

## AFFORDABLE HOME PURCHASE

### Buying Your Affordable Home: Frequently Asked Questions (FAQs) about the Affordable Home Purchase Scheme

The ACT Government has an Affordable Home Purchase Scheme which is intended to help people below a certain income threshold buy their own home. These FAQs will help you understand more about the Affordable Home Purchase Scheme, the processes you will have to follow, and your rights and responsibilities.

#### I'm interested, what do I do now?

The first step is to make sure you meet the eligibility criteria and register your interest on the Affordable Home Purchase database.

For further information, call Access Canberra on 13 22 81 or email [affordablehomepurchase@act.gov.au](mailto:affordablehomepurchase@act.gov.au).

#### How do I become eligible?

You need to meet the eligibility criteria. When you register your interest on the Affordable Home Purchase database, you will receive an email with the next steps, and you will be asked to provide supporting evidence so that we can assess your eligibility.

#### What are the eligibility criteria based on?

The eligibility criteria are based on the following categories:

- **Age:** the Affordable Home Purchase Scheme is only available to those who are at least 18 years old, which is why we ask for identity documents.
- **Australian residency status:** the Affordable Home Purchase Scheme is only available for Australian residents, which is why we ask for documents about your residency such as your birth certificate, passport or visa details.
- **Income:** the Affordable Home Purchase Scheme is only available to people on low to moderate incomes, which is why we ask for information about your household income, and supporting evidence.
- **Property ownership:** the Affordable Home Purchase Scheme is only available to people who have not previously owned property, either as an individual, as tenants in common, or as part of a business operation. This includes previous property ownership in Australia or overseas.
- **Financial assets and owner-occupier status:** the Affordable Home Purchase Scheme is only available to people with financial assets below the threshold, who intend to live in the home for a minimum of 12 months. The Affordable Home Purchase Scheme is not intended for investors or people who have large portfolios of assets.

## **What types of homes are available?**

The dwelling type and location of affordable homes will vary, and it will include apartments, townhouses and some detached homes, with different numbers of bedrooms. When you register your interest, you will be asked to provide us with your preferences.

Each year the ACT Government sets housing targets which apply to land that is sold by the Suburban Land Agency. These housing targets will provide a guide to the location of dwellings which may become available through the Affordable Home Purchase Scheme. Please note that developers/builders may take some time to prepare their designs, so some of these locations may not become available for some time after we sell the land.

## **How big are the affordable homes being offered?**

The size of the dwellings will vary. The area for apartments and townhouses is measured to the outside face of external walls and to the centre line of party walls between both units and common areas. The price thresholds are based on three different size categories, including up to 80m<sup>2</sup>, between 80m<sup>2</sup> and 105m<sup>2</sup>, and greater than 105m<sup>2</sup>.

A typical one-bedroom apartment would be approximately 50m<sup>2</sup>, while a typical two-bedroom apartment would be approximately 70m<sup>2</sup>.

## **What are the affordable home purchase price thresholds?**

The home purchase price threshold is the maximum amount that a dwelling can be sold at based on the size of the dwelling. The thresholds are assessed each year against the Wage Price Index. The thresholds are based on how much a person on a low to moderate income can afford to spend on a home purchase, without spending more than 30% of their gross income on mortgage payments.

## **What if I don't meet the eligibility criteria, but think I should be able to participate?**

If you are an Australian resident over 18 years of age, and do not meet the other criteria for the Affordable Home Purchase Scheme, and you believe that you have special circumstances, you can request special consideration. This is done by writing a brief description of your circumstances within your Statutory Declaration form and emailing it to [affordablehomepurchase@act.gov.au](mailto:affordablehomepurchase@act.gov.au).

## **What is independent legal and financial advice?**

Buying a home is a big financial decision and commitment. It involves entering into a legal contract. Independent legal and financial advice, from qualified professionals, may help you to make the best decision for your own circumstances. This should include discussions with a financial institution about your ability to borrow and repay money. You should also seek legal assistance in reviewing any sales contract.

The ACT Government and the Suburban Land Agency cannot recommend particular providers of legal and financial services to you, but the following links may be useful:

### **Australian and Securities and Investments Commission (ASIC)**

The ASIC website provides many useful links and tools, including how to make sure you are borrowing money from a reputable and registered lender. Visit <https://www.asic.gov.au/for-consumers/> for more details.

### **ASIC MoneySmart**

The ASIC MoneySmart website includes guidance on choosing a home loan, buying a home and tips for once you get a mortgage. Visit <https://www.moneysmart.gov.au/> for more details.

### **Mortgage and Finance Association of Australia**

The Mortgage & Finance Association of Australia website includes a list of mortgage providers and also provides links to information and financial calculators. Visit <https://www.mfaa.com.au/> for more details.

### **ACT Law Society**

The ACT Law Society website includes a list of lawyers and information and advice about buying a home including how to make sure your rights are protected and how your solicitor can advise you. Visit <https://www.actlawsociety.asn.au/> for more details.

## **Will the ACT Government give me a loan?**

The ACT Government is not offering loans as part of the Affordable Home Purchase Scheme. You will be required to make your own financial arrangements and seek a home loan from a financial provider.

