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# Shared equity programs in Australia: features, impacts and growth potential



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## Acronyms and abbreviations used in this report

|               |                                                                   |
|---------------|-------------------------------------------------------------------|
| <b>AHURI</b>  | Australian Housing and Urban Research Institute                   |
| <b>ANZSCO</b> | Australian and New Zealand Standard Classification of Occupations |
| <b>BL</b>     | Breakthrough Loan                                                 |
| <b>CLT</b>    | Community Land Trust                                              |
| <b>FHB</b>    | First home buyer                                                  |
| <b>GFC</b>    | Global Financial Crisis                                           |
| <b>HILDA</b>  | Household, Income and Labour Dynamics in Australia Survey         |
| <b>HTB</b>    | Help to Buy                                                       |
| <b>LVR</b>    | Loan-to-value ratio                                               |
| <b>OMSE</b>   | Open Market Shared Equity                                         |
| <b>NSSE</b>   | New Supply Shared Equity                                          |
| <b>SEH</b>    | Shared Equity Home Buyer Helper                                   |
| <b>SEO</b>    | Shared Equity Option                                              |
| <b>SRO</b>    | State Revenue Office                                              |
| <b>TBM</b>    | Tax Benefit Model                                                 |
| <b>UK</b>     | United Kingdom                                                    |

## Glossary

A list of definitions for terms commonly used by AHURI is available on the AHURI website [ahuri.edu.au/glossary](http://ahuri.edu.au/glossary).

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# Executive summary

## Key points

- This study aims to generate a comprehensive evidence-base to support the design of government-led shared equity models that promote sustainable home purchase in Australia.
- Many shared equity schemes impose at least one of three restrictions: income limits set below average levels; property price caps at or below regional averages; or scheme eligibility limited to priority groups.
- Schemes with higher government equity contribution rates are more effective at overcoming downpayment constraints. Schemes that leave participants with lower loan-to-value ratios (LVRs) are more effective at overcoming repayment constraints.
- Schemes that apply all three restrictions likely deliver the greatest additionality—such as the NSW Shared Equity Home Buyer Helper.
- Many shared equity schemes tend to underestimate housing affordability challenges in large capital cities like Sydney.
- Shared equity programs are not widely known despite information being available online; access to such programs can be convoluted and confusing.
- Recent purchasers identify program benefits, including the ability to buy without family support; as a single person; or much earlier than expected.
- Systematic, accessible and routine data collection and evaluations are needed to inform development of shared equity programs and to support longer-term housing strategies by program participants.



- **Current challenges include simplifying the complexity of schemes, managing impacts of due diligence requirements, navigating demand-side pressures, and the wider positioning of shared equity within homeownership supports.**
- **Future prospects can be enhanced by addressing these challenges and boosting financial innovation and capital investment.**

## **Key findings**

Shared equity schemes are a means of financing home purchase, where homebuyers on low-to-moderate incomes take out a loan on a proportion of the cost of a property and an equity partner provides the rest of the capital. This reduces the homebuyer's up-front deposit requirement and their post-purchase repayment burden. The purchaser can then increase their share of the property as their means allow.

### **Shared equity scheme design and home purchase affordability outcomes**

Whether or not a shared equity program achieves home purchase affordability for program participants depends on its accessibility, targeting accuracy and effectiveness.

#### **Accessibility**

In terms of accessibility, broad-based schemes are the most inclusive. Restricted schemes—such as the NSW Shared Equity Home Buyer Helper, which targets priority groups and applies both income caps and price caps—are the least accessible, covering just 3% of aspiring buyers.

#### **Targeting accuracy**

Shared equity schemes typically apply at least one of three restrictions: income limits below average levels; property price limits at or below average prices for the region; or scheme access by priority groups. Schemes that apply all three restrictions deliver the highest targeting accuracy. Nearly all (98%) of eligible participants in the NSW Shared Equity Home Buyer Helper program type need the scheme—without it, they would face downpayment and/or repayment constraints. Targeting accuracy is also high at 92% among schemes that apply price and income limits, and 87% among schemes that apply income limits only without specifying priority groups. Other schemes that are broad-based or not income-tested deliver much lower targeting accuracy.

#### **Relief from downpayment and/or repayment constraints**

We find that schemes with higher government equity contribution rates are more effective at delivering relief from downpayment constraints. Schemes that leave participants with lower loan-to-value ratios (LVRs) will be more effective at delivering relief from repayment constraints.

#### **Program additionality**

Program additionality is a gauge of whether a scheme assists:

- people who would not otherwise be able to enter homeownership on their own—high additionality
- people who would be able to enter homeownership without the scheme—low additionality.

Among the schemes we modelled, the NSW Shared Equity Home Buyer Helper program type delivers the greatest additionality, with average gross incomes of the assisted around \$61k and a much lower share in full-time employment than those assisted under other schemes (44%). Those assisted under this scheme also tend to be older than the average aspiring homebuyer (46 years compared to 42 years), suggesting the scheme is geared towards those who are unable to purchase or sustain homeownership in earlier stages of the life course.

The next scheme that offers some additionality is arguably the Australian Help to Buy program type, which is means-tested through both income and price limits. It is geared towards young singles with relatively low incomes of around \$76k on average and non-university post-school qualifications (60% compared to 37% of all aspiring homebuyers).

### **Price limits and the unevenness of housing market conditions**

Overall, analysis of the geographical distribution of assisted scheme participants suggests that many programs underestimate the severity of housing affordability challenges in major capital cities like Sydney. As a result, they are less effective in supporting aspiring homebuyers in these markets compared to more affordable regional areas.

### **Accounting for the shared equity consumer's complete journey**

The impact of shared equity schemes on the housing consumer journey can differ significantly between pre-purchase and post-purchase perspectives. For instance, when the South Australia HomeStart Breakthrough Loan scheme was in operation, it applied very generous entry eligibility criteria and government equity contribution, and very low deposit requirements. However, post-entry features were less attractive, with significant ongoing monthly fees (3% of the loan value) and the providers reaping a higher share of any equity gain than the participants. Such a program may offer attractive features to facilitate access to home ownership, but may not be as well-designed to support the scheme participants to sustain home ownership or reap the financial benefits of housing equity gains post-home purchase.

### **Four key stages**

The limited data available reveal the following four key phases of the shared equity program participant's consumer journey:

- *Envisioning*: shared equity programs are not widely known, yet information is available online.
- *Accessing*: access to shared equity programs can be convoluted and confusing, often involving a two-step process of government and financial approvals.
- *Living in*: recent purchasers identify program benefits, including capacity to purchase without family support, as a single person, or far earlier than imagined.
- *Transitioning*: information about long-term experiences of shared equity programs, including transition to increased or full share holdings, or exit, is limited.

### **A critical data gap**

Unfortunately, very little is known publicly about consumers' experiences living in shared equity homes, or how equity programs might feature within housing pathways. Thus, there is little information about the long-term impacts of shared equity programs that is publicly accessible and up-to-date.

More information is available to support pre-participation envisioning and accessing phases, but this tends to be supplied directly by shared equity providers. Information can be gleaned through social media and informal information channels, yet these information sources may be out-of-date and include inaccuracies.

## **Barriers to realising shared equity market potential**

Our study highlights a number of barriers that currently limit the growth of shared equity programs.

### **Program complexities**

Shared equity programs are a more complex arrangement than a traditional home purchase. However, these complexities are not currently matched by adequate advisory support, which can create confusion around both:

- how the schemes work over time
- post-purchase matters.

This is a particularly strong deterrent to scheme take-up, especially as many potential program participants are first homebuyers (FHBs) with limited experience of purchasing a home and servicing a mortgage. Another aspect of complexity is that shared equity loans are not viewed as ‘mainstream’ loans and can take longer to finalise because of additional due diligence required.

### **Trade-off between program expansion and inflationary risks**

Another barrier relates to the potential for inflationary impacts should these programs be expanded. Currently, inflationary risks appear small, but this reflects the limited scale of activity and controls provided by capped numbers and eligibility criteria.

### **Financial sustainability**

There are concerns around the financial sustainability of shared equity programs. They depend on governments being able to offer products to appropriate markets at the appropriate scale. Although bigger government-backed schemes are financially sustainable, governments still need to borrow capital—which limits their operating scale.

## **Policy development options**

### **Simplification of product design and process**

In both government-backed and private provider schemes, key areas for improvement are:

- simplifying product design
- simplifying the process of writing loans
- clear messaging around maintenance and renovations
- clear messaging around how price growth is apportioned between the government provider and householder.

Clear messaging is critical to public understanding and awareness of shared equity products and applies to both product access and post-purchase guidelines.

There is also a need to streamline administrative and contracting processes to avoid duplicative checks between government agencies and lenders. A one-stop shop advice centre, or centrally organised primary point of contact for consumers, could act to reduce program accessibility barriers. Streamlining can also take place where government itself is the lender or where schemes work closely with a single preferred lender.

### **Financial education to enhance consumer understanding**

There is a need to ensure that program participants are well educated about the nature of shared equity loans. Typically, interest rates for shared equity loans will be higher than the best competitive market rates for 'mainstream' loans. Hence, there is a need to educate potential shared equity customers about the reasons why lenders have higher rates for shared equity products. Furthermore, our research uncovered the important role of financial intermediaries such as brokers to support and educate customers.

### **Up-to-date tools and advice services to assist with long-term planning**

Current and prospective program participants need to make informed choices about engaging with shared equity programs as a home purchase option. This includes having:

- access to up-to-date scenarios showing future options within shared equity programs
- case-study information about long-term impacts of shared equity program participation
- online or otherwise accessible tools and advice.

Such information would help consumers strategically plan how they could use shared equity to secure their long-term housing future.

Policy positioning of shared equity schemes needs to be transparently mapped out alongside the full spectrum of initiatives, with education and advisory support as to how households can understand and access the schemes that might work, given their individual circumstances.

### **Setting housing-market-sensitive property price thresholds**

There is a need for shared-equity-set property price thresholds that accurately reflect the (un)affordability of the housing market in which the scheme operates. This will ensure that schemes do not underestimate housing affordability challenges in large capital cities like Sydney. Ensuring price thresholds are more sensitive to prevailing housing market conditions will ensure that aspiring homebuyers in less affordable cities are not disadvantaged.

### **Financial innovations to boost the scale of the shared equity market**

There is an opportunity to tap into learnings from the private sector in regard to raising capital and innovation in opening up the residential asset class. This will overcome barriers that government-backed shared equity programs can face to operating at scale. The aim would be to tap into innovative bond or investment arrangements that will not shift the core purpose and target markets of government-backed shared equity programs, but that may potentially open up more market-facing capital to support further underpinning of shared equity programs.

### **Filling crucial data gaps**

From a consumer perspective, there is an urgent need to collate accurate and up-to-date information about the long-term impacts of shared equity programs, and make sure that it is publicly accessible. This is crucial for supporting deliberations by prospective shared equity program participants, as it will enable them to make well-informed decisions about the suitability of shared equity products for their circumstances.

From a provider perspective, there is an unmet opportunity and need to collate historical loan-book data to:

- establish a better understanding about how shared equity products work
- enable a more accurate assessment of risk
- provide transparency regarding the level of returns.

Such data could be cumulatively acquired over the last 20–30 years from primary government-backed schemes and from recent private-provider initiatives. The data would help underpin arguments tied to the sustainability and effectiveness of government schemes, and provide the necessary transparency and evidence—at scale—to build confidence in an emerging investment product.

### **Systematic independent evaluation of shared equity programs**

There is a need for regular, mandated independent evaluations of shared equity programs, including from a consumer lens. Evidence-building about shared equity program experiences can support program development, and supply program consumers with continuous improvement to program design, delivery, accessibility and impacts.

Importantly, future evaluations should uncover the extent to which shared equity schemes fulfil stated program objectives and represent public value for money. A key factor here is assessed additionality—the extent to which a given scheme enables access to home ownership for households that would otherwise be unable to achieve this. Scheme design issues are also relevant, such as the duration of interest-free status for shared equity loans (see subsection 2.3.4).

Such evaluations should include assessment of the benefits and drawbacks of shared equity programs against other homeownership assistance schemes, such as mortgage loan guarantees. The potential for complementarity between shared equity models and other forms of assistance should also be assessed—for example, addressing distinct aspects of first home buying constraints. Such considerations are critical to determine:

- which schemes should be prioritised for scaling up by the Australian Government
- how those schemes can be most effectively deployed in combination with other types of help.

## **The study**

Home ownership is the dominant aspiration of Australian households across all income groups, but standard mortgage financing can introduce risks and challenges for low-to-moderate-income buyers. In recent years, shared equity is a program innovation that has been added to the traditional homeownership assistance-policy mix of cash grants and stamp-duty concessions. Shared equity models are a means of financing home ownership by allowing homebuyers on low-to-moderate incomes to take out a loan on a proportion of the cost of the property, while an equity partner provides the rest of the capital. This reduces the homebuyer's up-front deposit requirement and post-purchase repayment burden.

Against the context of growing interest in shared equity schemes, this study aims to generate a comprehensive evidence-base to support the design of government-led shared equity models that promote sustainable home purchase in Australia. Our study addresses the following overarching policy issue:

*What are the objectives and characteristics of government-led shared equity programs, and what features improve outcomes for purchasing households and governments?*

To address this policy issue, the study is designed to answer four key research questions:

1. What are the goals and features of government-led shared equity programs within the context of wider housing strategies in Australia? How do Australian programs compare with international exemplars?
2. What are the impacts of different shared equity models for housing consumers?
3. What are the drivers, challenges and growth prospects of shared equity programs in Australia?
4. What policy settings and safeguards are needed to realise the growth potential for shared equity programs in Australia?

This research is conducted using a multi-stage mixed-methods approach that integrates four strands.

First, we conduct an international review that encompasses recent or currently operational government-led shared equity models in comparator countries (Canada, Ireland, UK). Using a structured framework, the review assesses and typologises identified scheme equity models in relation to their objectives, targeting, structure and effectiveness.

Second, drawing from the international review, we select six government-led shared equity programs—four offered by governments in Australia and two international exemplars—and predict their impacts using AHURI-3M, a microsimulation model developed to examine the distributional impacts of housing policy reforms. AHURI-3M is operationalised using the 2022 Household, Income and Labour Dynamics in Australia (HILDA) Survey.

Third, we examine the consumer experience of current and recent shared equity programs in Australia and illuminate data gaps in the evidence-base necessary for ensuring future Australian shared equity schemes meet the needs of program participants. The consumer journey encompasses:

- a web review of key Australian shared equity programs
- a brief review of social media as a consumer tool to share information and advice
- analysis of in-depth interview data collected from six current or prospective program participants (largely from Victoria).

Last, we conduct 14 individual semi-structured interviews with a range of shared equity stakeholders and experts, including government providers, private providers and third parties. These interviews aim to uncover the:

- drivers and characteristics of public and private shared equity provision
- challenges faced in the current landscape of shared equity schemes in Australia
- future prospects for scheme sustainability and growth.

---

# 1. Introduction

- Home ownership is the dominant aspiration of Australian households across all income groups, but standard mortgage financing can introduce risks and challenges for low-to-moderate income buyers.
- Shared equity models are a means of financing home ownership. These models allow homebuyers on low-to-moderate incomes to take out a loan on a proportion of the cost of the property, while an equity partner provides the rest of the capital. This reduces both the homebuyer's up-front deposit requirement and the post-purchase repayment burden.
- This report aims to generate a comprehensive evidence-base to shed light on the objectives and characteristics of government-led shared equity programs, and to uncover evidence to support improvement of outcomes for shared equity program participants and governments.
- The study is conducted using a mixed-methods approach that integrates an international program review, simulation modelling, a consumer journey analysis, and stakeholder interviews.

## 1.1 Policy context

### 1.1.1 Financing a home purchase in Australia

While home ownership remains the dominant aspiration of Australian households across all income groups (Stone, Rowley et al. 2020b), standard mortgage financing can introduce risks and challenges for low-to-moderate income buyers (Hulse, Burke et al. 2010). First home buyer subsidies in the form of cash grants and stamp-duty concessions are the dominant policy programs through which the Australian Government has assisted aspiring homebuyers for several decades (Pawson, Martin et al. 2022). However, since 2020, other Federal program innovations and financial instruments have been added to this policy mix to promote home ownership access, such as mortgage guarantees and shared equity schemes (NHFIC 2022; Australian Government 2024).



In Australia, a key mortgage guarantee scheme has been the Home Guarantee scheme, which allows eligible borrowers to take on low deposit home loans of just 5% without having to pay lenders mortgage insurance (LMI), with a federal government agency—Housing Australia—acting as guarantor on up to 15% of the mortgage value. In the absence of the scheme, LMI would have to be paid on deposits of less than 20%, adding to the total upfront cost of home purchase.<sup>1</sup> Over the years, this scheme has expanded into three streams:

1. The First Home Buyer Guarantee
2. The Regional First Home Buyer Guarantee
3. The Family Home Guarantee.<sup>2</sup>

Another innovation—which is the focus of this report—is shared equity programs. Shared equity models are frequently proposed as an innovative means of financing home ownership. Shared equity models allow homebuyers on low-to-moderate incomes to take out a loan on a proportion of the cost of the property, while an equity partner provides the rest of the capital. This reduces both the homebuyer's up-front deposit requirement and their post-purchase repayment burden. The purchaser can then increase their share of the property as their means allow.

The terms 'shared ownership' and 'shared equity' refer to a range of models that enable the value of a dwelling to be divided between more than one legal entity. Such products:

*enable the main purchaser ... to reduce their outgoings at the expense of giving up rights to part of the equity in their home. At the same time, they share the risks associated with home ownership between the owners. (Whitehead and Yates 2010: 482)*

Although the two terms are often used interchangeably in Australia, we differentiate between shared ownership and shared equity as legally and administratively distinct models:

- *shared ownership*: the occupier shares legal title with another party on a 'tenants in common' basis, with rent paid on that non-occupier-owned share.
- *shared equity*: the occupier holds full title, often largely financed by a primary mortgage but also via a 'second mortgage' held by a third party. Whether provided by a government or by another entity, that second mortgage (more correctly termed an 'equity loan') is generally provided on an initial interest-free basis in return for a share of capital gain (or loss) on the sale of the property.

### 1.1.2 Shared equity programs in the Australian context

The shared equity homeownership model has an extensive history overseas, mainly involving equity shares taken by governments aspiring to enhance home purchase prospects as a public policy objective—and also by private providers to achieve commercial goals.

In Australia, the shared equity model has tended to be conceptualised largely in terms of assisting households in achieving first home ownership, although some schemes have been framed in slightly different ways. Underlying motivations may include the wish to extend the 'security and control' benefits of owner occupation to otherwise excluded groups or to enable such groups to accumulate property asset equity.

<sup>1</sup> LMI is calculated as a percentage of the home loan amount, and can vary depending on the loan size, deposit amount, borrower employment status, and the insurer used by the home lender. See for instance the varying LMI provided by comparison service Canstar (2024).

<sup>2</sup> The three streams of the scheme are detailed on the Home Guarantee website (Housing Australia n.d.).

A shared equity arrangement provides significant access and affordability benefits to first home buyers (FHBs)—but at the cost of forgone wealth accumulation on the non-owned equity of the property if market value increases. Owners can counteract this somewhat with the option of taking additional equity over time as the homeowner's income rises (Williams and Whitehead 2024).

From a government perspective, state-enabled or state-operated shared equity models have the attraction of being a form of home-ownership assistance that may be, over the long term, profitable—or, at the very least, costless. This is because if the government holds a stake in an appreciating dwelling, it will reap a share of any value appreciation when the mortgage is redeemed at property sale (or earlier).

