



Australian Government



National Housing Finance
and Investment Corporation

First Home Loan Deposit Scheme (New Homes) FACT SHEET



What is the First Home Loan Deposit Scheme?

The First Home Loan Deposit Scheme (FHLDS) is an Australian Government initiative to support eligible first home buyers to build or purchase a new home sooner. The Scheme is administered by the National Housing Finance and Investment Corporation (NHFIC). Usually first home buyers with less than a 20 per cent deposit need to pay lenders mortgage insurance. Under the Scheme, eligible first home buyers can purchase or build a new home with a deposit of as little as 5 per cent (lenders criteria apply). This is because NHFIC guarantees to a participating lender up to 15 percent of the value of the property purchased that is financed by an eligible first home buyer's home loan.

What is the First Home Loan Deposit Scheme (New Homes)?

In the 2020-21 Federal Budget, the Australian Government announced an additional 10,000 FHLDS places for the 2020-21 financial year, specifically for eligible first home buyers building or purchasing new homes. These additional places are known as the First Home Loan Deposit Scheme (New Homes) or FHLDS (New Homes).

How does FHLDS (New Homes) work?

Eligible first home buyers looking to build or purchase a new home are able to apply for a loan to purchase an eligible property through a participating lender during this financial year (ending 30 June 2021). Eligible borrowers can use the guarantee in conjunction with other government programs like the First Home Super Saver Scheme, HomeBuilder grant or state and territory First Home Owner Grants and stamp duty concessions. The guarantee is not a cash payment or a deposit for your home loan.

What types of properties are eligible?

Eligible FHLDS (New Homes) properties include:

- newly-constructed dwellings
- off-the-plan dwellings
- house and land packages
- land and a separate contract to build a new home.

A newly-constructed dwelling can also be one where a home has been substantially renovated, or knocked down and rebuilt, by the vendor – thus creating a 'newly-constructed dwelling'.

There are particular requirements which apply for each type of property. Contact a [participating lender](#) for more details.

What are the timeframes for FHLDS (New Homes)?

If you are **purchasing** a new home:

- you must enter into a contract of sale to purchase your new home within 90 days of being pre-approved
- for an off-the-plan property, the contract of sale must be dated on or after 7 October 2020. Generally, the building of your off-the-plan property must start within 6 months and finish within 24 months.
- for a newly constructed dwelling, the dwelling must have been completed on or after 1 January 2020.

If you are **building** a new home (either under a house and land package or as a land and separate contract to build a home):

- you must enter into an eligible building contract within 90 days of being pre-approved; and
- you must start building within 6 months of entering into the eligible building contract and finish building within 24 months of starting.

Search the property price threshold for a suburb or postcode on NHFIC's website at www.nhfc.gov.au/what-we-do/fhlDs/property-price-thresholds/

What property price thresholds apply for FHLDS (New Homes)?

FHLDS (New Homes) assists in the building or purchase of a new home. The value of the new home must not exceed the relevant price cap for the area in which it is located. The price caps for capital cities, large regional centres and regional areas are on the following page.

| State | Capital city and regional centres* | Rest of State |
|--|------------------------------------|---------------|
| New South Wales | \$950,000 | \$600,000 |
| Victoria | \$850,000 | \$550,000 |
| Queensland | \$650,000 | \$500,000 |
| Western Australia | \$550,000 | \$400,000 |
| South Australia | \$550,000 | \$400,000 |
| Tasmania | \$550,000 | \$400,000 |
| Territory | All areas | |
| Australian Capital Territory | \$600,000 | |
| Northern Territory | \$550,000 | |
| Jervis Bay Territory & Norfolk Island | \$600,000 | |
| Christmas Island and Cocos (Keeling) Islands | \$400,000 | |

* Note that regional centres only include the areas identified as (1) in New South Wales, Illawarra and Newcastle and Lake Macquarie, (2) in Victoria, Geelong, and (3) in Queensland, Gold Coast and Sunshine Coast.

Who is eligible for FHLDS (New Homes)?

- Australian citizens who are at least 18 years of age. Permanent residents are not eligible.
- Single applicants with a taxable income of up to \$125,000 per annum for the previous financial year and couples with a taxable income of up to \$200,000 per annum for the previous financial year. For all FHLDS (New Homes) applications made to 30 June 2021, the relevant financial year assessed will be 2019-20.
- Couples are only eligible for FHLDS (New Homes) if they are married or in a de-facto relationship with each other. Other persons buying together, including siblings, parent/child or friends, are not eligible for FHLDS (New Homes).
- FHLDS (New Homes) assists single (individual) applicants and couples (together) who have at least 5 per cent of the value of an eligible property saved as a deposit. If 20 per cent or more is saved, then the home loan will not be covered by FHLDS (New Homes).

- Loans under FHLDS (New Homes) require scheduled repayments of the principal and interest of the loan for the full period of the agreement, which will need to be for a term of 30 years or less, (with limited exceptions for interest-only loans, which mainly relate to construction lending).
- Applicants must intend to be owner-occupiers of the purchased property. Investment properties are not supported.
- Applicants must be first home buyers who have not previously owned, or had an interest in, a property in Australia, either separately or jointly with someone else (includes residential strata and company title properties).

How to apply

Eligible first home buyers can apply for FHLDS (New Homes) through a participating lender. The full list of participating lenders is at

<https://www.nhfc.gov.au/what-we-do/fhlDs/how-to-apply/#FHLDSLenders>.

- First home buyers are responsible for meeting all costs and repayments for the home loan associated with the guarantee.
- All applications for the FHLDS (New Homes) need to be made directly with one of the Scheme's [participating lenders](#). NHFC doesn't accept applications directly from first home buyers.

Find out more on how to apply at www.nhfc.gov.au/what-we-do/fhlDs/how-to-apply

