

Concurrent 6: Boosting home ownership through shared equity

Rachel Ong ViforJ

Curtin University





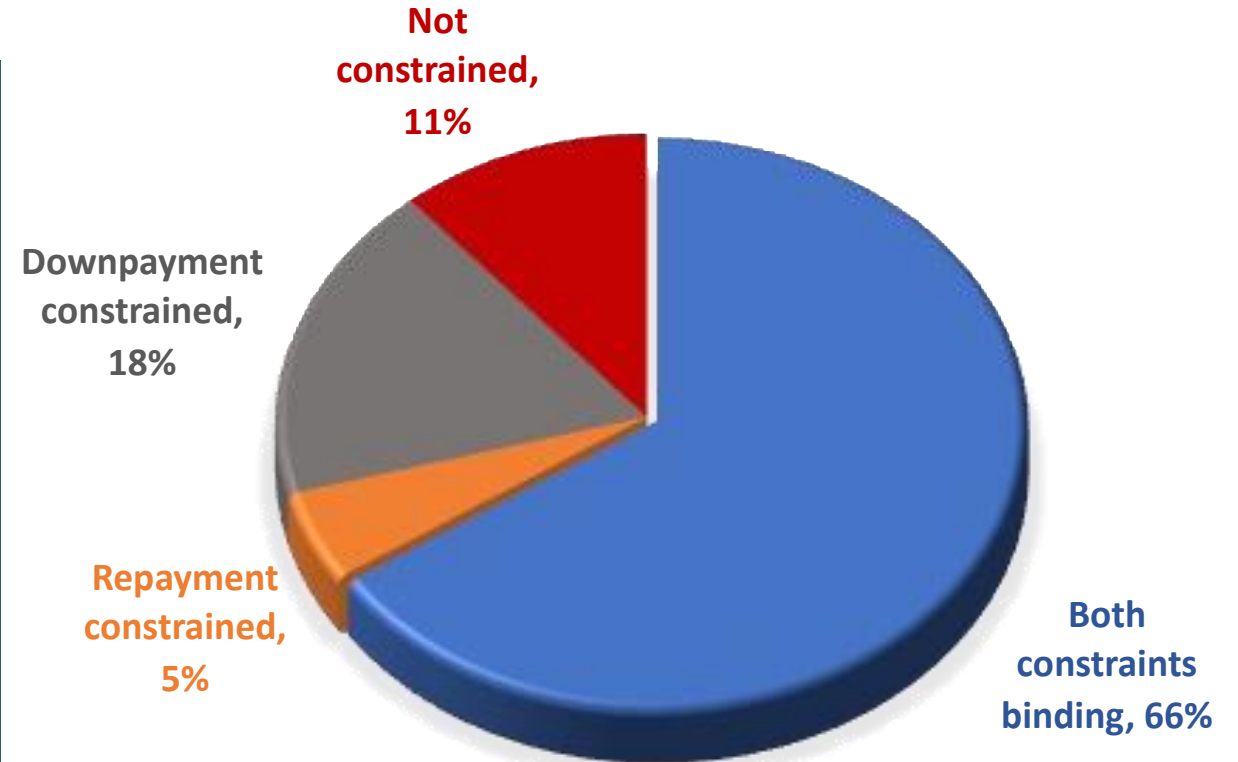
Accessing homeownership through shared equity: potential and challenges

Rachel Ong ViforJ
National Housing Conference 2023

Innovation in affordable homeownership



- Value of dwelling divided between two entities – purchaser and funder
- Shared equity vs Shared ownership
- Capital gains of the dwelling shared across the two entities
- Targeted – caps on property price and/or income limits



9 in 10 aspiring first homebuyers are locked out of homeownership without assistance or significant trade-offs.

AUS GOVERNMENT PROGRAMS

- VIC Homebuyer Fund
- WA Keystart Shared Ownership
- SA Homestart Shared Equity Option
- TAS MyHome
- ACT Shared Equity scheme for public housing tenants
- AUS Help to Buy

OTHER AUS SCHEMES

- HOPE Housing
- FrontYa Deposit Booster
- Longview Buying Boost
- Buy Assist

OTHER COUNTRIES

- UK Help to Buy
- Canada First-time Home Buyer's Incentive
- Ontario Priorities Housing Initiative
- UK Proportunity
- US Seed