In Australia, some state and territory governments have offered enduring shared equity programs. The Australian Government is also set to roll out a national shared equity program Help to Buy (HTB). Programs include Western Australia's Keystart Shared Ownership Home Loan (Keystart n.d.) and South Australia's HomeStart Shared Equity Option (HomeStart n.d.). Other programs include Victoria's recently introduced Homebuyer Fund (State Revenue Office Victoria n.d.), Tasmania's MyHome program (Homes Tasmania n.d.), and the ACT's Shared Equity Scheme for public housing tenants (ACT Government n.d.).

The legislation to establish the HTB Bill 2023 passed in November 2024, which will be administered by Housing Australia (Parliament of Australia 2024). The program is capped at 10,000 eligible households per year. Participants must not have incomes exceeding \$90,000 for singles and \$120,000 for couples. The Australian Government will contribute a 40% equity stake for a new property, and a 30% equity stake for an existing property. The program participant can then purchase the property with as low as a 2% deposit, and service a mortgage on 60–70% per cent of the purchase price (Ong ViforJ, Graham et al. 2023).<sup>3</sup>

### 1.1.3 Overarching policy issue

Against the context of growing interest in shared equity schemes, this report will generate a comprehensive evidence-base to support the design of government-led shared equity models that promote sustainable home purchase in Australia.

We will compile important information on policy lessons from overseas through international comparative analysis, given the longer history of large-scale shared equity offerings in some jurisdictions. The evidence presented in this report will aim to inform the formulation of policies needed to realise growth potential for shared equity models in Australia, including policies that address concerns regarding costs, risks, administrative complexities, post-purchase experience and pathways to mainstream homeownership.

This report's central focus is on government-sponsored or government-enabled shared equity models. However, approaches of this kind can involve important roles for non-government entities, including housing associations, private developers and mortgage lenders. Beyond this, there are shared equity models that are largely or entirely operated independently of government, including specialist mortgage products made available by the finance industry and community land trusts initiated by owner collectives.

This report addresses the following overarching policy issue:

*What are the objectives and characteristics of government-led shared equity programs, and what features improve outcomes for purchasing households and governments?*

<sup>3</sup> See also the program directions (Australian Government 2024).

To address this policy issue, the report analysis is designed to answer four key research questions.

1. What are the goals and features of government-led shared equity programs within the context of wider housing strategies in Australia? How do Australian programs compare with international exemplars?
2. What are the impacts of different shared equity models for housing consumers?
  - How far do different shared equity program types enhance home purchaser prospects, and how do these impacts vary across socio-demographic groups and housing market contexts?
  - What is the experience and post-home-purchase trajectory of shared equity program participants?
3. What are the drivers, challenges and growth prospects of shared equity programs in Australia?
4. What policy settings and safeguards are needed to realise the growth potential for shared equity programs in Australia?

## 1.2 Existing research

The existing literature generally agrees that shared equity models have been successful at providing home ownership opportunities to low-income households that would otherwise be excluded from the home purchase market. In doing so, shared equity models can also generate wealth accumulation opportunities for these households by enabling affordable home purchase (Ehlenz and Taylor 2018).

Earlier AHURI research uncovered some relevant insights into existing shared equity models in Australia. Pawson, Martin et al. (2022) overviewed operational Australian programs within the context of alternative FHB assistance models. Pinneger, Easthope et al. (2009) found that shared equity programs are well-received by consumers, who view such programs as providing a helpful stepping stone towards mainstream full ownership. Stone, Rowley et al. (2020a) found that for lower-income mid-life Australians, tenure innovations such as shared equity are perceived as viable options for accessing homeownership. Recent modelling work by Ong ViforJ, Graham et al. (2023) highlighted the potential impacts of shared equity programs by showing that the government's HTB program has the potential to assist 41% of eligible low-to-moderate income households into first homeownership—which is a higher success rate than the Home Guarantee.

However, studies also showed that tenure innovations like shared equity remain generally under-utilised in Australia (Stone, Rowley et al. 2020a). Evans (2019) observed that the low take-up of such schemes may be due to the relatively low income of homebuyers targeted by the schemes.

Several studies have highlighted the disadvantages of shared equity schemes.

First, while a wide range of shared equity and similar products exist in Australia (and elsewhere), there is a lack of clarity in the policy discourse regarding legally and administratively distinct shared equity-type products that need to be typologised (Pawson, Martin et al. 2022).

Second, numerous barriers hinder take-up of shared equity programs and operation at scale, including:

- a typical requirement for purchasers to take full responsibility for all repair and improvement costs
- a lack of interest in equity-holding from banks
- a lack of active resale markets for shared equity homes (Whitehead and Williams 2020).

Third, while shared equity programs can improve access to home ownership, homeowners who participate in a shared equity arrangement have to share their property's capital gain with the equity partner—which is often the government (Cheung and Wong 2020). While homeowners may have the option of purchasing additional shares of their property from the equity partner as their incomes rise, this 'staircasing' process can be slow as house price growth continues to outstrip income growth (Whitehead and Williams 2020). Cheung and Wong (2020) make a broader point that the literature around shared equity programs has largely focussed on how it assists home ownership entry affordability, while the importance of the post-home purchase affordability experience is ignored.

Fourth, while shared equity programs have tended to target low-to-moderate income households, little is known about the breadth and diversity of those who could benefit from shared equity schemes. Early modelling by Wood, Colic-Peisker et al. (2010) suggests that shared equity may have potential to help older low-income owners at risk of repossession to stay in their homes.

In an early comment that remains true today for Australia, Pinnegar, Easthope et al. (2009) highlighted an important role for government. That role is through a structured, long-term federal commitment to shared equity arrangements, by identifying the contributions that appropriately targeted shared equity models could make to national housing objectives. In the UK, Whitehead and Williams (2020) note that government remains the dominant force determining market opportunities for housing equity finance, including via shared equity models.

Importantly, international evidence suggests that shared equity models can also help fulfil wider housing policy objectives beyond promoting homeownership. In the UK, recent shared equity schemes have had multiple objectives:

- helping people into homeownership
- boosting housing supply
- stabilising the housebuilding industry.

One example of this is the UK's HTB (MoneyHelper n.d.), which is restricted to new builds (Whitehead and Williams 2020).

The dynamics between federal-led and state-led shared equity models also come into play in federations. For instance, like Australia, Canada has shared equity programs at both federal and provincial levels (Pawson, Martin et al. 2022). The Canadian Federal First-time Home Buyer's Incentive shared equity program (Government of Canada n.d.) is available to FHBs only, regardless of applicant tenure status. In contrast, the Ontario Priorities Housing Initiative (Government of Ontario 2021) is restricted to renters.

This report adds to the existing literature by not only analysing how shared equity programs assist with the affordability of entry into home ownership, but also the post-home purchase experience of shared equity participants. We also contribute new evidence to inform discussions on the potential for growth of the shared equity sector, by shedding light on the opportunities and challenges of shared equity programs faced by government and other funders. By drawing on an international review, we are able to gather important policy lessons on the strengths and weaknesses of different shared equity models from jurisdictions with shared equity offerings.

## 1.3 Research methods

This research is conducted using a multi-stage mixed-methods approach that integrates an international review, simulation modelling, and interviews.

### International review

Our international review encompasses recent or currently operational government-led shared equity models in comparator countries (Canada, Ireland, UK). Comparator countries are selected on the basis that they are mortgage-backed home ownership societies with similarities to Australia's housing market settings. These countries have also had diverse shared equity experience over a substantial period—the UK, for instance. This has the potential to beneficially inform Australian policy development.

The shared equity programs from each country are assessed mainly via a desktop review of relevant literature. To add value to the desktop review of overseas experience, this phase also taps into country-specific evaluative expertise on relevant programs and their features. This was done via four expert interviews across the three comparator countries, involving industry and government players. Using a structured framework, the review assesses and typologises identified scheme equity models in relation to their objectives, targeting, structure and effectiveness.

### Simulation modelling

We draw on AHURI-3M, a microsimulation model developed to examine the impact of housing policy reforms on Australian income units (Wood and Ong 2008). The model's main capability is:

- to analyse the downpayment constraints, repayment constraints and housing tenure outcomes of housing consumers under existing policy parameters
- to predict these outcomes under alternative policy parameters.

The model has been widely applied to simulate the impacts of numerous reforms, including the First Home Owner Grant (Wood and Ong 2008) and stamp duty reforms (Wood, Ong et al. 2012).

AHURI-3M is operationalised using the 2022 Household, Income and Labour Dynamics in Australia (HILDA) Survey. HILDA is a longitudinal survey that tracks a nationally representative sample of Australian respondents through time. The survey offers a rich array of variables on demographic, income, labour market, housing, neighbourhood, health and wellbeing characteristics. Cross-sectional 2022 population weights are applied to ensure that the simulation outcomes reflect population-level estimates for the year 2022.

Drawing from the international review, we select six government-led shared equity programs—four offered by governments in Australia and two international exemplars—and predict their impacts using AHURI-3M. The simulations will uncover how far different shared equity programs enhance home purchase prospects across varying socio-demographic and geographical groups.

### Consumer journey mixed-methods analysis

We examine the consumer experience of current and recent shared equity programs in Australia, and illuminate data gaps in the evidence-base necessary for ensuring future Australian shared equity schemes meet the needs of program participants. The consumer journey analysis is a mixed-method approach that encompasses:

1. A review of websites associated with key Australian shared equity programs to understand the types of consumer information available for program participants.
2. A brief review of how social media is used as a consumer tool to share information and advice—both formally and informally.
3. Analysis of in-depth interview data collected from six current or prospective program participants.

### Provider and third-party interviews

We conduct 14 individual semi-structured interviews with a range of shared equity stakeholders and experts, including government providers, private providers and third parties. These interviews aim to uncover:

- the drivers and characteristics of public and private shared equity provision
- the challenges faced in the current landscape of shared equity schemes in Australia
- the future prospects for scheme sustainability and growth.

The interviewees include federal and state policy makers and government-backed shared equity agencies (4), private equity lenders and financial institutions partnering government-led share equity schemes (4), and key housing industry stakeholders and peak bodies (6).

#### 1.3.1 Report structure

The report is set out as follows.

*Chapter 2* presents an international review of shared equity programs in comparator countries and ends by suggesting programs that are likely most applicable to the Australian context.

*Chapter 3* analyses the effects of six different shared equity program types on aspiring homebuyers' ability to overcome their downpayment and repayment constraints to attain home ownership.

*Chapter 4* follows up Chapter 3's focus on access to home ownership by shedding light on the experiences and post-home purchase trajectories of participants in shared equity programs.

*Chapter 5* takes a macro-level evaluative approach by examining the drivers, opportunities and challenges in the landscape of shared equity schemes in Australia faced by government, other funders and relevant third parties.

*Chapter 6* concludes with some policy reflections that highlight which policy settings and safeguards are needed to realise the growth potential for shared equity programs in Australia.

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## 2. Shared equity programs in comparator countries: an international review

- **This chapter provides a critical analysis of the equity sharing schemes that have operated in Canada, Ireland and the United Kingdom over recent decades.**
- **Despite apparent similarities, the schemes vary widely in terms of:**
  - **eligibility criteria—income and property value limits**
  - **the equity loan—interest-bearing or not**
  - **the scale of the programs—their longevity and impact.**
- **The research was undertaken through a combination of in-depth desk investigation and key-informant interviews.**
- **We find that the Help to Buy schemes in England, Wales and Scotland, and Scotland’s Open Market Shared Equity scheme, provide the most scope to be modelled for their outcomes in Australian conditions.**

The main aims of this review are to analyse government-sponsored shared equity programs as operated in three comparator countries in relation to their goals and mechanisms. Informed by this review, the parameters of two identified programs will be fed into a microsimulation modelling exercise in the next chapter to estimate their impacts if applied in an Australian context.

Comparator country selection considered a range of options, but was influenced by:

- the existence of relevant programs and associated research evidence
- the desirability of involving nations with relatively similar housing market settings—in other words, mortgage-backed home-ownership societies.

On this basis, the chosen comparators were Canada, Ireland and the UK. These countries have diverse shared equity experience, and the potential to beneficially inform Australian policy development. The strong representation of British nations was also a product of the extensive long-term experience of such schemes and associated evaluations in these jurisdictions.



In practice, the extent of shared equity program experience is much greater in the UK than in Canada or Ireland. This partly reflects the fact that successive schemes have been devised and operated by UK governments since the 1990s, but also that distinct shared equity models have been adopted and operated in the three UK jurisdictions: England, Wales and Scotland.<sup>4</sup>

The remainder of this chapter is structured as follows. In Section 2.1 we provide an overview of the main shared equity home purchase schemes operated in the comparator countries since 2000. In Section 2.2, we discuss the objectives of these programs, and in Section 2.3 the mechanisms involved. In Section 2.4, we review research and evaluation evidence on program impacts for participants and for housing markets, as well as value-for-money considerations. Section 2.5 concludes with some policy reflections of relevance to the Australian context.

## 2.1 Overview of comparator country shared equity schemes

The shared equity home purchase schemes operated in the countries covered by this review over the past 25 years are listed in Table 1. Since this is a high-level summary only, it omits some program variants as these evolved.

The 1990s and 2000s saw a sequence of programs in England and Wales that evolved under the ‘Homebuy’ brand. These were highly targeted, with strict income eligibility limits, as further discussed below. They were often administered through not-for-profit housing associations that were grant-funded for the purpose. This basic model was adapted in the period 2008–2013 in response to the UK housing market slump triggered by the Global Financial Crisis (GFC), through the involvement of private developers (and, briefly, lenders) in partnership with government in underpinning second mortgage interests.

Subsequently, from 2013–23, shared equity activity was hugely scaled up—especially in England—under the new-build only ‘Help to Buy’ model. Eligibility was set by property price limits rather than purchaser income. With schemes operated on a demand-led basis, by 2022/23 associated sales totalled more than 419,000 at a cost exceeding £26 billion (Stephens, Perry et al. 2024). Partly reflecting the English HTB program’s size and longevity, it is this scheme that has formed the focus for the bulk of published research evidence on shared equity in the UK.<sup>5</sup> That said, evaluation evidence on several other programs has also been identified and appraised in this review. In addition, we undertook a small number of interviews across the three countries to supplement the extensive desk research.

As indicated by Table 1, shared equity activity has been much more limited in Canada and Ireland. In Canada the first national programs were initiated only in 2019, namely the First-Time Home Buyer Incentive Program and the Shared Equity Mortgage Providers fund.

Under the First-Time Home Buyer Incentive Program, scheme participants benefited from shared equity loans of 5–10% of property value. The Shared Equity Mortgage Providers fund was a small-scale scheme to facilitate construction of new dwellings to be sold and occupied on a shared equity basis, involving loans to developers and mortgage providers to encourage such projects.

<sup>4</sup> It is important to note that UK *shared equity* programs have coexisted with schemes operated under the conceptually distinct *shared ownership model*. As detailed in AHURI Final Report 381 (Pawson, Martin et al. 2022), shared ownership differs from shared equity in that it involves a ‘tenants in common’ model where a home’s legal title is shared between the occupier and a third party (e.g. a housing association). As operated in the UK, this has obliged occupiers to pay rent to third party co-owners, as well as mortgage payments related to the fraction of the home that they themselves own.

<sup>5</sup> In the period 2013–18, some 38% of all new-build property sales in England (or 4% of all housing purchases) were supported by HTB equity loans (NAO 2019).

Otherwise, Canadian shared equity variant products and schemes have been restricted to small-scale local initiatives, often initiated by private industry entities, municipalities and charities—but rarely drawing on provincial or federal government support (Pomeroy and Lampert 2015). As a result, Canada unfortunately offers no scope for examining the dynamics of similar schemes being run in parallel by both federal and state governments—as is the prospect in Australia. Among the most notable of these are schemes operated on a Shared Appreciation Mortgage basis by non-profit multi-unit developers. These are briefly discussed in our chapter conclusion (Section 2.5).

An important aspect of the Canadian context is the general availability of high loan-to-value ratio (LVR) loans backed by government insurance. This undercuts demand for shared equity products, as the deposit barrier is not a major issue for many moderate- to high-earners. This seems to raise a question about the case for shared equity schemes if low-deposit mortgages are already available.

Meanwhile in Ireland, a national shared equity scheme was only initiated in 2022. Under the First Home Affordable Purchase Shared Equity Scheme, FHBs could qualify for an equity contribution of up to 30% funded by the Irish Government and a participating mortgage lender. A recent government-sponsored system-wide review of Irish housing backed the shared equity model as a recommended means of supporting low- to moderate-income households into home ownership. The report also argued for such support to be:

- restricted to acquisition of newly built homes
- managed as a revolving-fund to provide an ongoing source of financial assistance for successive FHB cohorts (Housing Commission 2024).

**Table 1: Comparator country government-led shared equity home purchase schemes, 2000–2024**

| Country  | Scheme                                              | Dates       | New build only? | FHBs only? | Main objective                           | Equity contribution | Equity contributor(s)    | Income limit(s) | Property price limit(s) | Limited interest free period? |
|----------|-----------------------------------------------------|-------------|-----------------|------------|------------------------------------------|---------------------|--------------------------|-----------------|-------------------------|-------------------------------|
| England  | Homebuy                                             | 1990s–2000s | No              | Yes        | Free up social housing                   | 25%                 | Housing assocs           | Indirect        | Yes - low               | Yes                           |
| Wales    | Homebuy                                             | 1990s–2000s | No              | Yes        | Free up social housing                   | 30%                 | Housing assocs           | Indirect        | Yes - low               | No                            |
| England  | Homebuy Direct                                      | 2008–2010   | Yes             | Yes        | Support housebuilding industry; boost HO | 30%                 | Govt, private developers | Yes - moderate  | Yes - moderate          | Yes                           |
| England  | FirstBuy                                            | 2011–13     | Yes             | Yes        | Support housebuilding industry; boost HO | 20%                 | Govt, private developers | Yes - moderate  | Yes - moderate          | Yes                           |
| England  | Help to Buy (England)                               | 2013–23     | Yes             | No*        | Support housebuilding industry           | 20% (40% in London) | Govt, private developers | No              | Yes - high              | Yes                           |
| England  | First Homes                                         | 2023–       | Yes             | Yes        | Assist FHBs                              | 30–50%              | Govt                     | Yes - high      | Yes - moderate          | No                            |
| Scotland | Help to Buy (Scotland)                              | 2013–22     | Yes             | No         | Support housebuilding industry; boost HO | 15%                 | Govt                     | No              | Yes - moderate          | No                            |
| Scotland | Open Market Shared Equity                           | 2007–       | No              | No         | Assist FHBs and others                   | 10–40%              | Govt                     | Indirect        | Yes - low               | No                            |
| Scotland | New Supply Shared Equity                            | 2007–       | Yes             | Yes        | Assist FHBs                              | 20–40%              | Govt                     | Indirect        | Yes - low               | No                            |
| Wales    | Help to Buy (Wales)                                 | 2013–       | Yes             | No         | Support housebuilding industry           | 20%                 | Govt                     | No              | Yes - high              | No                            |
| Canada   | First-Time Home Buyer Incentive scheme              | 2019–23     | No              | Yes        | Assist FHBs                              | 5–10%               | Govt                     | Yes - moderate  | Indirect                | No                            |
| Ireland  | First Home Affordable Purchase Shared Equity Scheme | 2022–       | Yes             | Yes        | Assist FHBs                              | 30%                 | Govt, banks              | No              | Yes - moderate          | Yes                           |

Sources: CMHC (2023), Craigforth, Newhaven Research et al. (2020), Jackson (2001), Pawson, Martin et al. (2022), Whitehead and Williams (2020).

