



Australian Government



National Housing Finance
and Investment Corporation

Home Guarantee Scheme Family Home Guarantee

Fact Sheet 2022/23

1 July 2022



What is the Family Home Guarantee?

The Family Home Guarantee (FHG) is an Australian Government initiative that aims to support eligible single parents with at least one dependent child in purchasing a family home. It is administered by the National Housing Finance and Investment Corporation (NHFIC) under the Home Guarantee Scheme (Scheme) on behalf of the Australian Government.

From 1 July 2022, 5,000 Family Home Guarantees will be made available each financial year (up until 30 June 2025) to eligible single parents with at least one dependent child, subject to their ability to service a loan.

The Family Home Guarantee can be used to build a new home or purchase an existing home with a deposit of as little as 2 per cent, regardless of whether that single parent is a first home buyer or a previous home owner. Investment properties are not supported by the Family Home Guarantee.

How does the Family Home Guarantee work?

Eligible single parents with at least one dependent child looking to build a new home or purchase an existing home are able to apply for a loan to purchase an eligible property through a participating lender.

NHFIC guarantees to a participating lender up to 18 per cent of the value of the property, provided the borrower has a minimum 2 per cent deposit, and is eligible for the Family Home Guarantee.

This will enable single parents with at least one dependent child to enter, or re-enter, the housing market sooner.

What types of properties are eligible?

For a property to be eligible under the Family Home Guarantee, it must be a residential property – this term has a particular meaning and is consistent with the First Home Guarantee.

Eligible residential properties generally include:

- an existing house, townhouse or apartment
- a house and land package
- land and a separate contract to build a home
- an off-the-plan apartment or townhouse.

Participating Lenders require your land to be titled prior to the issuance of a NHFIC guarantee, therefore the land will need to be titled before the end of the 90 day pre-approval period.

If you are considering entering into contracts relating to purchasing land and for the construction of a home, you may wish to discuss with your participating lender (and broker, if applicable) all of the potential risks that may be associated with these transactions. It is worth noting that you are required to sign a fixed price building contract, and that any amendments to this after signing, may impact the validity of your Scheme place and your bank may require you to pay Lenders Mortgage Insurance (LMI) or fund these additional costs yourself.

Who is eligible?

- Australian citizens who are at least 18 years of age. Permanent residents are not eligible.
- Must be a single parent with at least one dependent child. A parent is not a single parent if they are married or in a de facto relationship. NB: a person who is separated but not divorced is not single.
- The single parent must have a taxable income that does not exceed \$125,000 per annum for the previous financial year as shown on the Notice of Assessment (issued by the Australian Taxation Office). NB: Child support payments are not included as income for the purpose of the income cap.

- The single parent must be the only name listed on the loan and the certificate of title.
- It is expected that the single parent demonstrate that they are the natural or adoptive parent of a dependent child within the meaning of s.5 of the *Social Security Act 1991* (Cth). In a general sense, this means that the person must show that they are legally responsible (whether alone or jointly with another person) for the day-to-day care, welfare and development of the dependent child and the dependent child is in their care.
- Alternatively, the single parent must show that they are the natural or adoptive parent of a child between 16 and 22 years of age, who receives a disability support pension and lives with them.
- Individuals must have at least 2 per cent of the value of the property available as a deposit. If the borrower has a deposit of more than 20 per cent, then the home loan cannot be covered by the Family Home Guarantee.
- Loans under the Family Home Guarantee require scheduled repayments of the principal and interest of the loan for the full period of the agreement. The loan agreement must have a term of no more than 30years.
- Applicants must intend to be owner-occupiers of the purchased property. In the case of an active Australian Defence Force member applicant, the Family Home Guarantee is not subject to the owner-occupier requirement after entering into the loan if they cannot meet this requirement because of their duties.
- Applicants can be either first home buyers or previous owners who do not currently own a home. That is, the applicant must not currently have a freehold interest in real property (this includes land) in Australia, a lease of land in Australia or a company title interest in land in Australia.

The eligibility criteria must be satisfied at the time the loan agreement is entered into. The eligibility criteria for the Family Home Guarantee is outlined in the currently in force *National Housing Finance and Investment Corporation Investment Mandate Direction 2018*.

Before you enter into a home loan agreement, you should consider talking with your lender (or broker) about the potential implications of changing interest rates or house prices on your individual circumstances.

What property price thresholds apply?

The property price thresholds for the Family Home Guarantee are the same as those applying to the First Home Guarantee.

State	Capital city & regional centres*	Rest of State
NSW	\$900,000	\$750,000
VIC	\$800,000	\$650,000
QLD	\$700,000	\$550,000
WA	\$600,000	\$450,000
SA	\$600,000	\$450,000
TAS	\$600,000	\$450,000

Territory	All areas
ACT	\$750,000
NT	\$600,000
Jervis Bay Territory & Norfolk Island	\$550,000
Christmas Island & Cocos (Keeling) Islands	\$400,000

* The capital city price thresholds apply to regional centres with a population over 250,000 (Newcastle & Lake Macquarie, Illawarra (Wollongong), Geelong, Gold Coast and Sunshine Coast), recognising that dwellings in regional centres can be significantly more expensive than other regional areas.

Search the property price threshold for a suburb or postcode at www.nhfc.gov.au

How to apply

Eligible single parents will be able to apply for the Family Home Guarantee through a participating lender. The full list of participating lenders is at www.nhfc.gov.au

There are no costs or repayments associated with the Family Home Guarantee. However, eligible single parents are responsible for meeting all costs and repayments for the home loan associated with the Family Home Guarantee.

NHFC will not accept applications directly and does not maintain a waiting list for Family Home Guarantee places.

Find out more about the eligibility criteria and a list of panel lenders at www.nhfc.gov.au