

REINSW: FIRST HOME BUYER SCHEME "A SLAP IN THE FACE"

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Despite the announcement to coincide with the by-elections, there are still no details available on the NSW Government's latest scheme in which it proposes to contribute to the cost of a first home buyer's home in return for part ownership of their property. But what is clear, says the Real Estate Institute of NSW (REINSW), is Government's admission it can't solve the affordable housing crisis for first home buyers.

REINSW CEO Tim McKibbin says the absurd proposal is a bizarre attempt to address the symptoms of the problem, not the problem itself: lack of supply.

"This proposal is not only poorly conceived, it is actually a slap in the face to first home buyers," Mr McKibbin says.

"First, there's stamp duty to consider. A first home buyer purchases their home with help from the Government and pays stamp duty. The Government takes that stamp duty to refund itself for the equity it has now taken in the first home buyer's property.

"It creates a bizarre scenario in which the first home buyer is, in part, providing finance for the Government to acquire a portion of their home.

"For first home buyers who have waited a long time and made major sacrifices to enter the market, this is a bitter pill to swallow, and with the median house price in Sydney now over \$1 million and therefore not exempt from stamp duty, any suggestion that this will help people overcome the stamp duty barrier is clearly wrong.

"Many other questions arise too. How might the Government's interest in a property impact a first home buyer's ability to secure finance from a bank? Does the Government stand to benefit from increases in the value of the property, particularly if the first home buyer makes improvements?

"The potential pressure on family relationships poses another threat, as there is clearly an expectation in the Government's scheme that mum and dad will liquidate some of the equity in their home to assist their children.

"It raises difficult questions, like what will this do to the relationship if they refuse? There are already many expectations placed on the Bank of Mum and Dad and this proposal potentially adds to these.

"There are many ripple effects such a proposal could have which could distort the market even more. The last thing we need is further Government intervention in a free market which contributes to the demand side of the equation when it's the lack of supply that is fuelling the affordability crisis," he says.

Mr McKibbin says the timing of the scheme's announcement, just prior to the by-elections, shows that the NSW Government understands voters' concerns about housing affordability.

Unfortunately, it also shows Government does not understand how to solve the problem, he says.

"First we had the property tax and now we have this equity stake scheme. Both seek to treat the symptoms of the affordability issue without addressing the cause, which is the undersupply of homes and Government's addiction to property taxes," Mr McKibbin says.

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About REINSW

The Real Estate Institute of New South Wales (REINSW) is the peak industry body for real estate agents and property professionals in NSW. It represents more than 2000 agencies across residential sales, property management, commercial, strata management, buyers' agency, agency services and auctioneering. Established in 1910, REINSW works to improve the standards, professionalism and expertise of its members to continually evolve and innovate the industry. It lobbies the government and industry on behalf of members, develops new products and services to benefit agencies and professionals, and offers training and ongoing professional development. For more information, visit reinsw.com.au.