Notes: \*Help to Buy (England) restricted to FHBs from 2021. FHB = first home buyer; HO = home ownership.

## 2.2 Program goals

As stated in Section 1.1, the Australian shared equity model has tended to be conceptualised largely in terms of assisting households to achieve first home ownership. Similarly, in the comparator countries, the case for shared equity programs as part of stepped-up FHB assistance over the past decade has been framed partly as a necessary response to the post-GFC adoption of macroprudential tools that restricted 'household leverage' to 'improve financial stability' (Benetton, Bracke et al. 2022). In other words, to address the regulatory restraints placed on mortgage lending—especially in terms of maximum LVRs and payment capability stress-testing.

However, while most of the comparator country shared equity schemes identified in this review include assistance for marginal first home buyers as a significant, if not primary, motivating factor, three other objectives are also evident:

- supporting the housebuilding industry
- freeing up scarce social rental housing
- creating affordable housing for the community.

### Supporting the housebuilding industry

First, as exemplified most strikingly by the UK's HTB model, some shared equity programs have been substantially motivated by the goal of supporting the housebuilding industry, which had been destabilised by the GFC. HTB enabled acquisition of newly built homes up to fairly unrestrictive threshold values. That assistance came in the form of a 25-year equity loan, usually for 20% of the acquired property's value (but with variations—see Table 1). Notably, it was only towards the end of its existence that the English HTB scheme was restricted to FHBs:

*In the post-GFC context of the UK, the focus [until 2021] was less on using [shared equity loans] to help marginal homebuyers into home ownership; rather, it was to help homebuyers into new-build home ownership so they could support the housebuilding industry. (Manlangit, Karadimitriou et al. 2024: 101)*

Nonetheless, the desire to boost flagging home ownership rates remained significant, if not pre-eminent.

### Freeing up scarce social rental housing

Second, the goal of assisting first home ownership has been paired in some shared equity schemes with the aim of freeing up scarce social rental housing. This was exemplified by the UK Homebuy schemes such that operated in England and Wales in the late 1990s and 2000s. These schemes aimed:

*to assist tenants of ... social landlords ... and those nominated from waiting lists ... to buy a home of their own; and to help meet the demand for social housing by creating vacancies in social housing stock and reducing waiting lists. (Jackson 2001: vi)*

Importantly, scheme funding was provided as an element of social housing investment programs under the 'value for money' justification that enabling the freeing up of an existing social housing unit could be a more cost-effective way of expanding provision than new dwelling construction (Jackson 2001).

Similarly, while designed as a FHB assistance scheme, the Scottish Government's Open Market Shared Equity (OMSE) program (operated since 2007, though quite limited in funding terms), afforded priority entry to social renters, people with disabilities, armed forces personnel and veterans, and persons aged 60+ (Craigforth, Newhaven Research et al. 2020). Schemes configured as such may score particularly highly in terms of targeting assistance to those otherwise less likely to achieve home ownership.

## Creating affordable housing for the community

A third objective of shared equity schemes, beyond assisting individual FHBs, is the aspiration to maintain affordability in perpetuity. In other words, prioritising the creation of affordable housing for the community, rather than the easing of housing affordability for the individual homebuyer. This motivation is most strongly exemplified by the community land trust (CLT) model where land is collectively owned by multiple resident members, but individual asset ownership is limited to the occupied dwelling itself. Central to the CLT model is the aim of embedding perpetual affordability for CLT dwellings.

CLTs are generally beyond the scope of the current research, as they do not facilitate unencumbered individual home ownership. However, it is worth noting that, as it is used in the United States, the term ‘shared equity housing’ tends to be used synonymously with CLT, as exemplified by this assertion: *‘shared equity housing ... strategies seek to establish lasting affordability, create community control, and build wealth for people with limited incomes’* (Carlsson 2019: 2).

The CLT variant contrasts with the shared equity models that are the prime focus of this chapter, since the latter tend to be framed as a means of enabling the individual purchaser to gain an initial foot on the ladder enabling their subsequent transition into mainstream (i.e. unassisted) home ownership (Pawson, Martin et al. 2020). Having repaid the equity loan after a relatively limited period, the occupier is freed of responsibilities to the second mortgage holder and therefore entitled to all the subsequent capital gain (if any). An exception to this rule is the UK Government’s First Homes scheme that replaced the HTB scheme in England in 2023, and which is intended to confer a form of *‘perpetual shared equity’* (Whitehead and Williams 2020). Thus, as officially framed, *‘generations of new buyers and the local community will continue to benefit every time the property is sold’* (HM Government 2021).

## 2.3 Scheme players and mechanics

### 2.3.1 Players

As noted in Section 2.2, there are shared equity housing products that have been developed by the housing finance industry with little or no government involvement. But even among the government-led shared equity schemes that are the focus of the current research, a number of different stakeholder partnerships have been exemplified in comparator country programs.

As shown in Table 1, the UK’s early Homebuy programs were delivered by housing associations commissioned and funded by government to do so. The participating associations were charged with receiving and processing applications and entering into second mortgage arrangements with purchasers. Under the Homebuy (Wales) scheme, purchasers could acquire dwellings built by the administering association (Jackson 2001). Participating associations took on ownership risk, to the extent that a decline in property value at repayment would be reflected in the resulting receipt. More importantly, associations were able to retain the repaid sum—uplifted by any house price inflation—for re-investment in affordable housing.

Also exemplified among UK shared equity schemes are the programs launched in the wake of the GFC, where equity contributions were jointly funded by government and developers (or lenders). Under the Homebuy Direct scheme operated in England 2008–2010, the two parties (government and developer) contributed equally to a 30% stake in acquired homes (newly built only). More recently, the Government of Ireland’s shared equity program has offered equity shares of up to 30% of property value, by:

*utilising the support of the banking sector to match Exchequer funds [and thus] enabl[ing] the State to double the benefit of its investment for purchasers and support twice as many families and individuals to buy their first homes. (Government of Ireland 2021: 39)*

A further government scheme Rent to Buy is available to eligible renters across England—apart from London, where London Living Rent is the equivalent (HM Government n.d.). Rent to Buy provides middle-income earners with the opportunity to live in a high-quality home with a rent set at 80% of the local market rate—in other words, a 20% subsidised rate—with a fixed rate of inflation. This is aimed at helping tenants save toward purchasing the home or another property in the future. Alternatively, the resident can offer to buy the property on a shared-ownership basis at any time—if still eligible (Share to Buy n.d.). The scheme is open to households that meet specific eligibility criteria, including income thresholds and specific housing circumstances.

A property portal, Share to Buy, guides those interested to the different affordable homeownership and buying schemes that exist (Share to Buy n.d.).

### 2.3.2 Equity share proportions

As shown in Table 1, shared equity schemes in the comparator countries have tended to involve third-party equity shares of 20–30% of the acquired (including newly built) dwelling's value. Assistance under most of the UK's Homebuy and HTB products has been pitched within this range, although the maximum HTB loan for London acquisitions was increased to 40% in 2016, and the upper limit for the First Homes scheme is 50% from 2023. Similarly, the Scottish Government's New Supply Shared Equity (NSSE) and Open Market Shared Equity (OMSE) schemes allow a loan of up to 40%.

At the other end of the spectrum, the Canadian First Home Buyer Incentive program allowed for a government commitment of up to 5% for the acquisition of existing homes and 10% for newly built dwellings.

From the purchaser's perspective, the main attraction of a shared equity loan is the reduced deposit or downpayment required by the mortgage lender in securing the primary loan. Shared equity schemes often specify deposit payments as 'a minimum of 5%', which will represent a considerable saving in markets where the standard expectation is 20%.

Where the third-party equity share is at least 20%—which is the standard level under HTB schemes in England and Wales—the buyer may also benefit from a reduction in necessary mortgage size, since at least 25% of the dwelling's cost will be underpinned by the equity loan plus the purchaser deposit. Thus, the necessary first mortgage will need to cover a maximum of 75% of the property value rather than 80%, as would normally be the case—and this eases the lender's affordability assessments. This opens up the possibility of enabling home ownership for buyers with incomes below the threshold necessary to sustain a mortgage of the size needed in the absence of assistance. However, since the owner will often be forgoing a significant element of capital gain, they are likely to find their subsequent housing choices more constrained than would otherwise have been the case.

### 2.3.3 Income and property price limits

All the identified comparator country shared equity programs have incorporated income eligibility limits (or proxies) and/or property price limits. Considering the imperative for some degree of targeting in the allocation of financial assistance, this is only to be expected. However, settings have been quite diverse, illustrating varied objectives and priorities. As a broad generalisation, the chronological sequence of UK schemes shown in Table 1 has seen a tendency to move away from the highly targeted—in other words, restrictive—approach where enabling access to home ownership for low-income households is strongly prioritised.<sup>6</sup>

<sup>6</sup> Although an important exception here was England's HTB program, which was restricted to FHBs from 2021.

In some cases, income limits have been applied indirectly rather than directly. For example, under the Homebuy programs of the 1990s and 2000s, the applicant needed to be a social housing tenant or registered on a social housing waiting list. Beyond that, they were required to demonstrate *‘inability to purchase a suitable property outright without a Homebuy loan’* (Jackson 2001: ix). Moreover, *‘value for money from public subsidy [for the program] required that those purchasing should not have been able to do so anyway without assistance’* (Jackson 2001: ix).

Similar approaches are operated under the Scottish Government’s NSSE and OMSE—see Table 1. Again, rather than income limits as such, these programs prioritise specified groups, including:

- people with disabilities or aged 60 years +
- social renters
- members of the armed forces and veterans.

An applicant must also be able to show that they cannot buy a new-build house that suits their needs without getting help from the NSSE or OMSE schemes.

Notably, the HTB programs operated in England, Wales, and Scotland avoided income limits of any kind. Furthermore, while First Homes—which is the HTB successor scheme in England—has household income limits, these are set at relatively high levels: £90,000 in London and £80,000 in the rest of England (in 2024). For context, the median (UK) household income for 2021/22 was £32,349, while the top quintile was £66,002 (Office for National Statistics 2023A).

Income limits also featured in Canada’s First-Time Home Buyer Incentive program. However, these were set at relatively high levels: \$150,000 for Toronto, Vancouver and Victoria, and \$120,000 for the rest of the country. Given that median gross household income for *‘economic families and persons not in an economic family’* was \$80,500 in 2022 (Statistics Canada 2024), these limits were clearly set at levels implying only limited ambition on targeting.

As shown in Table 1, most of the identified comparator country schemes have included property price caps either alongside or instead of income limits. In a number of cases price caps have served as the sole instrument of targeting, as exemplified in the UK’s HTB programs. Again, approaches have been quite diverse.

In the case of the Scottish Government’s OMSE program, local authority-specific price caps are tightly specified depending on local market conditions. For example, in early 2024, two-bedroom homes ranged from £50,000 to £185,000 across Scotland’s 32 local authorities. Such an approach would appear to be inspired by the desire to ensure that high-price areas remain in scope for people seeking such assistance. To provide some indication of context, the average price of a purpose-built flat in Scotland in 2022 was £171,000 (Stephens, Perry et al. 2024). In 30 out of 32 local authority areas, the relevant price cap was set below the £171,000 threshold, ensuring that most homebuyers were able to access average priced flats in their areas.

Towards the other end of the spectrum, the price cap for the HTB (Wales) scheme in 2024, was £300,000, which was substantially above the 2022 national average house price for Wales of £240,000 (Stephens, Perry et al. 2024).

In demonstrating the ‘regressive’ nature of the HTB (England) program, Meeks and Meeks (2018) pointed out that a London participant could benefit from £240,000 assistance in buying a £600,000 dwelling, but to qualify for the necessary mortgage the buyer would need to be in the top 10% of income earners in the UK.

Canada's First Time Home Buyer Incentive scheme was the only scheme identified in Table 1 without an explicit price cap. Instead, reflecting more of a 'prudential lending' approach, buyers were constrained by a maximum purchase price calculated as:  $(4 \times \text{income}) + \text{downpayment}$  (CMHC 2023). Bearing in mind the stipulated national income limits (see above), this meant that the highest price for a home available to be purchased through the program was \$500,000–\$575,000 (other than in Toronto, Vancouver or Victoria), depending on the size of the purchaser's downpayment. Notably, this price range is substantially higher than early 2023 average prices in most provinces—for example, Manitoba \$353,000; Quebec \$482,000 (Canadian Real Estate Association n.d.).

### 2.3.4 Equity loan repayment

Across the comparator country schemes covered in Table 1, shared equity loans have been typically issued on a 25-year term, with the expectation of repayment at that time, or when the purchaser moves house, whichever comes first. This financial assistance is provided initially on an interest-free basis. But beyond this, practices varied across the programs. In several instances, there have been no limits on the interest-free terms of the loan, other than the loan's actual duration. This applies, for example, in the case of the Scottish Government's OMSE, NSSE and HTB schemes (Craigforth, Newhaven Research et al. 2020).

Conversely, under the HTB (England) scheme, the interest-free status of equity loans lapsed after five years, with owners subsequently subject to interest payment at 1.75%, thereafter increasing each year in line with inflation plus 1% (Benetton, Bracke et al. 2022). According to Whitehead and Williams (2020: 44), however, research evidence suggests that '*some [HTB] home owners ... did not seem to realise they would pay interest [on HTB equity shares outstanding after five years] or indeed repay the loan*'.

Distinct from all the other schemes listed in Table 1, the UK Government's First Homes program—which replaced HTB in England in 2023—involves no commitment for equity-share repayment at any point, since this is intended to be linked with the dwelling concerned 'in perpetuity'. Therefore, the question of loan interest does not even arise.

Limiting the interest-free period under an equity loan scheme reflects the intention for it to be a stepping stone towards unsupported home ownership, rather than a permanent subsidy. Incentivising early repayment in this way could be consistent with an aspiration to operate a program on a revolving-fund basis, where repaid monies can be made available for new scheme participants, or even used to cross-subsidise social housing investment.<sup>7</sup> Or it could be motivated by a plan for scheme liquidation, enabling government to recover its expenditure along with associated capital gains (if any).

One very specific 'scheme mechanics' issue connected with equity loan redemption is the prescribed approach to property valuation in the absence of a value set by the market—in other words, the method for determining the size of the loan repayment. This applies in the case of shared equity participants electing to repay ahead of property sale. In programs where the loan is interest-free only for a limited period, there is a strong incentive for participants to pay down the loan at the point where interest becomes payable. However, as revealed in the case of the HTB (England) scheme, the prescribed method of valuation under that program (commissioned by the buyer at their expense) was to the disadvantage of government as the equity loan issuer. Thus, annual realised government returns associated with early repayment cases amounted to 3.88%, whereas the equivalent figure for equity loans repaid with a sale was 5.48% (Benetton, Bracke et al. 2022).

<sup>7</sup> This is how repaid equity share proceeds are utilised in Western Australia and South Australia, but not to our knowledge in overseas jurisdictions.



## 2.4 Impacts

### 2.4.1 Additionality and deadweight

All government expenditure programs are subject to value-for-money or 'cost effectiveness' considerations. When it comes to schemes that involve financial assistance to FHBs, there are inevitable questions about the extent to which the assistance was 'needed'—in other words, the extent to which recipients might have secured access to home ownership without such help. The fraction of program expenditure that can be quantified as 'unnecessary' in this respect is termed 'deadweight'.

A number of the shared equity programs listed in Table 1 have been subject to formal deadweight assessments in the course of scheme evaluations. Unsurprisingly, given its relatively unrestrictive eligibility criteria, the HTB (England) program tended to score relatively modestly on this count. Some 37% of assisted buyers were assessed as additional to those who would have bought a home in the absence of such assistance—and this includes those who were enabled to buy a home earlier than they would otherwise. Thus, up to 63% could have afforded to become homeowners without help. Even viewing this more restrictively in terms of the type and location of property the purchaser would have desired, 31% could have acquired such a home without the scheme. Many participants bought larger properties than they would otherwise have acquired, or purchased earlier (Stephens and Blenkinsopp 2020).

Similarly, as reported by Whitehead and Williams (2018: 10) HTB (England) had the effect of helping 'speed up access to the market'. Some 79% of buyers agreed it 'enabled them to buy a property sooner ... Fifty-nine per cent of buyers said it would have taken a year or more longer to have bought without assistance.'

Similarly, an evaluation of the three Scottish Government shared equity schemes operating in the 2010s found that:

*the option of buying with shared equity appeared to have allowed buyers to bring forward their decision to buy, to consider properties that better suited their needs, and/or to buy in their preferred areas. (Craigforth, Newhaven Research et al. 2020: 8)*

As might be expected, given its looser eligibility requirements, the HTB (Scotland) program registered a relatively low additionality score. Only 20% of those buying with such assistance could not otherwise have done so.<sup>8</sup> On the same basis, the more targeted NSSE and OMSE programs were credited with additionality scores that were somewhat higher, at 39% and 47%, respectively. Consistent with this evidence:

*Lenders saw HTB buyers as including some who may have been able to buy without assistance in the foreseeable future and suggested that the NSSE and OMSE schemes may have had a greater impact in targeting those unable to buy without assistance. (Craigforth, Newhaven Research et al. 2020: 9)*

Meanwhile, survey evidence showed that 46% of participants in the Canadian Government's 2019–2024 shared equity program would have purchased the same property with or without the scheme 'indicating the program was not essential for many' (CMHC 2023: 19).

### 2.4.2 Construction industry and property market impacts

Shared equity programs are a form of demand-side subsidy with the potential for inflationary and other market impacts. The value of the subsidy may be equated to either:

- the interest that would be otherwise payable on the second mortgages from which shared equity scheme participants benefit, or
- in relation to the non-payment of implicit rent on the 20% of the home underpinned by the interest-free loan (Benetton, Bracke et al. 2022).

<sup>8</sup> Based on responses from a questionnaire survey and including those reporting that without assistance they 'definitely' or 'probably' could not have bought a property, plus those where responses to the relevant survey questions were neutral or unclear.

Given its relatively large scale and structure, as well as its sustained operation, the HTB (England) program has attracted the most research attention. Indeed, as noted by the National Audit Office (2014: 7), the program's system-level impact was intentional: *'the scheme's size and design matches the Department's intention to make a substantial impact on the housing market'*.

Albeit from a self-interested position, the House Builders Federation (2021: 2) challenged claims of HTB's inflationary impacts, claiming that:

*house price data for new builds and existing homes shows no evidence that HTB has inflated new house prices, with prices of new builds consistently tracking the wider housing market trends since the introduction of the scheme.*

However, research evidence suggests that such impacts were identifiable, at least in some parts of England: *'the introduction of the more generous London version [of HTB]'* had no measurable effect on housebuilding and thus *'led to a significant increase in prices for new build units of roughly 6%'* (Carozzi, Hilber et al. 2019: 2). This passage refers to the increased equity loan cap from 20% to 40% for London scheme participants in 2016. But in areas with markets characterised by higher supply elasticities, researchers identified *'a significant [positive] effect on construction activity and no effect on prices'* (Carozzi, Hilber et al. 2019: 2). This observation is probably relevant to Australia, as the house price impacts resulting from shared equity assistance are more likely to be experienced in capital cities and other areas where housing supply inelasticity is most pronounced. However, relative to population, the scale of the UK Government's HTB program in England was around double the size of the identically named scheme being developed by the Australian Government for launch in 2025.<sup>9</sup>

More broadly, as estimated by Whitehead and Williams (2018: 12), the program was credited with *'supply additionality'* to the tune of 14.5%. In other words, it resulted in a 14.5% increase in housebuilding in relation to the counter-factual scenario where the scheme did not exist. There is little doubt that HTB was highly beneficial for a housebuilding industry that was still recovering from the GFC when the program was launched in 2013. That is evident from the observation by Meeks and Meeks (2018) that *'when rumours circulated on 4 August 2017 that HTB might be withdrawn, £1.3 billion was wiped off the stock market value of the five biggest builders within 90 minutes'*.

