



# HomeBuilder

HomeBuilder provides eligible owner-occupiers (including first home buyers) with a grant to build a new home or substantially renovate an existing home. HomeBuilder assists the residential construction market by encouraging the commencement of new home builds and renovations.

The Government will continue its support for the residential construction sector by extending the construction commencement requirement for all applicants from six months to 18 months from when the eligible contract was signed (i.e. contracts signed 4 June 2020 – 31 December 2020 and contracts signed 1 January 2021 – 31 March 2021).

**Applications for HomeBuilder closed at midnight, Wednesday 14 April 2021.**

## Summary

### Eligibility

To access HomeBuilder, owner-occupiers must meet the following eligibility criteria:

- you are a natural person (not a company or trust);
- you are aged 18 years or older;
- you are an Australian citizen;
- you meet one of the following two income caps:
  - \$125,000 per annum for an individual applicant based on your 2018-19 taxable income or later; or
  - \$200,000 per annum for a couple based on both 2018-19 taxable income or later;
- *For the \$25,000 grant:* you enter into a building contract on or after 4 June 2020 up to and including 31 December 2020 to either:
  - build a new home as a principal place of residence, where the property value does not exceed \$750,000; or
  - substantially renovate your existing home as a principal place of residence, where the renovation contract is between \$150,000 and \$750,000, and where the value of your existing property does not exceed \$1.5 million (pre-renovation); or
- *For the \$15,000 grant:* you enter into a contract on or after 1 January 2021 up to and including 31 March 2021 to either:
  - build a new home as a principal place of residence, where the property value does not exceed: \$950,000 if the dwelling is in New South Wales; \$850,000 if the dwelling is in Victoria; or \$750,000 in all other States;
  - substantially renovate an existing home as a principal place of residence, where the renovation contract is greater than \$150,000 and does not exceed \$750,000, and

where the value of your existing property does not exceed \$1.5 million (pre-renovation).

- construction must commence on or after 4 June and within 18 months of the contract date.

Contract values listed are GST inclusive.

The owner-occupier must be registered on the title of the property. If more than one person is listed on the title as the registered proprietors they must jointly apply for the HomeBuilder grant as a couple.

Construction must be undertaken by a registered or licenced building service 'contractor' (depending on the State or Territory) who is named as a builder on the building licence or permit. The contract must be with a developer or a licenced or registered builder. The builder must have held their licence or registration prior to 4 June 2020 if the contract is signed prior to 29 November 2020. Otherwise, the builder must have had a valid licence or registration dated prior to 29 November 2020 if the contract is signed on or after 29 November 2020.

## Process and timing

HomeBuilder is implemented via a National Partnership Agreement signed by the Commonwealth Government and all State and Territory governments. This approach utilises existing state and territory mechanisms to distribute the HomeBuilder payments.

## Budget impact

The total HomeBuilder program is expected to have a cost of up to \$2.5 billion. Final program costs may differ from these estimates as HomeBuilder is an uncapped and demand-driven program.

## Integrity measures

- Owner-builders are ineligible for HomeBuilder.
- Investment properties are ineligible for HomeBuilder.
- In negotiating a building contract, the parties must deal with each other at arm's length. This means the contract must be made by two parties freely and independently of each other, and without some special relationship, such as being a relative. The terms of the contract should be commercially reasonable and the contract price should not be inflated compared to the fair market price.
- Renovations or building work must be undertaken by a registered or licenced building service 'contractor' (depending on the state or territory you live in) and named as a builder on the building licence or permit.
- The renovation works must be to improve the accessibility, safety and liveability of the dwelling. It cannot be for additions to the property such as swimming pools, tennis courts, outdoor spas and saunas, sheds or garages (unconnected to the property).
- HomeBuilder is non-taxable in the hands of the recipient – consistent with existing state and territory First Home Owner Grant programs.

## Case Study Examples

### Owner occupiers Emily and Charles decide to knock down and rebuild their existing home

Emily and Charles enter into a building contract on 14 February 2021 to knock down and rebuild their existing home in Melbourne, with the contract valued at \$600,000 (this is considered a substantial renovation). The pre-renovation value of the property is \$1,000,000 (the current value of the dwelling and land). The couple pay the builder \$150,000 and construction commences on 29 March 2021.

They then apply for the \$15,000 HomeBuilder grant through their State Revenue Office. The State Revenue Office conducts the eligibility checks, reviews the couple's documentation and confirms that both Emily and Charles meet the eligibility criteria, including that the value of the renovations is between \$150,000 and \$750,000, and the value of their home (house and land) is less than \$1.5 million. The State Revenue Office also confirms construction commenced within the 18 months of them signing the contract and \$150,000 has been paid to the builder. The State Revenue Office approves the application.

As Emily and Charles already own their own home, they are not eligible for the First Home Owner Grant, the First Home Loan Deposit Scheme or the First Home Super Saver Scheme.