**Potential impacts:
mortgage guarantee vs shared equity**

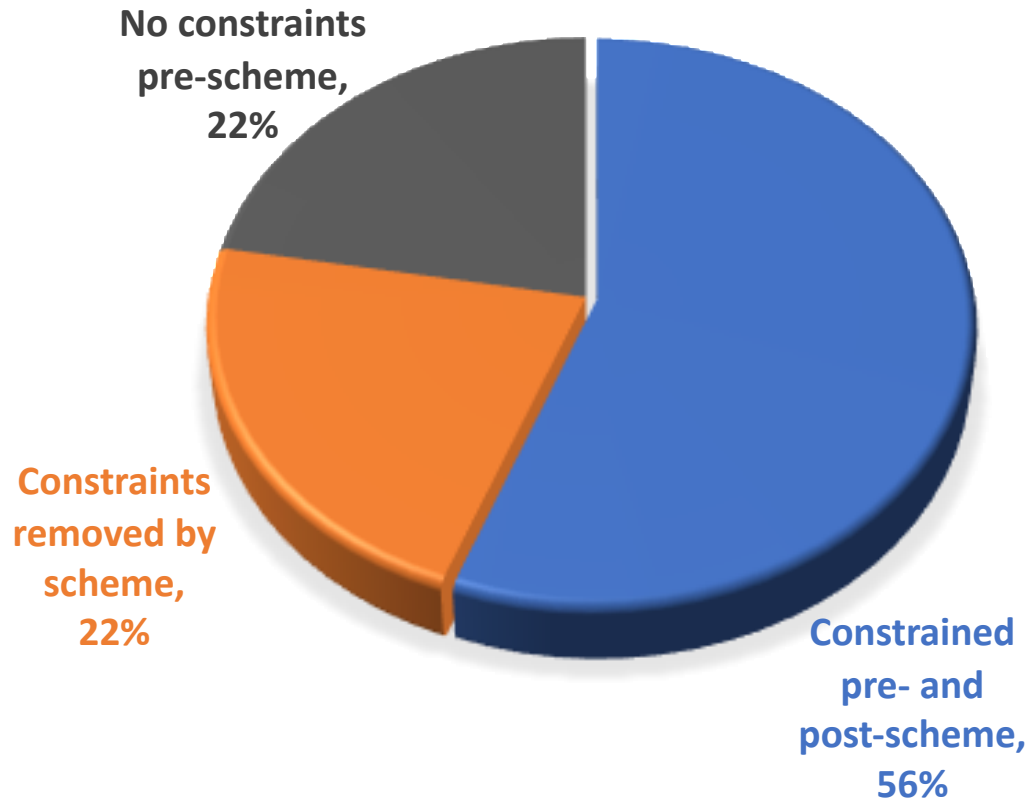
Income limits and deposit requirement

Household status	Mortgage guarantee (New Home Guarantee)	Shared equity (Help To Buy)
Single	\$125,000	\$90,000
Couples	\$200,000	\$120,000
Deposit savings (% of property value)	5% - 20%	>= 2%

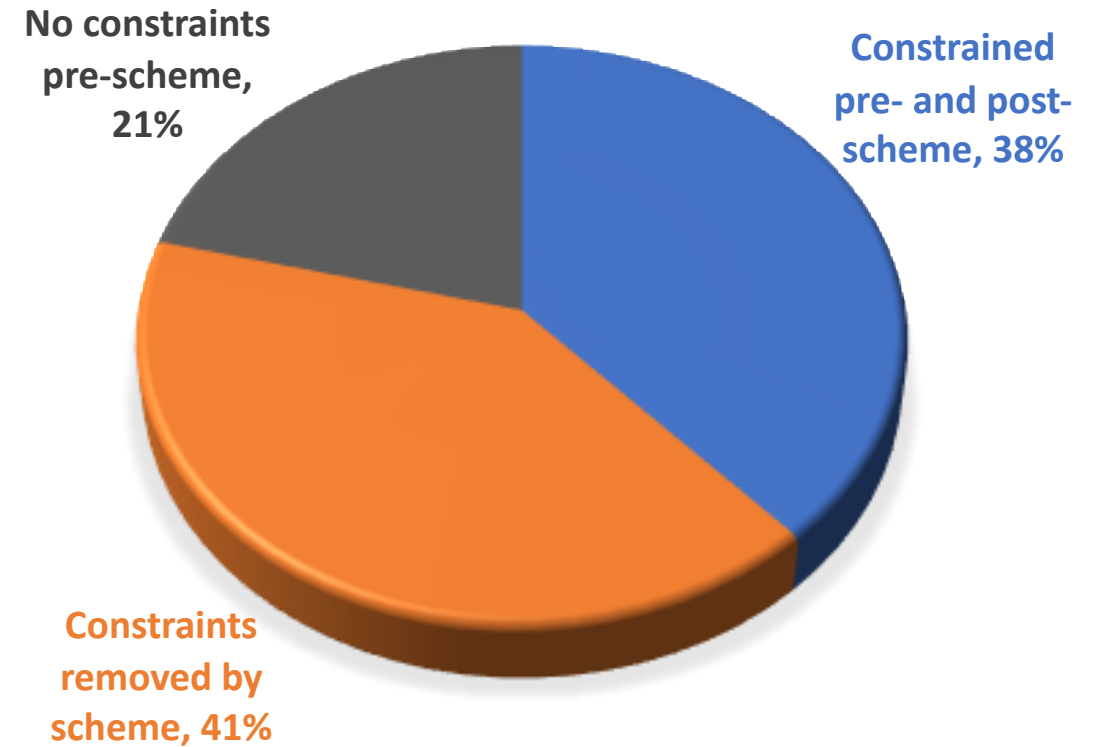
Eligibility among 1.6 million aspiring first homebuyer income units

	Mortgage guarantee		Shared equity	
	('000)	%	('000)	%
Eligible	267	16	497	31
Ineligible – satisfy property/income caps but insufficient deposit	928	57	525	33
Ineligible – property/income exceed caps	425	26	577	36

MORTGAGE GUARANTEE



SHARED EQUITY



Challenges

- Purchaser responsibility for all repair and improvement costs
- Lack of interest in equity-holding from banks
- Staircasing slowed due to house price rises exceeding wage growth
- Lack of active resale market for shared equity homes
- Lack of clarity regarding different product types
- Dynamics between State-led and Federal-led shared equity models