Similarly, Manlangit, Karadimitriou et al. (2024: 116) concluded that the resulting *'higher output, lower risk, and rising house prices'* attributable to HTB were *'very good news for the housebuilders'* shareholders, whose shares doubled in value after 2013. Specifically, *'the notional cash generated by additional HTB-supported sales in England amounted to 40 per cent of the housebuilders' dividends between 2013 and 2017, further boosting shareholder returns'*. More pointedly, Manlangit, Karadimitriou et al. argued that the associated *'support for dividends'* represented *'an indirect income transfer from the taxpayer to shareholders'*, while increased share prices amounted to *'an indirect wealth transfer'*. The National Audit Office formed a similar view:

*The [HTB] scheme has supported five of the six largest developers in England to increase the overall number of properties they sell year on year, thereby contributing to increases in their annual profits. (National Audit Office 2019: 9)*

In the same vein, Carozzi, Hilber et al. (2019: 21) argued that HTB beneficiaries included *'landowners in supply constrained areas (including developers who held land in those areas prior to the policy's implementation)'*. From analysis of business data, they concluded that:

*HTB increased revenues, profits and operating expenses of those developers intensively engaged in the HTB business. This suggests that HTB not only had limited effects on affordability but may have also led to unwanted regressive distributional effects.*

<sup>9</sup> As operated in the decade to 2022/23, the UK Government's HTB scheme in England averaged around 39,000 dwelling sales per year across a population of some 58 million. Australia's HTB program, in a country with a population of approximately 26 million, is to be capped at 10,000 supported sales per year.

More positively from the industry perspective, HTB aided the restoration of housebuilder profitability and minimised any risk of sector collapse in the aftermath of the GFC. However, the British Government failed to use this support as a lever to engineer higher output. Housebuilder practice remained unchanged despite their receipt of government assistance in securing a higher share of total annual sales for newly built, as opposed to existing homes—up from around 9% to over 12%.

## 2.5 Policy development implications: relevance to Australia

There is a significant body of evidence in the UK on government-led shared equity schemes that has relevance for Australia. Their significantly diverse objectives and mechanics demonstrate the scope for engineering the basic shared equity model to suit different circumstances and policy priorities. Despite questions about the extent of deadweight associated with some schemes, the continuing popularity of the HTB model with UK governments over three decades is testament to its:

- perceived utility from the policymaker perspective
- popularity in the marketplace.

Similarly, with the Irish Government only recently (2022) deciding to initiate its first shared equity scheme, this appeal extends more broadly.

At the same time, recent experiences of shared equity program operation have not been universally positive. Notably, the Canadian Government terminated its First-Time Home Buyer Incentive scheme in 2024, following take-up at levels far below initial objectives. At its launch in 2019, the program had been projected to generate 100,000 purchasers within two and a half years. However, when evaluated in 2023, funds committed to the scheme had totalled only 27% of the expected amount, while program administration costs were 67% above original estimates (CMHC 2023). Program underperformance was officially attributed to:

- constraints posed by property price limits in high price markets
- insufficient or ineffective publicity and promotion.

Real estate industry observers suggested that the Canadian scheme had been poorly designed and lacked substance. According to one such critic, the program had been mainly motivated by the desire to offer ‘voter candy’—in other words, the perceived electoral resonance of FHB assistance initiatives (Toronto Realty 2024). A better alternative, it was argued, would have been to increase the amortisation period for borrowers who have to get mortgage insurance from 25 years to 30 years (Younglai 2024).<sup>10</sup>

Possibly more instructive in the Canadian context is the non-government shared equity model that is operated at significant scale in some major cities, involving private non-profit developers. These provide apartments for relatively low-cost sale via a model that avoids reliance on explicit government subsidy. Three such providers are Accès Condos in Montreal, and Options for Homes and Trillium in Toronto.

These non-government shared equity schemes rely on reducing development costs by eliminating marketing expenses and, in some cases, accessing municipal land. An equity stake of 10–15% to the FHB—styled as an ‘advance’ or ‘down payment support’—is retained by the developer in the form of a shared appreciation mortgage (Pomeroy and Lampert 2015). Thus the, ‘*SAM second mortgage ... reflects the difference between the price paid by the purchaser [reflecting build cost] and the actual value of the dwelling*’ (Pomeroy and Lampert 2015: 25). In some cases there is a private equity component—in other words, the model operates as a vehicle for private investors to benefit from property value uplift, assuming favourable market conditions.

<sup>10</sup> The amortisation period is the total period that a borrower has to pay down the home loan, including the principal and interest.

Another critical perspective on government-led shared equity schemes is the allegation that they incentivise official support for house price growth because they involve a government stake in the property market (Meeks and Meeks 2018; Stephens and Blenkinsopp 2020).

Given key differences in the structure of housing systems and in housing market conditions, the direct applicability of any of the identified UK shared equity schemes to Australian conditions is debatable. The Homebuy schemes in England and Wales, and the NSSE program in Scotland, have utilised targeting approaches that would be unworkable in Australia because the income profile of social-housing waiting-list applicants and tenants means that only a vanishingly small proportion would be financially qualified to attain home ownership, even with substantial assistance. Also, the First Buy model is predicated on a strong commitment to the muscular use of the planning system to impose affordable housing contribution requirements on private developers. While such approaches are not completely unknown in Australia (Pawson, Martin et al. 2020), they remain controversial, and have never been implemented at scale.

This leaves the HTB schemes that have been operated in England, Wales and Scotland, and Scotland's OMSE, as the programs that may have most scope to be modelled for their outcomes in Australian conditions.

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### 3. Shared equity schemes and access to home ownership: a distributional analysis

- Many shared equity schemes apply at least one of three restrictions: income limits below average levels; property price limits at or below average prices for the region; or scheme access by priority groups. However, some broad-based schemes do not apply any of these restrictions.
- Among the programs we modelled, 25% of aspiring homebuyers can access broad-based schemes, but only 3% can access the scheme that applies all the restrictions.
- Schemes applying all restrictions have the highest targeting accuracy. For instance, 98% of aspiring homebuyers eligible for the NSW Shared Equity Home Buyer Helper scheme type need assistance because they are constrained in terms of downpayments or repayments.
- The program types we modelled help 58%–100% of eligible participants overcome the downpayment constraint, and help 37%–64% of eligible participants overcome repayment constraint.
- Schemes with higher government equity contribution rates are more effective at overcoming downpayment constraints.
- Schemes that leave participants with lower loan-to-value ratios (LVRs) are more effective at overcoming repayment constraints.
- Schemes that apply all three restrictions are likely to deliver the greatest additionality—such as the NSW Shared Equity Home Buyer Helper. Schemes that apply both income and price limits without specifying priority groups are also effective at delivering additionality, such as the federal Help to Buy scheme.
- Many shared equity schemes underestimate housing affordability challenges in large capital cities like Sydney, and are therefore less effective in assisting aspiring homebuyers in these cities than in regional areas.

This chapter examines the extent to which shared equity schemes influence the ability of aspiring homebuyers to attain home ownership. Drawing on the international review in Chapter 2 and the review of Australian shared equity schemes in Section 1.2, we select six shared equity program types that reflect divergent features.

Section 3.1 provides an overview of the AHURI-3M microsimulation used to simulate these six program types. Section 3.2 details the six program types modelled, which includes four Australian and two international schemes. Section 3.3 presents baseline model findings regarding the tenure decisions and constraints of housing consumers. Section 3.4 then presents an analysis of the simulations, uncovering how different program types vary in terms of scheme eligibility, targeting accuracy and effectiveness in promoting access to home ownership. Section 3.5 concludes the chapter with a discussion of policy implications.

### 3.1 AHURI-3M simulation model

AHURI-3M is a micro-simulation model co-developed by Ong ViforJ (Wood and Ong 2008). Its primary function is to analyse the housing outcomes of consumers under existing policy settings, and to project these outcomes under alternative reform scenarios. The model incorporates mortgage market dynamics, enabling it to estimate the number of aspiring homebuyers unable to meet home purchase deposit and repayment requirements.

The AHURI-3M model has been used extensively to simulate the distributional and budgetary implications of many reforms, including:

- the First Home Owner Grant (Wood and Ong 2008)
- stamp duty changes (Wood, Ong et al. 2012)
- the Australian HTB shared equity scheme (Ong ViforJ, Graham et al. 2023).

The 2023 simulation by Ong ViforJ, Graham et al. employed 2018 data on housing consumers, policy settings and mortgage markets. In this study, we utilise the latest version of AHURI-3M, which is operationalised using the 2022 HILDA Survey and incorporates updated 2022 parameters.

The HILDA Survey is a longitudinal dataset that has tracked a representative sample of Australians since 2001 (Summerfield, Garrard et al. 2023). It provides detailed records of the characteristics and finances of Australian households—components essential for determining tenure choices, deposit and repayment hurdles, and eligibility for housing policy reforms. The data granularity of HILDA allows for an analysis at the income-unit level. This provides greater precision to the simulation by capturing household members who systematically pool their income and wealth.

At the time of this analysis, the 2022 HILDA Survey represents the most recent release containing a wealth module, which is required to determine whether an aspiring homebuyer can meet deposit requirements. Cross-sectional population weights from 2022 are applied to generate population-level estimates, ensuring that attrition over time does not bias the representation of the cross-section of the population in 2022.

#### Model details

The structure of AHURI-3M, including its key modules, is illustrated in Figure 1.

#### *Housing market actors*

Taxes and benefits influence both housing suppliers (upper left module) and housing consumers (upper right module). Our model contains 1,172 housing suppliers, consisting of rental investors or landlord income units. Housing consumers encompass 10,491 owners, private renters, public and social renters, and rent-free income units.

### *Tax-benefit module*

The tax-benefit module (upper centre) imputes tax liabilities for income units, incorporating private income sources and eligibility for income support programs. This latest iteration of AHURI-3M integrates parameters from Release 22 of the HILDA Tax and Benefit Model (TBM), which is updated annually by the HILDA Survey team to estimate income taxes and family benefits. For further details, refer to the 'Income, Tax, and Family Benefits Model' section of the *HILDA User Manual* (Summerfield, Garrard et al. 2023). In addition to tax liabilities, the model incorporates Commonwealth Rent Assistance (CRA) parameters from the TBM, which allows for the calculation of assistance-adjusted rents for rental income units.

### *Housing demand*

Using a sample of recent FHBs in 2022—defined as income units that purchased their first home in 2021 or 2022—we estimate a property value regression based on buyers' characteristics. These characteristics include age, migrant status, number of dependent children, years in paid employment, highest qualification, income, and region of Australia (see Appendix A1). The estimated regression coefficients are then used to predict the property value that each renter would likely purchase if they transitioned to homeownership.

### *After-tax economic costs of owning (user cost)*

Economic theory suggests that rental prices should converge with the after-tax economic costs of holding an investment property.<sup>11</sup> Accordingly, in the supply-side module, we calculate the after-tax economic costs incurred by investors when providing rental housing services.

For housing consumers, the model also measures after-tax economic costs. For owners, these reflect the actual costs of holding their primary residence. For renters, the model predicts the value of a property they would likely purchase (see Appendix A1), and then estimates their after-tax economic costs if they acquired a home at this predicted value.

A fundamental assumption in the model is that, all else being equal, an income unit would prefer homeownership over renting if their after-tax economic costs as homeowners are lower than prevailing rental costs. This relative price rule is applied within AHURI-3M to predict tenure preferences.

The calculation of after-tax economic costs includes operating expenses such as maintenance, property tax rates, and additional costs associated with holding a housing asset net of capital gains (Appendix A2). These costs are significantly influenced by federal, state and territory taxation policies, including negative gearing provisions and Capital Gains Tax discounts.

### *Mortgage markets and borrowing constraints*

Mortgage market conditions and borrowing constraints (middle module of Figure 1) are integral to the model. Although the relative price rule predicts the preferred tenure choice, borrowing constraints may prevent households from realising their preferred tenure. These constraints manifest as either:

- a downpayment constraint—insufficient liquid wealth for the required deposit
- a repayment constraint—insufficient income to meet lender serviceability criteria.

To determine the amount of downpayment a homebuyer can afford, the model constructs liquid wealth measures based on HILDA data. Liquid wealth is defined as total assets excluding non-liquid holdings (such as superannuation, life insurance, and trust funds if the individual is under 21 years old). Additionally, it is assumed that households will not liquidate motor vehicles or business assets to fund a home purchase. If a homebuyer's liquid wealth is less than 10% of their predicted property value, they are classified as downpayment constrained.

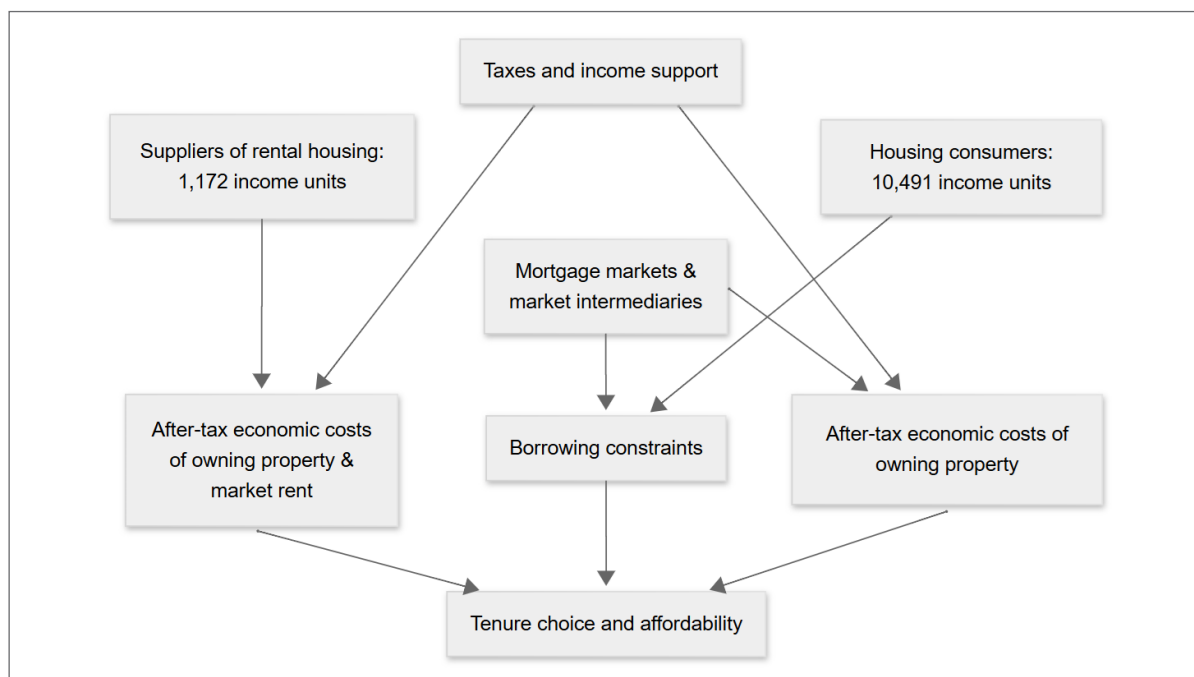
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<sup>11</sup> The algebraic expressions and parameters of the after-tax economic costs of owning are detailed in Appendix A2.



The repayment constraint is calibrated using the lending criteria of Australian financial institutions. In this instance, the model incorporates parameters from the borrowing power calculator of a major Australian bank to estimate maximum borrowing limits based on income, household structure (single vs. joint applicants), number of dependent children, living expenses, personal debt, and credit card limits.<sup>12</sup> If the maximum loan an applicant qualifies for is less than 90% of their predicted property value, they are classified as repayment-constrained.

Figure 1: AHURI-3M model structure



Source: Updated from Wood and Ong (2008).

### 3.2 Simulation of shared equity program types

We will predict the impacts of the six shared equity program types, which includes four Australian and two international schemes. The simulations will uncover how far different shared equity programs enhance home purchase prospects across varying socio-demographic and geographical groups. We will also examine the extent to which the programs expose homebuyers to financial risks and shed light on which program types are most likely to help aspiring homebuyers meet deposit hurdles in unaffordable housing markets, such as Sydney.

The schemes uncovered through our reviews typically apply at least one out of three restrictions:

1. Income thresholds generally set below average income levels, which we call income 'limits'. If thresholds generally exceed below-average levels, we do not consider these to be 'limits'.
2. Property price thresholds generally set below or around average price levels for the region, which we call price 'limits' (see Table 2). If price thresholds generally exceed average levels for the regions, we do not consider these to be 'limits'.
3. Access by specific population groups only.

Broad-based schemes do not apply any of these three restrictions.

<sup>12</sup> We utilised ANZ's home-loan borrowing power calculator (ANZ n.d.) as of 2024.



**Table 2: Median dwelling prices, by capital city and rest of state, August 2024**

| Region | Capital city | Rest of state or territory |
|--------|--------------|----------------------------|
| NSW    | \$1,180,463  | \$738,000                  |
| VIC    | \$776,000    | \$567,000                  |
| QLD    | \$875,000    | \$664,000                  |
| WA     | \$785,000    | \$526,000                  |
| SA     | \$791,000    | \$432,000                  |
| TAS    | \$655,000    | \$514,000                  |
| NT     | \$504,000    | \$443,000*                 |
| ACT    | \$846,000    | N/A                        |

Source: CoreLogic Home Value Index, released September 2024.

Notes: Prices rounded to nearest thousand. Median value of all houses and units sold in the 12 months to August 2024. Capital cities and the rest of each state or territory is based on Greater Capital City Statistical Areas, as outlined in the [ABS Australian Statistical Geography Standard](#).

\* NT rest of territory reflects the prices of houses only, as there are too few unit sales for an accurate all-dwellings measure.

In Section 2.5, we surmised that the two international schemes of most relevance to the Australian context are the broad-based UK HTB from England, Wales or Scotland and Scotland's Open Market Shared Equity Scheme (OMSE). Given similarities across the UK HTB schemes, we opt to base our simulation around England's HTB program and Scotland's OMSE. Furthermore, we simulate program types based on four Australian shared equity schemes. Together, the six simulated schemes allow us to analyse distribution outcomes across program types that range in design depending on whether they are means-tested or specify priority-entry groups (Table 3).

**Table 3: Simulated shared equity program types**

| Program type based on                               | Means-tested<br>Income limit | Property<br>price limit | Priority-entry<br>groups |
|-----------------------------------------------------|------------------------------|-------------------------|--------------------------|
| Australian Help to Buy (current)                    | Yes                          | Yes                     | No                       |
| SA HomeStart Shared Equity Option (current)         | Yes                          | No*                     | No                       |
| NSW Shared Equity Home Buyer Helper (ended 2024)    | Yes                          | Yes                     | Yes                      |
| Scotland Open Market Shared Equity Scheme (current) | No                           | Yes                     | Yes                      |
| England Help to Buy (ended 2023)                    | No                           | No*                     | No                       |
| SA HomeStart Breakthrough Loan (ended 2017)         | No                           | No*                     | No                       |

Source: Summary of parameters from the tables in sections 3.2.1 to 3.2.6.

Note: \* Price thresholds are specified, but these are set at higher-than-average prices, so we do not consider this to be a 'limit'.

It is important to note that the simulations model scheme 'types' that capture key features from actual schemes. In other words, we do not model the actual schemes, as the limited data prevents us from taking account of the intricate features of each scheme.

Some parameters are applicable uniformly across all schemes in our simulations.