### First home buyers Lydia and John decide to purchase a house and land package

Lydia and John enter into a house and land contract in Victoria for \$800,000 on 1 March 2021. They then apply for the \$15,000 HomeBuilder grant through their State Revenue Office. The State Revenue Office conducts the eligibility checks and reviews the couple's documentation and confirms that both Lydia and John meet the eligibility criteria, including that the value of the contract is under the Victorian \$850,000 contract price cap for contracts signed between 1 January and 31 March 2021. The State Revenue Office also confirms construction commenced within 18 months, the foundations have been laid and the first progress payment has been made to the builder. The State Revenue Office approves the application.

As the couple are both first home buyers, Lydia and John may also be entitled to their State's First Home Owner Grant and stamp duty concessions as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

### Owner occupiers Felicity and Daniel are not eligible for HomeBuilder

Felicity and Daniel decide to build a new home on a vacant block of land that they already own in the ACT. The value of the vacant block is \$500,000 and the building contract they sign is for \$900,000. Felicity and Daniel enter into the building contract on 20 January 2021.

Felicity and Daniel are not eligible for HomeBuilder as the value of their property is over the \$750,000 price cap.

### Owner occupiers Cecilia and Rue are not eligible for HomeBuilder

Cecilia and Rue purchase an off-the-plan apartment in Sydney on 4 July 2020, with the sales contract valued at \$900,000.

As the value of the property is over \$750,000 and they signed the contract between 4 June and 31 December 2020, they are not eligible for HomeBuilder.

Cecilia and Rue consider entering into a new contract with the developer after 1 January 2021 (when the new build price cap in NSW is raised to \$950,000). However, if they enter into a new contract that replaces a contract made prior to 1 January 2021 to build the same or substantially similar home, they would not be eligible to receive the HomeBuilder grant.

### First home buyers Emma and Liam decide to purchase a house and land package

Emma and Liam enter into a house and land contract for \$550,000 on 25 September 2020. They then apply for the \$25,000 HomeBuilder grant through their State Revenue Office. The State conducts the eligibility checks and reviews the couple's documentation and confirms that both Emma and Liam meet the eligibility criteria, including that the value of the contract is under the \$750,000 contract price cap. The State Revenue Office also confirms construction commenced within 18 months, the foundations have been laid and the first progress payment has been made to the builder. The Revenue Office approves the application.

As the couple are both first home buyers, Emma and Liam may also be entitled to their State's first home owner grant and stamp duty concessions as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

## Owner-occupier Cassidy decides to substantially renovate her home

Cassidy enters into a contract to substantially renovate her home on 31 December 2020, with renovations valued at \$400,000. The value of her home is \$900,000 (this includes the value of the house and the land). Cassidy pays the builder \$150,000 to commence renovation of her home on 2 February 2021. On 21 March 2021, Cassidy then applies to her State Revenue Office to receive the HomeBuilder grant. As Cassidy signed her contract on 31 December 2020, she is eligible for the \$25,000 grant.

The State Revenue Office conducts the eligibility checks and confirms that Cassidy meets the eligibility criteria, including that the value of the renovations is between \$150,000 and \$750,000, and the value of her home (house and land) is less than \$1.5 million. Cassidy will receive the grant after she has demonstrated to the State Revenue Office that construction has commenced (within 18 months of the contract being signed) and she has made a payment of at least \$150,000 for the renovations.

As Cassidy already owns her own home, she is not eligible for the First Home Owner Grant, the First Home Loan Deposit Scheme or the First Home Super Saver Scheme.

## First home buyer Rebecca decides to purchase an off-the-plan apartment

First home buyer Rebecca enters into a contract to purchase an off-the-plan apartment valued at \$550,000 on 6 October 2020.

Rebecca applies through her State Revenue Office to receive the HomeBuilder \$25,000 grant. The Revenue Office conducts the eligibility checks and reviews Rebecca's application documentation. The Revenue Office confirms that Rebecca meets the eligibility criteria, including that the value of the off-the-plan apartment is under the \$750,000 contract price cap. Rebecca will receive the grant after she has demonstrated to the State Revenue Office, by 30 April 2023, that construction commenced within 18 months of the contract being signed and her name has been registered on the title.

As Rebecca is a first home buyer, she may also be entitled to her State's First Home Owner Grant and stamp duty concessions as well as the Commonwealth's First Home Loan Deposit Scheme and First Home Super Saver Scheme.

## Owner-occupiers Carla and Andrew decide to build a new home on a vacant block

Carla and Andrew decide to build a new home on a vacant block of land that they already own. The value of the vacant block is \$400,000 and the building contract that Carla and Andrew sign is for \$300,000. Carla and Andrew enter into the building contract on 4 July 2020 and make the first progress payment to their builder when construction commences on 2 August 2020.

Carla and Andrew apply for HomeBuilder via the relevant Revenue Office which conducts the eligibility checks and confirms that both Carla and Andrew meet the eligibility criteria, including that the value of the property (house and land) is less than \$750,000. The State Revenue Office also confirms construction commenced within 18 months of them signing the contract, that foundations have been laid and the first progress payment has been made to the builder. The Revenue Office approves the application.

As Carla and Andrew are not first home buyers, they are not eligible for the First Home Owner Grant, the First Home Loan Deposit Scheme or the First Home Super Saver Scheme.