the National Housing Finance and Investment Corporation (NHFIC) on behalf of the Australian Government.

NHFIC guarantees to a participating lender up to 18 per cent of the value of the property, provided the borrower has a minimum 2 per cent deposit, and is eligible for the program.

This will enable single parents with dependants to enter, or re-enter, the housing market sooner.

What types of properties are eligible?

For a property to be eligible under the Family Home Guarantee, it must be a residential property – this term has a particular meaning under the program and is consistent with the First Home Loan Deposit Scheme.

Eligible residential properties generally include:

- an existing house, townhouse or apartment
- a house and land package
- land and separate contract to build a home
- an off-the-plan apartment or townhouse

Who is eligible for the Family Home Guarantee?

- Australian citizens who are at least 18 years of age. Permanent residents are not eligible.
- Must be a single parent with at least one dependant.
- The single parent must have a taxable income that does not exceed \$125,000 per annum for the previous financial year. NB: Child support payments are not included as income for the purpose of the income cap.
- The single parent must be the only name listed on the loan and the certificate of title.
- It is expected that the single parent demonstrate that they are the natural or adoptive parent of a dependent child within the meaning of s.5 of the *Social Security Act 1991 (Cth)*. In a general sense, this means that the person must show that they are legally responsible (whether alone or jointly with another person) for the day-to-day care, welfare and development of the dependent child and the dependent child is in their care. Depending on the terms of any shared custody arrangement, this may enable both individuals in a former couple to separately access the Family Home Guarantee.

- Individuals must have at least 2 per cent of the value of the property available as a deposit. If the borrower has a deposit of more than 20 per cent, then the home loan cannot be covered by the Family Home Guarantee.
- Loans under the Family Home Guarantee require scheduled repayments of the principal and interest of the loan for the full period of the agreement. The loan agreement must have a term of no more than 30 years.
- Applicants must intend to be owner-occupiers of the purchased property. In the case of active Australian Defence Force member applicant(s), the guarantee is not subject to the owner-occupier requirement after entering into the loan if they cannot meet this requirement because of their duties.
- Applicants can be either first home buyers or previous owners who do not currently own a home. That is, the applicant must not currently have a freehold interest in real property in Australia, a lease of land in Australia or a company title interest in land in Australia.

The eligibility criteria must be satisfied at the time the loan agreement is entered into. More information on eligibility criteria for the Family Home Guarantee will be outlined in forthcoming amendments to the *National Housing Finance and Investment Corporation Investment Mandate Direction 2018*.

What property price thresholds apply for the Family Home Guarantee?

The property price thresholds for the Family Home Guarantee will be the same as those applying to the First Home Loan Deposit Scheme.

| State | Capital city and regional centres | Rest of State |
|------------------------------|-----------------------------------|---------------|
| New South Wales | \$800,000 | \$600,000 |
| Victoria | \$700,000 | \$500,000 |
| Queensland | \$600,000 | \$450,000 |
| Western Australia | \$500,000 | \$400,000 |
| South Australia | \$500,000 | \$350,000 |
| Tasmania | \$500,000 | \$400,000 |
| Territory | All areas | |
| Australian Capital Territory | \$500,000 | |
| Northern Territory | \$500,000 | |

The capital city price thresholds apply to regional centres with a population over 250,000 (Newcastle & Lake Macquarie, Illawarra (Wollongong), Geelong, Gold Coast and Sunshine Coast), recognising that dwellings in regional centres can be more expensive than other regional areas.

For the territories of Jervis Bay Territory, Norfolk Island, Christmas Island and the Cocos (Keeling) Islands, the relevant price cap is the same as the rest of state cap that applies in the closest State – New South Wales (for Jervis Bay Territory and Norfolk Island) and Western Australia (for Christmas Island and the Cocos (Keeling) Islands).

How to apply

Eligible single parents will be able to apply for the Family Home Guarantee through a FHLDS participating lender.

There are no costs or repayments associated with the guarantee. However, eligible single parents are responsible for meeting all costs and repayments for the home loan associated with the guarantee.

NHFIC will not accept applications directly and does not maintain a waiting list for places, including for the additional guarantees to be made available.