- We assume that in income units that contain a married or de facto couple, both will be joint applicants for the scheme.
- We assume all schemes are available to Australian citizen and permanent resident homebuyers aged over 18 years. In practice, the Australian HTB excludes permanent residents, while the South Australia Shared Equity Option (SEO) also allows skilled migrants.
- In practice, some schemes are capped at a fixed number of participants each year. For instance, the Australian HTB is limited to 10,000 homebuyers per year. We assume all the schemes are available to all eligible homebuyers who meet the scheme criteria, as placing a cap on our sample would severely limit the size available for robust analysis.
- In practice, most shared equity schemes are not restricted to FHBs. Hence, we include all eligible homebuyers unless a scheme explicitly restricts eligibility to FHBs.
- All scheme participants must not own any real estate.
- All income and property thresholds are set at 2024 levels. However, the income and house values of our income units are at 2022 levels, as they are derived from demand and supply modules based on 2022 data. To ensure consistency, we adjust these values for inflation to match 2024 price levels.<sup>13</sup>
- The simulations do not take into account First Home Owner Grants. These grants are only applicable to new dwellings in some states, but it is not possible to predict which eligible scheme participants will purchase new versus existing dwellings.
- Applicable FHB and residential stamp-duty concessions are modelled.
- Lenders mortgage insurance (LMI) is set to zero in the deposit calculation for eligible participants. Because we assume maximum government equity contribution in all cases, this should typically result in zero LMI.

### 3.2.1 Income limits + price limits (based on Australian HTB)

The first scheme is a double-means-tested type that is modelled after the Australian HTB shared equity scheme for homebuyers.<sup>14</sup> The scheme applies income and property price limits, but does not specify priority groups.

As shown in Table 4, the property price limits are higher in cities that tend to face more intense affordability pressures, such as Sydney. The scheme is targeted towards those purchasing housing in median-priced or lower-priced markets. Income limits are set at \$90,000 for singles and \$120,000 for couples.

The government makes an equity contribution of up to 40% of the purchase price of a new dwelling, and up to 30% of the purchase price of an existing dwelling. Because we cannot observe whether a homebuyer would purchase a new or an existing dwelling, we apply a government equity contribution of 35% to all dwellings. Scheme participants are required to put down a minimum deposit of 2% of the property price, and in our simulation, we assume all participants contribute this 2% minimum.

<sup>13</sup> Inflation adjustment was performed using the Consumer Price Index of the income unit's state of residence, from the Australian Bureau of Statistics catalogue 6401.0.

<sup>14</sup> See the HTB Program Directions (Australian Government 2024) for further details of the scheme.

Table 4: Australian Help to Buy property and income limits, 2024

**(a) Property price limits**

| State | Capital city & regional centres* | Rest of state / territory | All areas |
|-------|----------------------------------|---------------------------|-----------|
| NSW   | \$950,000                        | \$750,000                 | N/A       |
| VIC   | \$850,000                        | \$650,000                 | N/A       |
| QLD   | \$700,000                        | \$550,000                 | N/A       |
| WA    | \$600,000                        | \$450,000                 | N/A       |
| SA    | \$600,000                        | \$450,000                 | N/A       |
| TAS   | \$600,000                        | \$450,000                 | N/A       |
| NT    | N/A                              | N/A                       | \$600,000 |
| ACT   | N/A                              | N/A                       | \$750,000 |

**(b) Taxable household income limits**

| Household status      | Help To Buy |
|-----------------------|-------------|
| <b>Taxable income</b> |             |
| Single                | \$90,000    |
| Couples               | \$120,000   |

Source: Limits as reported in the [HTB program directions 2024](#).

Notes: \* The scheme classifies capital cities and the rest of each state or territory based on Greater Capital City Statistical Areas, as outlined in the ABS [Australian Statistical Geography Standard](#). A regional centre is identified from a list of smaller Statistical Area Level 4 areas, as specified by the scheme.

**3.2.2 Income limits (based on SA HomeStart Shared Equity Option)**

Next, we model another means-tested program type after the South Australia HomeStart Shared Equity Option (SEO), which is a current scheme for South Australian residents.<sup>15</sup> The scheme applies a net household income limit of \$100,000. There is no formal price threshold, unlike the other schemes, but this scheme applies a maximum government equity contribution of \$200,000. This means that households that take the 25% government equity contribution have an informal price limit, as outlined in Table 5. However, this informal price limit is generous, so there is no effective price ‘limit’ according to our definition of a ‘limit’.

Because the scheme is from South Australia and we are conducting the simulation using a national sample, we impute the maximum government equity contribution for other states using a relative-price adjuster. The adjuster is defined as the ratio of the maximum property price limits between Adelaide and other capital cities in the national HTB scheme (see Table 4). For instance, in Table 4, the South Australian and New South Wales capital city property price limits are \$600,000 and \$950,000 respectively. To derive the New South Wales maximum government contribution under the HomeStart SEO scheme, we calculate a relative price ratio of 1.583 (equivalent to  $950,000 \div 600,000$ ), which is reported in Table 5. We then apply this relative price adjustment to South Australia’s maximum government equity contribution of \$200,000 to derive the maximum New South Wales government equity contribution amount of \$316,667.

<sup>15</sup> See the [HomeStart website](#) (HomeStart n.d.) for further details of the scheme.

The South Australian scheme has two additional conditions:

- the SEO amount cannot be greater than the primary loan
- the combined sum of the SEO and other loans owed against the property must not exceed \$750,000.

Given we cannot predict the number and value of loans that will be owed against the property, we do not include these two conditions in our modelling.

Eligible applicants can apply for a SEO of between 5% and 25% of the purchase price, up to a maximum limit of \$200,000. We assume in our simulation that the maximum government equity contribution of either 25% or \$200,000 is accessed by participants. Scheme participants are required to provide an 8% deposit for a new dwelling, which is reduced to 2% for FHBs. For existing dwellings, a 5% deposit is required, regardless of buyer status. Since we cannot observe whether a homebuyer would choose a new or existing dwelling, we apply the 5% deposit requirement for existing properties to all participants in our simulation, and assume all participants contribute this 5% minimum.

**Table 5: SA HomeStart Shared Equity Option key parameters (actual for SA, imputed for other states), 2024**

| State | Relative price ratio | Therefore, max government equity contribution ... | Maximum home value (based on 25% government equity contribution) |
|-------|----------------------|---------------------------------------------------|------------------------------------------------------------------|
| SA    | 1                    | \$200,000                                         | \$800,000                                                        |
| NSW   | 1.583333             | \$316,667                                         | \$1,266,667                                                      |
| VIC   | 1.416667             | \$283,333                                         | \$1,133,333                                                      |
| QLD   | 1.166667             | \$233,333                                         | \$933,333                                                        |
| WA    | 1                    | \$200,000                                         | \$800,000                                                        |
| TAS   | 1                    | \$200,000                                         | \$800,000                                                        |
| NT    | 1                    | \$200,000                                         | \$800,000                                                        |
| ACT   | 1.25                 | \$250,000                                         | \$1,000,000                                                      |

Source: Authors' own calculations using relative prices derived from the price limits reported in the [HTB program directions 2024](#) and the \$200,000 maximum government equity contribution of the [SA HomeStart SEO scheme](#).

### 3.2.3 Priority entry + price limits + income limits (based on NSW Shared Equity Home Buyer Helper)

The NSW Shared Equity Home Buyer Helper (SEH) was a recent NSW pilot scheme that concluded in June 2024.<sup>16</sup> We draw on this scheme to model a program type that specifies priority entry groups, and applies price and income limits. The scheme targeted four groups:

- lone parents with dependent children
- singles aged 50+
- FHB key workers
- survivors of domestic or family violence.

<sup>16</sup> See Revenue NSW (2025) for archival details of the now defunct scheme.

In our sample, lone parents are defined as single individuals who reside with at least one dependent child. We adopt the definition of a dependent child provided in the HILDA Survey, which includes children under the age of 15, as well as those aged 16–24 who are enrolled in full-time education. In practice, the education limit was applied to those under 19, with additional support extending to individuals under 22 who were in receipt of the Disability Support Pension.

Regarding FHB key workers, the scheme specifies early childcare educators, nurses and midwives, paramedics, police officers and schoolteachers. We cannot perfectly re-create these occupations using variables from the HILDA Survey, so we approximate these occupational categories using the Australian and New Zealand Standard Classification of Occupations (ANZSCO) codes contained within HILDA.<sup>17</sup> Applying these codes, we achieve the following approximate occupational categories in HILDA:

- Early childcare educators (code 4211): includes child and family day care workers, nannies, out-of-school-hours care workers
- Police (code 4413): includes police officers and detectives
- Paramedics (code 4111): includes ambulance officers and paramedics
- Registered nurses and midwives (codes 2544 and 2541): excludes nurse educators, researchers, or managers
- Schoolteachers (code 2410): includes teachers up to high-school level.

Once these occupations are selected from our sample, we further restrict the sample to FHBs, as per the NSW SEH eligibility criteria for key workers.

We are unable to directly observe survivors of domestic or family violence in the HILDA Survey. Hence, this group is excluded.

The scheme is only available to New South Wales residents, so only New South Wales property price limits are published. However, we apply the New South Wales scheme to our national sample (Table 6).

To impute property price limits for capital cities other than Sydney, we apply the ratio of maximum property price limits between Sydney and other capital cities from the national HTB scheme. This approach ensures that property price limits for other capital cities align with those in the national scheme, consistent with the South Australia HomeStart SEO methodology. Since Sydney's capital-city price limit matches the national HTB scheme, all other capital cities must also adhere to these national limits.

For the rest of New South Wales, we follow the same approach. However, because the price limit rules for non-metropolitan areas do not align with those in the national scheme, applying the relative price adjustment results in limits that differ from the national scheme for non-city regions.

The government makes an equity contribution of up to 40% of the purchase price of a new dwelling, and up to 30% of the purchase price of an existing dwelling. Because we cannot observe whether a homebuyer would purchase a new or an existing dwelling, we apply a government equity contribution of 35% to all dwellings. Scheme participants are required to put down a minimum deposit of 2% of the property price, and in our simulation we assume all participants contribute this 2% minimum.

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<sup>17</sup> HILDA provides the 2006 version of ANZSCO, developed by the Australian Bureau of Statistics, of which the 4-digit codes are the most detailed level of occupational classification available (Summerfield, Garrard et al. 2023).

**Table 6: NSW Shared Equity Home Buyer Helper key parameters (actual for NSW, imputed for other states), 2024****(a) Property price limits**

| State | Capital city & regional centres | Relative price ratio (rest of state only) | Therefore, rest of state / territory ... | All areas |
|-------|---------------------------------|-------------------------------------------|------------------------------------------|-----------|
| NSW   | \$950,000                       | 1                                         | \$600,000                                | N/A       |
| VIC   | \$850,000                       | 0.87                                      | \$520,000                                | N/A       |
| QLD   | \$700,000                       | 0.73                                      | \$440,000                                | N/A       |
| WA    | \$600,000                       | 0.6                                       | \$360,000                                | N/A       |
| SA    | \$600,000                       | 0.6                                       | \$360,000                                | N/A       |
| TAS   | \$600,000                       | 0.6                                       | \$360,000                                | N/A       |
| NT    | N/A                             | N/A                                       | N/A                                      | \$600,000 |
| ACT   | N/A                             | N/A                                       | N/A                                      | \$750,000 |

**(b) Gross household income limits**

| Household status | NSW SEH   |
|------------------|-----------|
| Gross income     |           |
| Single           | \$93,200  |
| Couples          | \$124,200 |

Source: Authors' own calculations using relative prices derived from the price limits reported in the [HTB program directions 2024](#) and the NSW property price and income limits from the [NSW Shared Equity Home Buyer Helper scheme](#).

### 3.2.4 Priority entry + price limits (based on Scotland Open Market Shared Equity Scheme)

The Scottish Open Market Shared Equity Scheme (OMSE) is currently operational.<sup>18</sup> It specifies priority groups that are given entry, as well as applying property price limits.

The scheme is targeted at all FHBs, as well as any of the following groups:

- social renters (government or housing association)
- people aged 60+
- people with disabilities
- members of the armed forces
- veterans who have left the armed forces within the past two years
- recent widows of armed forces members.

<sup>18</sup> See Scottish Government (2025) for further details of the scheme.

We include all of the above, apart from recent veterans and recent widows of armed force members, as it is not possible to observe these groups. Disability status is approximated using the HILDA question on long-term health conditions, impairments or disabilities that restrict everyday activities for at least six months. This is further refined using the severity question. This ensures we only include individuals whose condition significantly limits the type or amount of work they can do, or prevents them from working altogether. To approximate serving armed forces members, we use the closest 4-digit ANSZCO code available: Defence Force members—other ranks (code 4411).

Unlike the other schemes, the government equity contribution varies between 10%–40%, depending on the applicants' resources and maximum mortgage. As it is not possible to predict the applicants' maximum mortgage loans, we apply a midpoint of 25% government equity contribution. The participant is required to contribute a minimum 5% deposit, and we assume all participants only contribute this minimum.

The OMSE property price limits are based on the lowest 25% of prices in urban areas and the lowest 50% (the median) of prices in rural areas. In modelling this scheme, we face the challenge of needing to convert the applicable property price limits in Scotland to limits applicable to Australia. Because the lowest quartile prices in Sydney are roughly 0.7 times the median prices in Sydney,<sup>19</sup> we take the median price for dwellings in Sydney, and multiply this by 0.7 to derive the scheme property price limit for Sydney. The scheme property price limit in the rest of New South Wales is set at the median price. We then use the existing relative price ratios of the national HTB scheme to impute prices for the other regions (Table 7).

**Table 7: Imputed key parameters for Australia based on the Scotland Open Market Shared Equity Scheme, 2024**

| State | Capital city         |                                    | Rest of state        |                                      |
|-------|----------------------|------------------------------------|----------------------|--------------------------------------|
|       | Relative price ratio | Therefore, property price limit... | Relative price ratio | Therefore, property price limit ...  |
| NSW   | 1.000                | \$826,324<br>(0.7 × Sydney median) | 1.000                | \$738,301<br>(median of rest of NSW) |
| VIC   | 0.895                | \$739,343                          | 0.867                | \$639,861                            |
| QLD   | 0.737                | \$608,870                          | 0.733                | \$541,421                            |
| SA    | 0.632                | \$521,889                          | 0.600                | \$442,981                            |
| WA    | 0.632                | \$521,889                          | 0.600                | \$442,981                            |
| TAS   | 0.632                | \$521,889                          | 0.600                | \$442,981                            |
| NT    | 0.632                | \$521,889                          | N/A                  | N/A                                  |
| ACT   | 0.789                | \$652,361                          | N/A                  | N/A                                  |

Source: Authors' own calculations using relative prices derived from the price limits reported in the [HTB program directions 2024](#) and the median dwelling prices for Sydney reported in the CoreLogic Home Value Index, released September 2024.

<sup>19</sup> Estimated using the lowest quartile prices for Sydney obtained from the CoreLogic Market Trends dataset. Reflects residential properties sold in the 12 months to October 2023.

### 3.2.5 Broad-based I (based on England Help to Buy)

The England Help to Buy (HTB) scheme, which ended in 2023, was broad-based, with no applicable income limits or priority entry for certain groups.<sup>20</sup> While price thresholds were published, they tended to be generous, which we do not consider to be ‘limits’.

The scheme was traditionally available to all homebuyers who did not own other property. However, from 2021 onwards the scheme was offered to FHBs only. We conduct our simulation on the assumption eligibility is offered to all homebuyers who do not own other property, to reflect a broad-based program type.

There are nine English regions that have their own property price thresholds. In modelling this scheme, we face the challenge of needing to convert the applicable property price thresholds in England to thresholds applicable to Australia. We begin by creating a ratio of the 2023 median price of the London region (the most expensive metropolitan region at £535,000) to the 2023 scheme property price thresholds of £600,000.<sup>21</sup> From this, we derive a ratio of 1.121—that is, the scheme property price is 1.121 times the median property price in London.

This ratio of 1.121 is then applied to 2024 Sydney prices (the most expensive capital city in Australia at \$1.180 million), so that the scheme property price threshold for Sydney is set at 1.121 times the median property price in Sydney in 2024.<sup>22</sup> This allows us to derive a property price cap of \$1.323 million. We then use the existing relative price ratios of capital cities in the Australian HTB scheme to impute property price limits for other capital cities in Australia (see Table 8).

We repeat the same procedure for the rest of New South Wales region, by applying the 1.121 ratio to rest of New South Wales prices for 2024, so that the scheme property price thresholds for rest of New South Wales are set at 1.121 times the median property price in the rest of New South Wales in 2024. We then use the existing relative price ratios of the non-city areas in the Australian HTB scheme to impute property price thresholds for non-city areas outside NSW.

The maximum government equity contribution in the England Help to Buy scheme is 20%, except for London, which is 40%. We mimic this by applying 20% to all regions except Greater Sydney, which we assume will attract a 40% maximum government equity contribution. A minimum 5% is required from scheme participants, and we assume all participants pay the minimum.

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<sup>20</sup> See the Help to Buy: Equity Loan homebuyers' guide (Homes England 2023) for further details of the now defunct scheme.

<sup>21</sup> The median price data for London dwellings was sourced from the Office for National Statistics (2023B).

<sup>22</sup> The median dwelling prices for Sydney reported in the CoreLogic Home Value Index, released September 2024 (CoreLogic 2024).



**Table 8: Imputed key parameters for Australia based on the England Help to Buy scheme, 2024**

| State | Capital city         |                                                    | Rest of state        |                                                     |
|-------|----------------------|----------------------------------------------------|----------------------|-----------------------------------------------------|
|       | Relative price ratio | Therefore, property price limit...                 | Relative price ratio | Therefore, property price limit ...                 |
| NSW   | 1.000                | \$1,323,299 (1.121 x Sydney median of \$1,180,463) | 1.000                | \$827,635 (1.121 x rest of NSW median of \$738,301) |
| VIC   | 0.895                | \$1,184,004                                        | 0.867                | \$717,284                                           |
| QLD   | 0.737                | \$975,062                                          | 0.733                | \$606,933                                           |
| SA    | 0.632                | \$835,768                                          | 0.600                | \$496,581                                           |
| WA    | 0.632                | \$835,768                                          | 0.600                | \$496,581                                           |
| TAS   | 0.632                | \$835,768                                          | 0.600                | \$496,581                                           |
| NT    | 0.632                | \$835,768                                          | 0.867                | \$717,284                                           |
| ACT   | 0.789                | \$1,044,710                                        | 0.733                | \$606,933                                           |

Source: Authors' own calculations using relative prices derived from the price limits reported in the [HTB program directions 2024](#) and the median dwelling prices for Sydney reported in the CoreLogic Home Value Index, released September 2024.

### 3.2.6 Broad-based II (based on SA HomeStart Breakthrough Loan)

The South Australia HomeStart Breakthrough Loan (BL) is no longer operational, ending in 2013.<sup>23</sup> However, we chose to model it as it represents a distinctly different program type from the current SA HomeStart SEO program type. The BL scheme applies no income limits, and its property price thresholds are set at values that typically reach or exceed the average property prices in each region, so are not considered 'limits'. Hence, we classify it as a broad-based scheme.

The BL scheme price threshold was \$380,000 across all South Australian regions in 2007. By applying the ABS house price index for Adelaide, we derive a house price value of \$784,597. This is slightly under the median dwelling price of \$791,000 in Adelaide in 2024, and far surpasses the average house price of \$432,00 in the rest of South Australia in 2024 (see Table 2).

