



Tuesday 14 May 2019

First Home Loan Deposit Scheme a fantastic initiative says UDIA

With housing affordability a key priority for The Urban Development Institute of Australia (UDIA), National President Darren Cooper has welcomed the Government's announcement about the First Home Loan Deposit Scheme, which will see some Australians able to buy their first home sooner.

"We've been talking about the urgent need for politicians to focus on housing affordability for some time now, so this announcement by the Government, and the Opposition's support for it, is encouraging," says Darren Cooper, UDIA National President.

"Saving for a home loan deposit is a huge barrier to first home buyers. With house prices rising much faster than incomes over recent years, it can take average households up to 10 years to save the 20% deposit required by lenders.

"Supporting eligible first home buyers who have saved a 5% deposit, by guaranteeing the balance of the 20% deposit through this Scheme, is a great initiative. It truly is a leg up for first home buyers," he says.

UDIA has welcomed that the value of homes that can be purchased under the Scheme will be determined on a regional basis, to reflect the different property markets across Australia and that the Scheme will be means tested.

"The housing market in each capital city and in regional areas is different, so we welcome the fact this Scheme takes this into account," says Darren Cooper.

"However, whilst we acknowledge that the Scheme does need some conditions and parameters, we would encourage the Government to further expand the income eligibility criteria to make it available to an even larger cohort of potential buyers," he said.

"And further, if the Government really wants to get housing credit moving again for first home buyers, it needs to encourage APRA to allow the banks to use an assessment interest rate for repayment purposes which is much closer to current home loan rates, rather than the artificially-high theoretical interest rate currently being used."

"Nevertheless, this is a great start and a really innovative way of leveraging the National Housing Finance and Investment Corporation to get more people into their first home faster."

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