## **Do I need pre-approved finance to register my interest?**

You do not need pre-approved finance to register your interest on the Affordable Home Purchase database, however, we strongly encourage you to seek independent legal and financial advice. It is recommended that you understand what your financial capacity is, including how much you might be able to borrow at the time you are found eligible to participate in the scheme.

## **Am I guaranteed an affordable home if I am confirmed eligible?**

Being eligible to participate in the scheme and choosing to enter a ballot does not guarantee that you will be offered an affordable dwelling. You will remain eligible for 12 months, so if you do not find a dwelling straight away, we will continue to offer you properties over the 12-month period.

### **What if I don't find a dwelling within 12 months?**

After 12 months, if you are still interested in purchasing an Affordable dwelling, your eligibility will be re-assessed against the eligibility criteria at that time. We cannot guarantee you will be deemed eligible following a reassessment, as there may be changes to the eligibility criteria and/or your personal situation that impact your eligibility.

## **How do I get my documents certified?**

When you are asked to provide us with certain documents, such as your identity documents, you will be asked to provide certified copies.

## **What is a certified copy and why do you need it?**

A certified copy is a copy (often a photocopy) of an original document that has on it an endorsement or certification that it is a true copy of the original document. It does not certify that the original document is genuine, only that it is a true copy. We ask for certified copies so that we can make sure we are not being provided copies which have been altered or changed.

### **Who can certify my documents?**

The Statutory Declarations Form lists authorised persons who may certify a document. This includes Justices of the Peace, and common professions such as police officers and employees of the Australian Postal Corporation.

### **How do I get a certified copy?**

You will need to take the original document, and the copy, to an authorised person. Before certifying a document, the certifier must ensure it is a true copy of the original. The certifier will include a statement on each page of the copy to say that it is a true copy of the original that they have seen, and they will need to sign and date it, and include their qualification (which allows them to certify documents).

## **What do I do with my eligibility confirmation letter?**

You must keep the confirmation letter in a safe place as you will be required to provide it to the builder/developer as evidence that you are an eligible buyer. The builder/developer will be required to provide a copy of this letter to the Suburban Land Agency, to prove they have sold the home to an eligible buyer.

## **What happens after I am confirmed eligible?**

When an affordable dwelling becomes available, which will usually be after the builder/developer has received Development Approval, we will contact you to see if you are interested in that dwelling. When you have confirmed your interest in an available affordable dwelling, you will be entered into a randomly-drawn ballot. If your name is drawn, you will become a successful applicant and your details, including your contact information, will be provided to the builder/developer. The builder/developer, or their agent, will contact you about entering into a contract to purchase the home.

## **If I am successful in a ballot, do I have to purchase the property?**

No. If you are successful in a ballot, a developer or their agent will contact you about entering into a contract to purchase the home, but you are not obliged to accept their offer. You are free to discuss and negotiate the contract with the developer, and you do not have to accept the contract if you are not satisfied with it.

If you choose not to accept a contract, we will continue to offer you other affordable properties as they become available. Refusing a contract will not disadvantage you in future ballots you choose to enter.

## **How long do I have to think about buying an affordable home?**

Once a builder/developer contacts you, you will have between 2-6 weeks (this will vary depending on the location of the home) to consider and sign a contract of sale. The builder/developer has

three days to contact you after they are provided with your contact details (if you are successful in the ballot). If you do not exchange contracts for sale within this period the builder/developer may withdraw from discussions with you and consider other potential buyers.

The time you have is not very long. You will have important things to consider and get advice on, for example:

- Can I borrow the money I need to buy the house or unit?
- Can I afford to make my repayments?
- What are my rights and obligations in buying a house or unit?

It is important to be prepared. Knowing how much you can borrow and whether you are able to continue to make repayments if your circumstances change are important things to know and will help you in making the decision to buy your first home.

## **What does my sales contract involve?**

To buy your first home, you will need to sign a contract of sale with the builder/developer. The contract that you sign should include some mandatory terms which the ACT Government has prepared.

The builder/developer must sell the house or unit at or below a particular price threshold, depending on the size of the house or unit. The builder/developer must also build the house or unit with the agreed finishes and inclusions. As an example, all windows to bedrooms and living areas must be double glazed and include locks and flyscreens.

It may be possible to discuss with the builder/developer changes to the type of finishes or inclusions in your house or unit, such as changes to the flooring type from carpet to timber flooring. The builder/developer must discuss any changes with the Suburban Land Agency, and get agreement in writing, before agreeing to change the terms. The builder/developer must not increase the price above the price threshold.

## **What are my rights and who do I contact if I am feeling concerned?**

You have the right to make your decision about purchasing a property without being unreasonably pressured. You also have the right to be given any relevant information about the property or contract which will help you make your decision.

If you are feeling uncomfortable about how your discussions with a developer or their agent are proceeding, have concerns that they are not providing you with important information, or are unsure whether the developer or agent is being reasonable with you, please email [affordablehomepurchase@act.gov.au](mailto:affordablehomepurchase@act.gov.au) immediately to discuss your concerns.

## **What if I am not able to get a loan or participate in the Affordable Home Purchase Scheme?**

We encourage you to consider other options, such as accessing community or public housing. More information about other housing options is available at <https://www.act.gov.au/homes-housing/home>.

The ASIC MoneySmart website also has lots of useful information about budgeting and saving money. Visit <https://www.moneysmart.gov.au/> for more details.