As with the previous scheme, we then apply the ratio of maximum property price thresholds between Adelaide and other capital cities in the national HTB scheme to determine an appropriate maximum home value for the scheme in each state. The relative price inflators and imputed maximum allowable home value for each state are reported in Table 9.

Under the BL scheme, the maximum government equity contribution is 35% of the property value, while the participants are only required to contribute a minimum deposit of \$1,589 (inflation-adjusted from the original \$1,000 in 2007). In our simulation, we apply both the maximum government equity contribution and minimum participant contribution.

<sup>23</sup> The website for this now defunct scheme is no longer functional. Details of the scheme are scarce online, but can be found in a 2008 AHURI positioning paper (Pinneger, Milligan et al. 2008), and HomeStart's 2016 submission to the Federal Government's Affordable Housing Working Group (HomeStart 2016).

**Table 9: SA HomeStart Breakthrough Loan key parameters (actual for SA, imputed for other states), 2024**

| State | Relative price ratio | Property price threshold |
|-------|----------------------|--------------------------|
| SA    | 1                    | \$784,597                |
| NSW   | 1.583                | \$1,242,279              |
| VIC   | 1.417                | \$1,111,513              |
| QLD   | 1.167                | \$915,363                |
| WA    | 1                    | \$784,597                |
| TAS   | 1                    | \$784,597                |
| NT    | 1                    | \$784,597                |
| ACT   | 1.25                 | \$980,746                |

Source: Authors' own calculations using relative prices derived from the price thresholds reported in the [HTB program directions 2024](#) and details of the scheme listed in the following 2008 [AHURI positioning paper](#).

### 3.3 Model baseline statistics

In this section, we report some key statistics from the models and data prior to applying any simulation parameters.

There are 10,491 housing consumer income units that can be identified in the 2022 HILDA Survey, which represent around 12.5 million income units in the population. For our purposes, a housing consumer is anyone that owns outright, owns with a mortgage, rents privately or publicly, or is rent-free. Table 10 reports the sample frequencies for housing consumers. As expected, home ownership remains the majority tenure, comprising over half of all income units. This is followed by renting, which comprises around 30% of all income units.

**Table 10: Sample and population estimates, by housing tenure of housing consumers, 2022**

| Income unit housing tenure | Sample count | Sample distribution | Population count | Population distribution |
|----------------------------|--------------|---------------------|------------------|-------------------------|
| Outright owner             | 2,649        | 25%                 | 3,015,652        | 24%                     |
| Owner purchaser            | 3,070        | 29%                 | 3,671,137        | 29%                     |
| Private renter             | 2,881        | 27%                 | 3,235,247        | 26%                     |
| Public renter              | 364          | 3%                  | 403,340          | 3%                      |
| Rent free                  | 1,527        | 15%                 | 2,234,559        | 18%                     |
| Total                      | 10,491       | 100%                | 12,559,935       | 100%                    |

Source: Authors' own calculations from the microsimulation model and the 2022 HILDA Survey.

Notes: Sample and population distributions are rounded to the nearest whole percentage.

Of the housing consumer income units, 9,793 offer the necessary data for assigning them to their preferred tenure in AHURI-3M. As shown in Table 11, 2,116 renters are assigned as preferring to own in the sample. Among these, most (2,099) are private renter income units. Applying cross-sectional population weights, we estimate that around 2.4 million rental income units prefer home ownership—in other words, they are aspiring homebuyers.

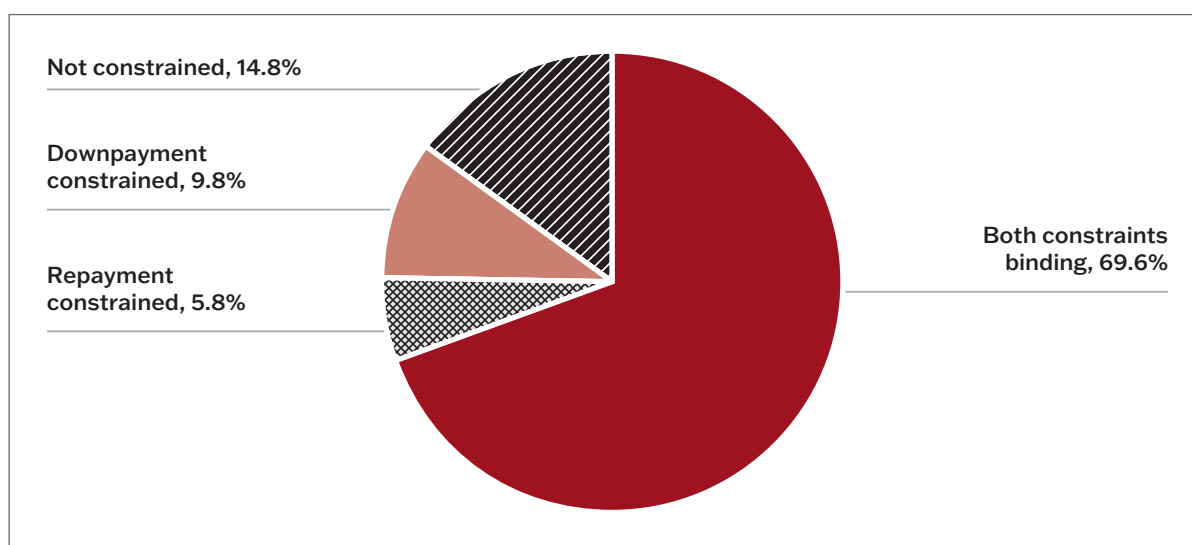
**Table 11: Actual versus preferred housing tenure, all income units**

| Preferred housing tenure                | Actual housing tenure |                |               |           |            |
|-----------------------------------------|-----------------------|----------------|---------------|-----------|------------|
|                                         | Homeowner             | Private renter | Public renter | Rent-free | Total      |
| Count based on sample (population)      |                       |                |               |           |            |
| Homeowner                               | 5,237                 | 2,099          | 17            | 0         | 7,353      |
|                                         | 6,206,440             | 2,394,621      | 18,247        | 0         | 8,619,308  |
| Private renter                          | 376                   | 249            | 5             | 0         | 630        |
|                                         | 432,877               | 274,204        | 4,133         | 0         | 711,214    |
| Public renter                           | 0                     | 0              | 283           | 0         | 283        |
|                                         | 0                     | 0              | 318,813       | 0         | 318,813    |
| Rent free                               | 0                     | 0              | 0             | 1,527     | 1,527      |
|                                         | 0                     | 0              | 0             | 2,234,559 | 2,234,559  |
| <b>Total</b>                            | 5,613                 | 2,348          | 305           | 1,527     | 9,793      |
|                                         | 6,639,317             | 2,668,825      | 341,193       | 2,234,559 | 11,883,894 |
| Percentage based on sample (population) |                       |                |               |           |            |
| Homeowner                               | 93.3                  | 89.4           | 5.6           | 0.0       | 75.1       |
|                                         | 93.5                  | 89.7           | 5.4           | 0.00      | 72.5       |
| Private renter                          | 6.7                   | 10.6           | 1.6           | 0.0       | 6.4        |
|                                         | 6.5                   | 10.3           | 1.2           | 0.00      | 6.0        |
| Public renter                           | 0.0                   | 0.0            | 92.8          | 0.0       | 2.9        |
|                                         | 0.00                  | 0.00           | 93.4          | 0.00      | 2.7        |
| Rent free                               | 0.0                   | 0.0            | 0.0           | 100.0     | 15.6       |
|                                         | 0.00                  | 0.00           | 0.00          | 100.00    | 18.8       |
| <b>Total</b>                            | 100.0                 | 100.0          | 100.0         | 100.0     | 100.0      |

Source: Authors' own calculations from the microsimulation model and 2022 HILDA Survey.

Figure 2 shows that among rental tenants who prefer ownership and are aspiring buyers, only 15% would be able to achieve it. For nearly 70%, both constraints are binding. The downpayment constraint is greater than the repayment constraint, with nearly 80% of aspiring FHBs unable to enter home ownership because they cannot meet deposit requirements. However, the share faced with binding repayment constraints is also significant at 75%. Overall, among aspiring homeowners, around 85% are unable to attain home ownership due to either a downpayment or repayment constraint.

**Figure 2: Borrowing constraints of rental income units that are aspiring homebuyers**



Source: Authors' own calculations from the microsimulation model and 2022 HILDA Survey.

### 3.4 Simulation findings

#### 3.4.1 Scheme eligibility

The six program types feature different degrees of strictness of eligibility criteria.

As reported in Table 12, the New South Wales SEH program type is the strictest program in terms of the number of restrictions it applies (priority groups, income limits, and property price limits) and gives rise to the lowest eligibility share of 3%. Another scheme that specifies priority groups is the Scotland OMSE type, which applies price limits but not income limits. This scheme also has a low access rate, giving rise to an eligibility share of 4% due to the priority group specification.

Schemes that apply income or property price limits without specifying priority entry groups (Australian HTB and SA HomeStart SEO types) generate eligibility shares of 12%–15%.

The broad-based program types generate noticeably higher eligibility shares. Under the England HTB program type, nearly one-fifth (19%) of aspiring homebuyers would be eligible to participate; under the South Australia HomeStart BL program type, almost two-thirds (63%) would be eligible. The South Australia HomeStart BL program type offers generous eligibility criteria because not only are the property price thresholds relatively high, they are also not calibrated to account for regional differences. The England HTB program type offers generous property price thresholds, but these are calibrated to account for regional differences.

**Table 12: Number of income units aspiring to be homeowners that are eligible and ineligible for the shared equity program types, percentage by row**

|                                                         | Eligible  |       | Ineligible |       |
|---------------------------------------------------------|-----------|-------|------------|-------|
|                                                         | N         | %     | N          | %     |
| Income limits + price limits (Australian HTB)           | 299,634   | 14.59 | 1,754,192  | 85.41 |
| Income limits (SA HomeStart SEO)                        | 251,315   | 12.24 | 1,802,511  | 87.76 |
| Priority entry + income limits + price limits (NSW SEH) | 62,981    | 3.07  | 1,990,845  | 96.93 |
| Priority entry + price limits (Scotland OMSE)           | 84,865    | 4.13  | 1,969,536  | 95.87 |
| Broad-based I (England HTB)                             | 385,176   | 18.75 | 1,668,650  | 81.25 |
| Broad-based II (SA HomeStart BL)                        | 1,291,241 | 62.85 | 763,160    | 37.15 |

Source: Authors' own calculations from the microsimulation model and 2022 HILDA Survey.

### 3.4.2 Scheme targeting accuracy

Scheme participants who would face downpayment and/or repayment constraints without the scheme can be deemed to have been accurately targeted. On the other hand, those who do not face downpayment and/or repayment constraints have not been accurately targeted as they do not need the scheme—despite being eligible.

Figure 3 divides eligible participants of each program type into two categories, depending on whether they face constraints prior to entering the scheme. The two groups comprise those that:

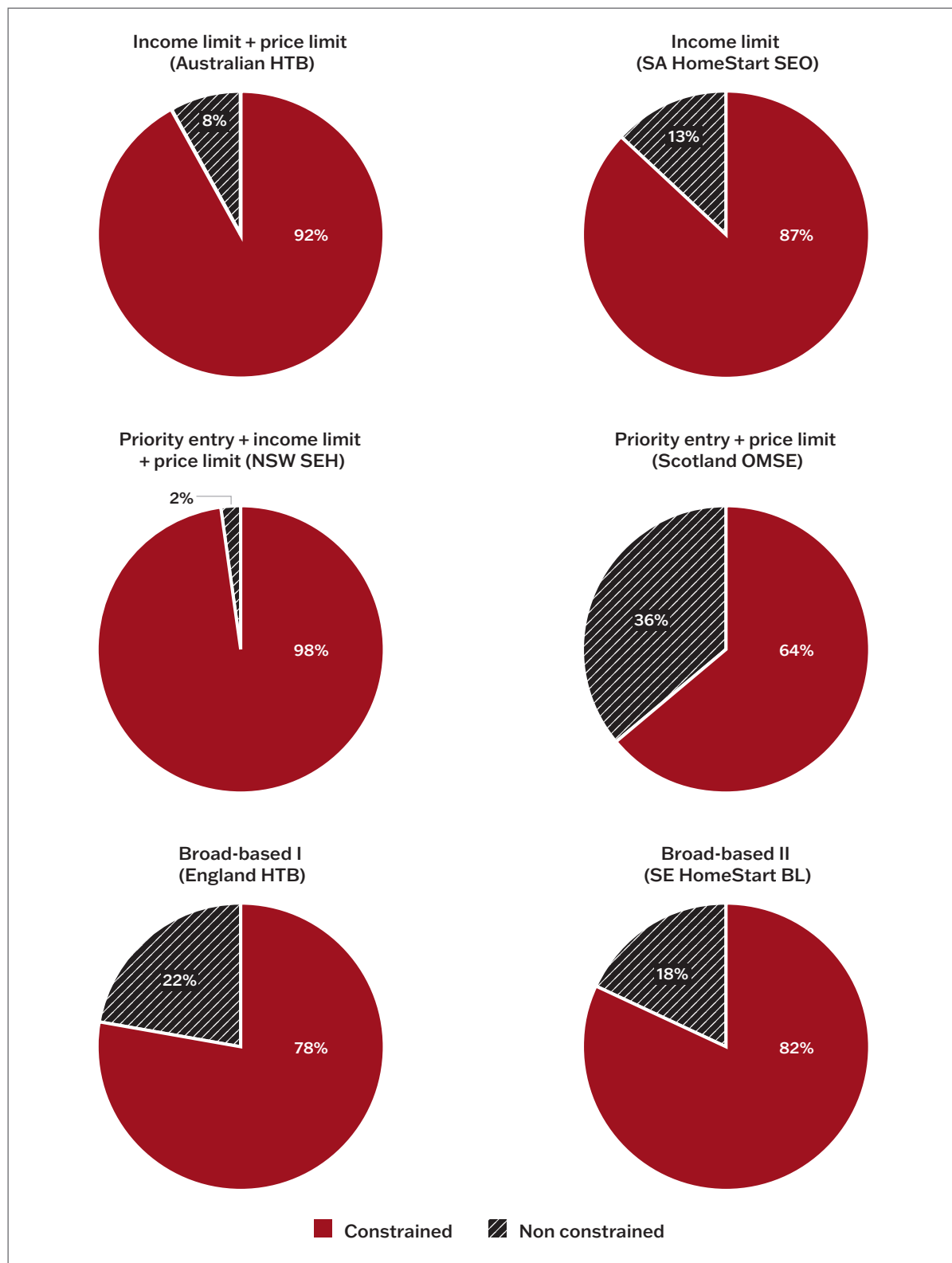
1. **Have no constraints pre-scheme**—although they are eligible for the scheme, they do not need it to attain home ownership because they do not face downpayment or repayment barriers.
2. **Have constraints pre-scheme**

As shown in Figure 3, 98% of eligible participants in the New South Wales SEH program type need the scheme because they face downpayment and/or repayment constraints without it. This is linked to its strict application of all three restrictions: priority entry group specification, income limit and price limit.

Next, targeting accuracy is high at 92% among schemes that apply price and income limits without specifying priority groups, and 87% among schemes that apply income limits only without specifying priority groups.

The other three schemes are less well-targeted. Around one in five of the eligible participants in the broad-based program types do not need the scheme as they have no constraints pre-scheme. Over a third (36%) of eligible participants in the Scotland OMSE scheme do not need the scheme. Once again, while this program type nominates specific groups for priority entry, it only applies price limits but no income limits. Furthermore, this scheme is available to all FHBs, some of whom may be young professionals on moderate-to-high incomes.

Figure 3: Constraints faced by eligible income units pre-scheme under each program type, total percentages



Source: Authors' own calculations from the micro-simulation model and 2022 HILDA Survey.

### 3.4.3 Scheme effectiveness

Shared equity schemes achieve varying ‘success rates’ in terms of the share of eligible participants who are helped into homeownership. As reported in Table 13, these success rates range from 22% (South Australia HomeStart SEO and New South Wales SEH program types) to 42% (Scotland OMSE and South Australia HomeStart BL). A more in-depth analysis is executed in this section to determine which schemes are most effective in overcoming downpayment constraints versus repayment constraints.

**Table 13: Distribution of post-scheme constraints among eligible income units who were downpayment (DP) constrained and/or repayment (RP) constrained pre-scheme, percentage by row**

| Program type     | Income limit | Price limit | Priority entry | Remain DP and/or RP constrained | Overcome both constraints | All  |
|------------------|--------------|-------------|----------------|---------------------------------|---------------------------|------|
| Australian HTB   | ✓            | ✓           | X              | 63.1%                           | 36.9%                     | 100% |
| SA HomeStart SEO | ✓            | X           | X              | 77.6%                           | 22.4%                     | 100% |
| NSW SEH          | ✓            | ✓           | ✓              | 77.1%                           | 22.9%                     | 100% |
| Scotland OMSE    | ✓            | X           | ✓              | 58.4%                           | 41.6%                     | 100% |
| England HTB      | X            | X           | X              | 65.7%                           | 34.3%                     | 100% |
| SA HomeStart BL  | X            | X           | X              | 57.6%                           | 42.4%                     | 100% |

Source: Authors' own calculations from the microsimulation model and 2022 HILDA Survey.

#### Downpayment constrained scheme participants

Table 14 reports the share of eligible downpayment-constrained income units who are able to overcome their downpayment constraint as a result of each program type. The sample excludes those who are repayment-constrained. The program types are largely successful in helping more than half of downpayment-constrained income units to overcome this constraint and enter homeownership. These success rates range from 58% to 100%.

No clear links are detected between the degree of targeting of each scheme, and the scheme's success in helping participants overcome their downpayment constraints. For instance, a 100% success rate is attributable to a highly targeted program type that applies all three restrictions (New South Wales SEH) and a broad-based program type (SA HomeStart BL).

Instead, it is variations in government and participant equity contributions across the schemes that appear to matter. The three program types with the most generous government equity contribution shares of 35% across the board deliver the highest rates of relief from downpayment constraints: Australian HTB, New South Wales SEH and South Australia HomeStart BL. At the same time, these three program types require the lowest participant contributions of 2% for the Australian HTB and New South Wales SEH types and just \$1,589 from the South Australia HomeStart BL program type.

**Table 14: Distribution of post-scheme constraints among eligible income units who were downpayment-constrained but not repayment-constrained pre-scheme, percentage by row**

| Program type     | Income limit | Price limit | Priority entry | Remain DP constrained | Overcome DP constraint | All    | Equity contribution<br>G: Government<br>P: Participant |
|------------------|--------------|-------------|----------------|-----------------------|------------------------|--------|--------------------------------------------------------|
| Australian HTB   | ✓            | ✓           | X              | 13.6%                 | 86.4%                  | 100.0% | G: 35%<br>P: 2%                                        |
| SA HomeStart SEO | ✓            | X           | X              | 41.6%                 | 58.4%                  | 100.0% | G: 25%<br>P: 5%                                        |
| NSW SEH          | ✓            | ✓           | ✓              | 0.0%                  | 100.0%                 | 100.0% | G: 35%<br>P: 2%                                        |
| Scotland OMSE    | ✓            | X           | ✓              | 19.1%                 | 80.9%                  | 100.0% | G: 25%<br>P: 5%                                        |
| England HTB      | X            | X           | X              | 41.6%                 | 58.5%                  | 100.0% | G: 40% in Sydney,<br>20% elsewhere<br>P: 5%            |
| SA HomeStart BL  | X            | X           | X              | 0.0%                  | 100.0%                 | 100.0% | G: 35%<br>P: \$1,589                                   |

Source: Authors' own calculations from the microsimulation model and 2022 HILDA Survey.

### Repayment-constrained scheme participants

Table 15 reports the share of eligible repayment-constrained income units who are able to overcome their repayment constraint as a result of each program type. The sample excludes those who are downpayment-constrained. As shown in the table, the success rate of each program type in terms of relief from repayment constraints ranges from 37% to 64%. Thus, the program types deliver relief from repayment constraints to varying degrees, although at lower rates of success than relief from downpayment constraints.

Once again, no clear links are detected between the degree of targeting of each scheme and that scheme's success in helping participants overcome their repayment constraints.

The LVRs borne by the participants under each program type are reported in Table 15. These LVRs are calculated as 100% less the sum of the government equity contribution and participant equity contribution (G+P in Table 14). Two of the program types with the lowest LVRs (Australian HTB and South Australia HomeStart BL) give rise to the highest rates of relief from repayment constraints at 59% and 63% respectively.

However, this link between low LVRs and high relief rates is not observed systematically across all schemes. Among the two program types that specify priority entry groups, the New South Wales SEH program type delivers a relatively low 47% rate of relief from repayment constraints, while the Scotland OMSE program type delivers a relatively high 60% rate of relief from repayment constraints. This is likely because eligible participants of the New South Wales SEH program type have significantly lower incomes to begin with, at a median of \$38K compared to a median of \$76K among all eligible participants of the OMSE program type.



**Table 15: Distribution of post-scheme constraints among eligible income units who were repayment-constrained but not downpayment-constrained pre-scheme, percentage by row**

| Program type     | Income limit | Price limit | Priority entry | Remain RP constrained | Overcome RP constraint | All    | LVR*                           |
|------------------|--------------|-------------|----------------|-----------------------|------------------------|--------|--------------------------------|
| Australian HTB   | ✓            | ✓           | X              | 41.5%                 | 58.5%                  | 100.0% | 63%                            |
| SA HomeStart SEO | ✓            | X           | X              | 62.8%                 | 37.2%                  | 100.0% | 70%                            |
| NSW SEH          | ✓            | ✓           | ✓              | 53.4%                 | 46.6%                  | 100.0% | 63%                            |
| Scotland OMSE    | ✓            | X           | ✓              | 40.2%                 | 59.8%                  | 100.0% | 70%                            |
| England HTB      | X            | X           | X              | 45.0%                 | 55.0%                  | 100.0% | 55% in Sydney<br>75% elsewhere |
| SA HomeStart BL  | X            | X           | X              | 36.5%                 | 63.5%                  | 100.0% | Approx. 65%^                   |

Source: Authors' own calculations from the microsimulation model and 2022 HILDA Survey.

Notes: \* LVR = 100% less the sum of government participant equity contributions.

^ The government equity contribution is set at 35%. The participant contribution of \$1589 (at 2024 price level) is negligible as it amounts to a less than 1% equity contribution.

### Doubly constrained scheme participants

Table 16 captures eligible participants who are both downpayment-constrained and repayment-constrained before participating in the scheme. It reports the share of doubly constrained income units who are able to overcome one or both constraints as a result of accessing a shared equity scheme.

Two of the program types with the highest government equity contributions and lowest LVRs deliver the highest rates of relief from both constraints among doubly constrained eligible participants. These are the Australian HTB and South Australia HomeStart BL program types, which deliver relief rates of 28% and 30% respectively from both constraints.

**Table 16: Distribution of post-scheme constraints among eligible income units who were both DP-constrained and RP-constrained pre-scheme, percentage by row**

| Program type     | Income limit | Price limit | Priority entry | Remain doubly constrained | Overcome       |                  | All    |
|------------------|--------------|-------------|----------------|---------------------------|----------------|------------------|--------|
|                  |              |             |                |                           | One constraint | Both constraints |        |
| Australian HTB   | ✓            | ✓           | X              | 36.2                      | 35.6           | 28.2             | 100.0% |
| SA HomeStart SEO | ✓            | X           | X              | 46.5                      | 40.9           | 12.6             | 100.0% |
| NSW SEH          | ✓            | ✓           | ✓              | 56.4                      | 28.8           | 14.8             | 100.0% |
| Scotland OMSE    | ✓            | X           | ✓              | 13.2                      | 61.5           | 25.3             | 100.0% |
| England HTB      | X            | X           | X              | 43.6                      | 38.1           | 18.4             | 100.0% |
| SA HomeStart BL  | X            | X           | X              | 0.0                       | 69.6           | 30.4             | 100.0% |

Source: Authors' own calculations from the microsimulation model and 2022 HILDA Survey.

### 3.4.4 Characteristics of those assisted into home ownership

This section sheds light on the characteristics of shared equity program participants who are helped into home ownership by each of the six program types (see Table 17). The sample under each of the six shared equity columns comprises aspiring homebuyer income units that are:

- eligible for the scheme
- have a downpayment and/or repayment constraint pre-scheme
- overcome both constraints post-scheme.

The last column on the table is a benchmark group for comparison purposes. It comprises all aspiring homebuyer income units with a downpayment and/or repayment constraint pre-scheme. We are particularly interested in gauging the additionality provided by the schemes. A scheme that helps relatively well-off aspiring homebuyers may deliver less additionality than a scheme that helps less well-resourced aspiring homebuyers.

The New South Wales SEH program type is arguably most tightly targeted, as it specifies priority entry groups as well as income and price limits. It will likely deliver the greatest additionality, with average gross incomes of those assisted around \$61k and a much lower share in full-time employment (44%) than those assisted under other schemes. Those assisted under this scheme also tend to be older than the average aspiring homebuyer (46 years compared to 42 years). This suggests that the scheme is geared towards those who are unable to purchase or sustain homeownership in earlier stages of the life course.

The next scheme that offers some additionality is arguably the Australian HTB program type, which is means-tested through both income and price limits. It is geared towards young singles with relatively low incomes of around \$76K on average and non-university post-school qualifications (60% compared to 37% of all aspiring homebuyers).

The other four schemes are either:

- *moderately targeted*—for example, the South Australia HomeStart SEO has no price limit and does not set priority entry groups; the OMSE is available to all aspiring homebuyers among other groups without income limits
- *broad-based*—England HTB and South Australia HomeStart BL program types.

These four schemes potentially offer less additionality, as:

- the two broad-based schemes help relatively high-income participants with incomes averaging around \$140K
- three of the schemes help higher shares of university-qualified people, who presumably have greater earning power than non-university qualified participants
- all four schemes help higher shares of full-time employed at over 70%.

Table 18 sets out the geographic distribution of home ownership assistance under each shared equity scheme. The key theme that emerges is a lack of appropriate price limits in capital cities. Capital-city participants are under-represented in four of the six schemes, with the share being assisted lower than the 73% of all aspiring homebuyers in Australia. Delving further into more detailed geographical breakdowns, the inadequate price limits are most severe in Sydney and Melbourne, where residents of these cities are under-represented among those assisted in five out of the six schemes. This is followed by Brisbane, where the residents are under-represented among three of the six schemes.

Table 17: Characteristics of income units assisted into home ownership, eligible scheme participants who face barriers to homeownership, by program type

| Characteristics                                 | Australian HTB | SA HomeStart SEO | NSW SEH | Scotland OMSE | England HTB | SA HomeStart BL | All aspiring homebuyer income units |
|-------------------------------------------------|----------------|------------------|---------|---------------|-------------|-----------------|-------------------------------------|
| <b>Income limit</b>                             | ✓              | ✓                | ✓       | X             | X           | X               |                                     |
| <b>Price limit</b>                              | ✓              | X                | ✓       | ✓             | X           | X               |                                     |
| <b>Priority entry</b>                           | X              | X                | ✓       | ✓             | X           | X               |                                     |
| <b>Age<sup>^</sup></b>                          |                |                  |         |               |             |                 |                                     |
| Mean age (years)                                | 35             | 36               | 46      | 34            | 36          | 37              | 42                                  |
| Under 35 years (%)                              | 58.6%          | 58.9%            | 26.8%   | 64.3%         | 53.3%       | 50.5%           | 42.8%                               |
| 35–54 years (%)                                 | 31.7%          | 31.6%            | 36.9%   | 19.7%         | 39.3%       | 40.1%           | 32.6%                               |
| 55+ years (%)                                   | 9.7%           | 9.5%             | 36.2%   | 16.0%         | 7.4%        | 9.4%            | 24.5%                               |
| <b>Income unit type</b>                         |                |                  |         |               |             |                 |                                     |
| Couple with children (%)                        | 6.8%           | 2.4%             | 0%      | 13.5%         | 13.2%       | 20.6%           | 17.7%                               |
| Couple no children (%)                          | 23.7%          | 17.6%            | 11.1%   | 30.9%         | 34.7%       | 31.8%           | 16.2%                               |
| Lone parent (%)                                 | 12.5%          | 13.8%            | 55.1%   | 14.1%         | 6.5%        | 11.0%           | 14.6%                               |
| Single (%)                                      | 57.0%          | 66.2%            | 33.8%   | 41.5%         | 45.6%       | 36.7%           | 51.5%                               |
| <b>Income<sup>*</sup></b>                       |                |                  |         |               |             |                 |                                     |
| Mean financial year gross household income (\$) | 76,297         | 96,240           | 61,109  | 99,803        | 144,798     | 135,609         | 92,093                              |
| <b>Highest qualification</b>                    |                |                  |         |               |             |                 |                                     |
| University degree (%)                           | 19.9%          | 50.1%            | 31.7%   | 27.4%         | 60.0%       | 37.9%           | 29.7%                               |
| Other post-school (%)                           | 59.9%          | 44.2%            | 62.5%   | 67.3%         | 33.6%       | 51.1%           | 37.3%                               |
| Year 12 or below (%)                            | 20.2%          | 5.7%             | 5.8%    | 5.3%          | 6.4%        | 11.0%           | 33%                                 |
| <b>Labour force status</b>                      |                |                  |         |               |             |                 |                                     |
| Full-time employed (%)                          | 69.4%          | 71.5%            | 43.5%   | 74.9%         | 85.0%       | 76.3%           | 56.1%                               |
| Part-time employed (%)                          | 18.9%          | 22.9%            | 27.5%   | 15.0%         | 9.8%        | 16.1%           | 19.8%                               |
| Unemployed (%)                                  | 0.8%           | 0%               | 5.8%    | 0%            | 0.6%        | 2.0%            | 2.4%                                |
| Not in the labour force (%)                     | 10.9%          | 5.5%             | 23.2%   | 10.1%         | 4.6%        | 5.5%            | 21.7%                               |

Source: Authors' own calculations from the microsimulation model and 2022 HILDA Survey.

Note: \* Dollar values are reported in 2024 price levels. ^ Age of the oldest member of the income unit. All measures exclude child members of the income unit, unless otherwise stated.

Table 18: Location of those assisted into home ownership, by program type

| Characteristics                  | Australian HTB | SA HomeStart SEO | NSW SEH | Scotland OMSE | England HTB | SA HomeStart BL | All aspiring homebuyers |
|----------------------------------|----------------|------------------|---------|---------------|-------------|-----------------|-------------------------|
| <b>Income limit</b>              | ✓              | ✓                | ✓       | X             | X           | X               |                         |
| <b>Price limit</b>               | ✓              | X                | ✓       | ✓             | X           | X               |                         |
| <b>Priority entry</b>            | X              | X                | ✓       | ✓             | X           | X               |                         |
| <b>City vs rest of state</b>     |                |                  |         |               |             |                 |                         |
| Capital city                     | 43.3%          | 61.1%            | 79.1%   | 18.7%         | 73.1%       | 66.1%           | 73.2%                   |
| Rest of state                    | 56.7%          | 38.9%            | 20.9%   | 81.3%         | 26.9%       | 33.9%           | 26.8%                   |
| <b>Major statistical regions</b> |                |                  |         |               |             |                 |                         |
| Sydney                           | 1.1%           | 10.6%            | 0%      | 0%            | 34.6%       | 14.9%           | 22.8%                   |
| Rest of NSW                      | 20.6%          | 12.3%            | 5.8%    | 27.6%         | 11.6%       | 11.7%           | 10.9%                   |
| Melbourne                        | 12.6%          | 18.7%            | 23.2%   | 6.5%          | 16.8%       | 18.8%           | 23.2%                   |
| Rest of VIC                      | 12.6%          | 7.3%             | 0%      | 21.0%         | 4.9%        | 5.9%            | 4.5%                    |
| Brisbane                         | 10.2%          | 9.3%             | 37.4%   | 7.3%          | 6.0%        | 9.0%            | 11.4%                   |
| Rest of QLD                      | 23.6%          | 19.3%            | 15.1%   | 29.2%         | 9.4%        | 15.5%           | 9.4%                    |
| Adelaide                         | 5.6%           | 0%               | 14.4%   | 0%            | 3.5%        | 5.6%            | 4.3%                    |
| Rest of SA                       | 0%             | 0%               | 0%      | 3.5%          | 0.9%        | 0.8%            | 0.6%                    |
| Perth                            | 8.8%           | 11.6%            | 4.1%    | 0%            | 8.1%        | 10.8%           | 6.9%                    |
| Rest of WA                       | 0%             | 0%               | 0%      | 0%            | 0%          | 0%              | 1.4%                    |
| Tasmania                         | 0.7%           | 2.5%             | 0%      | 0%            | 0.6%        | 2.4%            | 1.8%                    |
| NT                               | 0%             | 0%               | 0%      | 0%            | 0%          | 1.6%            | 1.2%                    |
| ACT                              | 4.3%           | 8.4%             | 0%      | 4.9%          | 3.5%        | 3.0%            | 1.6%                    |

Source: Authors' own calculations from the microsimulation model and 2022 HILDA Survey.

### 3.5 Policy development implications

This chapter has highlighted the crucial importance of appropriate scheme design. Well-targeted schemes that generate additionality tend to be more restrictive in nature. They apply multiple restrictions such as priority entry group specification and both income and price limits to exclude those who would not necessarily need the scheme. The trade-off is that these schemes can be less accessible.

Geographical analysis of participant distribution also reveals a key limitation: many schemes underestimate the severity of housing affordability challenges in major capital cities like Sydney. As a result, they tend to be less effective in assisting aspiring homebuyers in these high-cost markets compared to more affordable regional areas.

A final point of note is the example of the South Australia HomeStart Breakthrough Loan (BL) scheme. While broad-based and very generous in its entry criteria—offering low deposit requirements and substantial government equity contributions—it is less favourable post-purchase. The scheme imposes high ongoing monthly fees (3% of the loan value), and a greater share of any equity gain accrues to the provider rather than the participant.<sup>24</sup> This illustrates a broader policy tension: schemes that are effective at enabling access to home ownership may not always be designed to support long-term ownership sustainability or wealth-building through housing.

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<sup>24</sup> Refer to sources from subsection 3.2.6.

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## 4. The consumer journey: experiences of shared equity program participants

- Relatively little research has been conducted into consumer experiences of shared equity programs in the past decade in Australia, a time in which programs have diversified and increased as a home purchase alternative to usual lending.
- Using a consumer journey framework, we identify four stages of program participants' shared equity journey:
  - *Envisioning*: Shared equity programs are not widely known about, yet information is available online.
  - *Accessing*: Access to shared equity programs can be convoluted and confusing, often involving a two-step process of government and financial approvals.
  - *Living in*: Recent purchasers identify program benefits, including capacity to purchase without family support, as a single person, or far earlier than imagined.
  - *Transitioning*: Information about long-term experiences of shared equity programs, including transition to increased or full share holdings, or exit, is limited.
- Information about shared equity programs can be difficult to access through traditional routes such as mortgage brokers. Program-specific information is available from shared equity program websites, and dedicated shared equity lenders, as well as more informally through social media and personal networks.
- Limited public evaluation has been conducted into the consumer experience of shared equity programs in Australia, such as the long-term experiences of program participants.

- **Systematic, routine data collection about consumer experiences is needed to support optimal development of shared equity programs.**
- **Accessible evidence about consumer experiences can support decision-making by participants in shared equity programs, to ensure consumers can access, live in and transition out of shared equity programs in optimal ways.**

In this empirical chapter, we examine the consumer experience of current and recent shared equity programs in Australia. We also illuminate data gaps in the evidence-base necessary for ensuring future Australian shared equity schemes meet the needs of program participants.

The chapter uses a mixed-methods approach including:

- a review of websites associated with key Australian shared equity programs to understand the types of consumer information available for program participants
- a brief review of how social media is used as a consumer tool to share information and advice, both formally and informally
- analysis of in-depth interview data collected from six current or prospective program participants.

Conceptualised within a consumer lens, we present our analysis by drawing on an adaptation of Curry's (2019) renters' journey framework.

The chapter begins by outlining key stages of the shared equity program participants' consumer journey, and why each stage is important to the success of shared equity programs and consumer experiences of them. The chapter features web-based and interview data across the stages of the shared equity participant journey. To conclude, we reflect on the:

- relative dearth of publicly available evidence about consumer experiences of shared equity schemes
- difficulties in reaching program participants via usual research approaches
- need for systematically collected and independent evidence to support continuous improvement to current and future shared equity programs in Australia.

## **4.1 The shared equity program participants' journey**

### **4.1.1 The consumer framework**

Program participants engaging in shared equity programs in Australia typically engage with at least two organisations as consumers, within the initial and ongoing stages of shared equity programs. Drawing on an adapted application of Curry's (2019) renters' journey—a framework for understanding key stages of tenant experience within private rental sectors—we categorise the experiences of shared equity program participants into four key stages, as outlined below.

## Envisioning

First, the **envisioning** stage is one in which residents engage in decision-making about how best to meet their current housing needs and aspirations. Typically, decisions are based on a combination of current knowledge, cultural norms (such as prominence of home ownership in the Australian context), usual practices of access to housing options (such as renting or purchasing) and—in some cases—searching practices for alternative modes of achieving housing aspirations than those most typically used.

## Access

Second is the **access** stage. In this stage, shared equity program participants are actively engaged in finding information, seeking advice, assessing eligibility criteria, and engaging with the programs on offer. As outlined below, this stage can either involve one organisation (where shared equity programs include an administrative component as well as financial arm) or, more typically, more than one organisation and consumer relationship, first with an administering organisation and then with banks.

## Living in

The third stage is **living in** shared equity program-funded homes, once participants have successfully accessed programs and purchased their home. This stage is intended to include accounts of participant knowledge and understanding of program restrictions and requirements regarding aspects of housing, including:

- renovations and improvement
- managing periods of financial hardship
- relocating during the period of the program
- other foreseen or unforeseen matters that residents must managed.

## Transitions and futures

The fourth and final stage concerns **transitions and futures**. Here, the focus is on planning for share changes within the program, as well as focussing on how consumers seek to mobilise shared equity participation within their longer-term housing pathways and housing strategies—where these are apparent.

### 4.1.2 Shared equity program consumer information

As outlined in previous chapters, a key aim of shared equity programs in Australia has been to enable supported pathways to attaining homeownership. Some programs have wider eligibility criteria, and are therefore of relevance to a wider range of potential program participants and consumers. A diversity of information types can be useful for current or prospective program participants, who are either in early stages of envisioning shared equity as a potential means of purchasing a home, or who are already living within a shared equity supported residence.

In this subsection, we provide an overview of the key forms of information provided to consumers in current shared equity programs in Australia. Using the four stages of the consumer journey outlined in subsection 4.1.1, we focus on the extent to which consumer information provided by current shared equity programs is:

- widely accessible to prospective program participants
- likely to support processes of consumer decision-making in envisioning and access stages, and support consumers in living in and transition stages.

Information is based on web-based sources accessed at the time of reporting.



From the viewpoint of consumer information, our analysis found that highly variable types and levels of information is made available to consumers across all four key stages of the shared equity journey. Program details are included in Appendix A3 and outlined below.

### **Envisioning and accessing the shared equity program**

Among the currently active shared equity programs in Australia, most publicly available consumer information relates to the envisioning and accessing stages of homeownership. In all cases, eligibility criteria and checklists are provided on the respective government websites. In addition, all active programs offer direct contact options through a phone number or email address for further inquiries. For programs that have closed, much of the publicly available consumer information has been removed.

As outlined in Appendix A3, eligibility for shared equity schemes varies across jurisdictions. In Queensland and the ACT, these schemes are exclusively available to public housing tenants. The now-closed New South Wales scheme targeted specific demographic groups, including single parents, older singles, key workers, and survivors of domestic violence. Tasmania provides exemptions from income and asset limits for Indigenous persons, while Victoria offers lower deposit requirements and higher government contributions for this group. Western Australia has additional special eligibility criteria for Indigenous persons. These types of eligibility criteria and restrictions are set out in brief detail on all shared equity program sites.

Also available to consumers is information about income restrictions and any purchase restrictions related to this, such as city and regional price-capping on dwellings able to be purchased per program. All active programs impose income limits, with Tasmania and Victoria targeting middle-income households, while South Australia and Western Australia focus on low-income groups. Asset limits are enforced only in Tasmania. Notably, none of the active programs require participants to be FHBs, which broadens accessibility beyond first-time entrants into homeownership.

Most programs operate with a select shortlist of approved lenders or one approved lender, which may limit borrowers' flexibility in securing and sustaining financing. Where approved lenders are in place, links are provided by the shared equity programs for participants to access directly. In such cases, this is a two-step consumer process, rather than a 'one-stop shop' available to consumers.

### **Living in the shared equity home**

Consumer information on the long-term implications of living in a shared equity home is relatively limited. While detailed information is likely provided once consumers enter into agreements, advance planning for long-term living arrangements is constrained by a lack of publicly available details.

In all active schemes, participants are required to use the shared equity home as their primary residence. Maintenance and ongoing costs are described as the sole responsibility of the homeowner, with significant future improvements generally requiring approval from the shared equity partner. Information about voluntary repayments is available across all schemes, with participants permitted to purchase additional equity shares from the government in lump sums. Victoria is the only state that explicitly outlines annual reviews as part of the shared equity process.

### **Transitions, exiting and long-term consumer considerations**

Limited consumer-facing information is available regarding exiting shared equity arrangements and long-term transition planning. In most cases, the same contact details provided for initial inquiries could potentially be used for exit-related questions. Tasmania's scheme is the only one that mandates participants to purchase the government's share within 30 years. However, all active schemes include publicly available information on program exit options that are voluntary repayments, sale of the property or refinancing.

From a consumer perspective, there is no public-facing formal evaluation of shared equity schemes that could usefully inform prospective program participants about long-term outcomes, strategy or decision-making.

The only available research was conducted by the Australian Business Council on the South Australia program. The study demonstrated that HomeStart's shared equity loans yielded social and economic benefits for participants, with homeowners reporting greater neighbourhood satisfaction and community involvement compared to renting households (Australian Business Deans Council 2022).

#### **4.1.3 Enhanced consumer information**

##### **Social media**

Part of our analysis reviewed how shared equity currently features on social media. Our search of social media included Facebook, TikTok, YouTube and Reddit. We found that social-media platforms were being used in both formal and informal ways to share information about shared equity schemes. In formal ways, we found that some program mortgage brokers and financial advisors are currently providing some consumer information about the availability and eligibility criteria of shared equity programs, including their thoughts on the schemes and whether or not they would access them or similar options. This type of media is most likely geared toward younger audiences, via TikTok videos, for example. By their nature, TikTok videos are short and to the point. The use of TikTok videos to share information about shared equity program products is clearly intended to reach potential consumers who could be eligible to participate in a shared equity scheme.

Informally, we also found that social-media platforms enabled consumer-to-consumer conversations to occur. Informal social-media 'chats' about shared equity programs used online Q&A, in which a prospective program participant would ask others within a housing or financial social media forum about their experience or knowledge of shared equity programs. A major focus of social-media chats is on seeking others' perceptions of the benefits and potential risks of participating in shared equity programs. Public-facing information we reviewed did not include dedicated member-only social-media forums. On public platforms, conversations about shared equity programs included questions about:

- eligibility criteria
- accessibility
- the experience and flexibility of living in shared equity programs
- long-term consumer impacts and financial strategies.

Within forums such as Reddit, consumers can ask one another about their experiences with particular programs, and provide informal consumer ratings of program experiences. We also found minor evidence of misinformation or incorrect information being shared on social media.

Our analysis suggests that where verified and independent information about consumer experiences is not readily available for prospective program participants, informal forms of information-sharing are likely to be relied upon to inform shared equity program participant decision-making.

##### **Accessible consumer information, advice and planning tools**

The Victorian State Revenue Office (SRO) hosts a website that was mentioned during consumer interviews conducted in this research, and identified as being helpful with the information it provided to prospective and current participants of the HomeBuyer Fund.

Interview participants who mentioned the SRO website noted how accessible and effective information about various future scenarios informed their decisions to access the program. Interviewees noted that the tools available on the SRO website enabled them to:

- undertake detailed planning
- seek detailed financial advice prior to accessing the schemes.

They also mentioned that the case studies and scenarios about different types of share increases through the life of a shared equity scheme were particularly useful for program participants seeking to actively plan the ways that they would mobilise participation in the scheme. The SRO website (State Revenue Office Victoria n.d.) is an example of the type of consumer information that appears to play a role in assisting consumers. It includes:

- eligibility criteria
- information about access to the program
- multiple forms of information including text, diagrams and videos
- information about renovations, and other matters regarding living in a shared equity home
- planning tools to assist longer-term decision-making
- case-study scenarios related to 'what ifs' and frequently asked questions.

Highly accessible information such as that provided through the SRO website plays a key role in supporting the decision-making of prospective and current shared equity program participants. Up-to-date, accessible information that is geared toward consumer questions and experiences is important—yet it was not evenly developed across shared equity programs.

Section 4.2 provides insights about consumer experiences based on in-depth interviews with research participants who were either currently participating in shared equity programs, or who were prospective participants. In all cases, access to relevant and detailed information as well as to knowledgeable advice within shared equity providers and financial services, was key to:

- understanding and accessing the programs
- understanding responsibilities around living in shared equity homes
- developing long-term decisions and strategies around future financial and housing plans.

## 4.2 Program participants' experiences

One of the challenges in understanding how consumer experiences of shared equity programs can be improved for future participants is identifying current or past participants in shared equity schemes.

For this research, we report on six interviews conducted with prospective or current participants in shared equity programs. These were recruited via sharing a study recruitment flyer with housing and housing service networks, with current shared equity programs to share with their program customers, as well as via researchers' personal networks.

Where research participants were interviewed, we invited them to share the recruitment flyer or information about the study with anyone they knew who may be eligible and interested, using a 'snowball' recruitment technique. Ages of the people we spoke with ranged from 30 years into retirement age, and included single-person households, couple households and two households that included dependent children.

With one exception, the sample was based in Victoria. Despite the small number of in-depth interviews conducted, interviewees shared information that provides rich insights about envisioning and accessing shared equity programs that highlights gaps in information about living in and transitioning from shared equity programs. Transcripts were coded and thematically analysed.

The small sample and the challenges reaching shared equity program participants in usual research-recruitment strategies highlight the need for more systematic ways to engage consumers in future shared equity evaluations and research.

It should be noted that the quotations from interviews provided below reflect participants' own understandings and perceptions of eligibility criteria, the accessibility of programs and financial products, and their decision-making based on their own information (acquired from informal or formal sources). Their quoted insights may or may not be accurate or up to date. The important point in this part of the study is to understand participants' perceptions and how they may have informed their decision-making, behaviours and experiences.

#### **4.2.1 Stage 1: Envisioning shared equity homeownership**

The interviewees identified homeownership and housing security as their primary housing aspiration, without exception. Research participants ranged in life stage from early phases of their working lives in their twenties, to mid-life with dependent children, to ages around retirement. In all cases, underpinning their engagement with shared equity programs, was a very clear intention to purchase their own home and achieve housing security. A common theme across interviews was their perception that without some kind of supported home purchase assistance, they would have been unable to buy a home of their own at all, or to purchase the type of dwelling that met their needs.

Interviewees indicated that their desire to own their own home felt unattainable through usual lending and mortgage mechanisms. This was due to factors such as:

- the relatively low household income based on single-person household composition
- the sense that what they could potentially purchase through usual channels would not meet their needs.

For example, interviewees described being able to afford small inadequate dwellings that were a long way away from their children's schools or from their own employment.

*I really felt like I had no options around home purchase. I don't have family who could have given me any money around purchasing a property. I just finished seven years at university. So I had a good job as a lawyer. You know, top firm, but I still couldn't afford to do it by myself. And so then I looked at it, I was really keen to see what government schemes are available. [Program participant, Interview 3]*

*Before I knew about the shared equity scheme in Victoria, I was looking at what would I be able to afford if I just purchased on my own? What would a bank lend me? So I did a lot of mortgage calculators and things like that. And I could have purchased something, but it would have been pretty small and pretty crappy and pretty far out. Which is better than nothing but, yeah. So I considered just ownership on my own, but I was a bit worried about what I could afford and how decent it would be. [Program participant, Interview 1]*

A number of the shared equity program participants mentioned that as unpartnered women they believed they would not have been able to purchase their current home without the shared equity scheme supporting them. In these cases, women mentioned the lack of family support available to them as a barrier to regular home ownership. Being able to buy a home of their own as single, unpartnered women, without inherited wealth or family support, was an achievement that was important to them, and which they were proud of and grateful for.

*There was no Plan B. I wouldn't have been able to buy at all. So I'd be renting. And it's a bit of a nuanced point, but being a young woman, the financial independence is really important to me. You know, at this point in my life, I really don't want to have my financial wellbeing dependent on a partner. [Program participant, Interview 3]*

*I guess what struck me is that there was a shared risk. ... So any increase in the value of that capital or asset would flow on to you and the government and any loss of that would be shared risk as well. So that appealed to me. Being a feminist, I thought, 'Well, I don't need a man to buy a home.' You know, women got freed in the 70s through access to employment, but now we're being pulled back into a partnered existence because of housing, because you need two incomes. So, it really appealed to me in the sense that I could have that second 'partner', but it wasn't an emotional relationship. [Prospective participant, Interview 4]*

Despite their engagement with home purchase opportunities, several interviewees came across shared equity program information by chance, rather than in systematic ways. We heard about how situations in which a shared equity program that worked well for one person could lead to a cluster of friends or family members also engaging with shared equity programs. Learning about shared equity programs from family, friends or colleagues was a common experience among a number of participants. In the following cases, respondents mentioned how work colleagues or family members of friends informed them of the program opportunities.

*It was kind of word of mouth. So we heard about the First Home Guarantee through a friend of ours who had used that scheme, so we were reading up about it, but it didn't overly appeal to us in any way. And then I've got a friend who's in real estate who mentioned that there were other schemes—not this one specifically, but just that there were a variety of different schemes and just to check it out. [Program participant, Interview 2]*

*Someone sent me something about the shared equity scheme, the pilot. Because at the time, I think there were only like 400 people that were allowed into the pilot. I got in and I felt lucky that I got in and I think as I said, it was my PhD scholarship and I was working almost full-time as a researcher at the university, I had that supplemented income from the PhD scholarship as well. [Prospective participant, Interview 4]*

Program participants in turn shared information about the scheme with their own networks, in the following case via an online parent support group.

*I've got my online mums' group that I love. There's like 8,000 mums in there. That's great. Everyone always knows something. There's been quite the discussion in there about the shared equity scheme because it's actually an option. That means that some mums just scraped into the 5% deposit. But they could own, and at the moment with rental costs so high it's an opportunity for them to purchase that they would not otherwise have. And even if it's, you know, a bit average or less than ideal, it's still better than nothing. It's still better than renting and how well the rental market is. And on that note, I mean my mortgage payments are going to be about \$150 a month less than my rent. [Program participant, Interview 1]*

The implication of learning about shared equity programs via personal networks rather than through more systemic and widespread avenues, is that information about the schemes and opportunities to access them remains niche and exclusive.

In other cases, we heard from program participants who were highly active in seeking out information about all home-purchase assistance schemes available to them. In these cases interviewees sometimes mentioned weighing up the pros and cons of various home-ownership support schemes—for example, comparing shared equity schemes with First Homeowners Grants or homeownership guarantee programs.

For highly motivated consumers with the capacity to consider and compare housing assistance information within personal financial and housing strategies, publicly accessible information in highly detailed forms was essential for decision-making.

#### 4.2.2 Stage 2: Accessing shared equity programs

Once consumers had made the decision to seek specific information about shared equity schemes, their experiences were mixed. Programs were not necessarily straightforward to access, and difficulties were experienced in:

- identifying and accessing online program information in adequate detail to support decision-making
- finding administering organisations or lenders to speak with.

Information and access to advice is critical at this stage, as detailed consumer knowledge about shared equity options is limited.

*I've heard bits about it—I thought it was a great idea. But I hadn't really looked into the mechanics of how that would actually work and what the rules around it were until it became time for me to try and patch on my own. So, I sort of went through a process of learning about it as it became time for me to do that stuff. [Program participant, Interview 1]*

A common interview theme is that mortgage lenders or mortgage brokers were not particularly helpful when it came to attaining or understanding information about shared equity schemes. In some cases, participants felt that they were in fact informing members of the banking sector about shared equity schemes rather than vice versa. This could prove to be a frustrating step in the search for information and accessibility of programs. When asked if the consumer information at the time was adequate, one participant stated, 'No, it probably wasn't':

*It was actually quite hard, because I think one of the biggest problems that I found with this scheme was that mortgage brokers didn't know anything about it. You know, I spoke to a mortgage broker who'd helped my friend purchase her property, and I was telling him about this scheme and what it could do. And then ... I went to my bank at the time, and they weren't interested. I mean, I think that they didn't have the scheme. So I then had to do my own research about the banks that would offer it, and apply. [Program participant, Interview 3]*

In contrast, when prospective participants came across shared equity program websites relevant to them, they reported feeling a far higher degree of capacity to make informed choices about whether shared equity programs were 'right for them' and would meet their needs. This was particularly so where shared equity program agencies offered tailored advice and assistance in navigating consumer considerations including eligibility criteria, purchase restrictions, and information about the mechanics of how programs operated—for example, the relationship between the administering organisations and lenders.

*They were fantastic. But the bank, the guy at [Major bank], was just fantastic and was able to provide me with really practical advice that I felt was in my best interests, even if it wasn't in the best interest of the bank—which is unusual for banks. [Program participant, Interview 3]*

*Me and my partner became Australian permanent residents last year. We became curious that there were these types of schemes, and I think there are a number of different schemes available through the Australian Government. So that's kind of how we got interested in it. It started off as curiosity because, again, it was a completely new concept to us. So we were kind of reading up on it and then, yeah, we kind of came across it. ... So we were initially introduced to the First Home Owner Grant. So we heard of that first, and then that kind of piqued our curiosity on what else was available. And then it was just about digging, and I think the information is pretty easily available online. A quick Google search gave us a lot of information I think. [Program participant, Interview 2]*

For prospective shared equity program participants who find themselves ineligible for the program, or eligible but unable to attain a bank loan necessary for program participation, there may be few alternative pathways available to homeownership or housing security. Two older people who shared their experiences about attempting to access shared equity programs illustrate the potential for mortgage lending to act as a barrier to shared equity program participation. Despite both being found eligible, neither prospective consumer found it possible to attain the necessary bank finance to support their participation in the program.

*The schemes that they've got, they only give so much money. The rest you have to find from the bank. So shared equity schemes do not work for older people because the banks won't lend to older people. ... Now, I met all the criteria and I could do it. I had the deposit, the 5% deposit and worked out that I just needed a mortgage for \$250,000. With the government input, I needed X amount, so I went to the bank [which refused the loan]. And, basically, it was a case of [me saying], 'But I already paid this [amount] in rent. I already paid this amount in rent every week, and you're telling me I can't afford this'? It's got nothing to do with whether you can afford it or not. It's your age. They will not lend to old people. [Prospective participant, Interview 5]*

*But the banks won't loan you. Yeah, even on an equity share scheme. So you know, you could have the deposit, you can be able to repay, doesn't matter. ... So what I would like to see is the government bring out an equity scheme for older people. Specifically for older people. [Prospective participant, Interview 6]*

In another instance, a younger adult was unable to participate in a shared equity program, despite their eligibility. This was due to traditional lending criteria that do not seem designed for shared equity program participants. In this case, the 12-month rolling contracts that the prospective program participant was employed under by her workplace served to limit their loan options despite scheme eligibility. This delayed the respondent's home purchase for several years and meant that eventual purchase occurred through regular mortgage lending rather than via a shared equity program.

*I was just disappointed that because my financial situation changed, that I wasn't able to continue with the application because I was literally midway through it. You know, it's been tentatively approved, from memory. So that was it. That was the only disappointing thing, you know? And then that delayed my home purchase until last year. [Prospective participant, Interview 4]*

Even where program participants were offered bank loans, terms could be experienced as restrictive. Being 'locked into' a scheme in which only specific lenders were available was mentioned by one participant as a potential limiting factor. Program participants were unable to shop around and compare interest rates and terms of loans, in the way they would have if they were purchasing a home via mainstream lending.

*I guess you could call it low negotiating power, because the bank knew that we were kind of locked in with them. So that meant we couldn't really negotiate competitive rates. Because we've got other friends who are able to go to different banks, get the best rate, and be like, 'This other bank can do better,' and have those conversations to get a better rate. But we couldn't apply the same tactics because we were kind of locked in with them anyway. Because what we understood was that you can't really change banks once you've gotten the scheme through a particular bank. So the interest-rate negotiation wasn't competitive and we kind of had to accept it after the initial negotiation, and I think they knew that we knew that we'd have to accept their aid, because we were locked in with them. Yeah, but other than that, I don't think there were any issues. [Program participant, Interview 2]*



### 4.2.3 Stage 3: Living in a shared equity home

Program participants we spoke with expressed their joy and relief at being able to purchase a home that was affordable, met their needs, and in which they could feel a deep sense of home and security.

*It's been an absolute game-changer. I mean, I think it's definitely helped my wellbeing. I grew up in a very community-minded neighbourhood, so I feel like I take my community-mindedness to the neighbourhood wherever I am, whether I'm renting or now owning. So I don't know whether it's affected my interaction with my neighbourhood. But, yeah, it's great. [Program participant, Interview 3]*

Home purchase through a shared equity program sometimes followed lengthy periods of private renting, with instability and frequent moves. For others, the possibility of shared equity ownership offered a secure housing option following share-housing, or disruptive life events such as illness, separation or divorce:

*I didn't look at other options. I've been renting for a very long time and I have been renting and moved multiple times because of—I don't need to explain to you what it's like to be a renter in our housing system—but I knew that I didn't want to rent anymore. And I also knew that access to [other options was limited], you know, I had employment, I wouldn't be able to access social housing. I knew that with community housing there were long lists. I knew that I couldn't afford to get a home on my own. So this was really the only option that I saw that I had available. [Prospective participant, Interview 4]*

*To rent in the area that I wanted to rent in, which is sort of within the City of [Local area name], which is close to my family. [Renting] as a single person was almost the same as [paying] mortgage repayments, and it was certainly the same as mortgage repayments under the shared equity scheme. So yeah, yeah, that's when I decided. [Program participant, Interview 3]*

For some participants, shared equity enabled the purchase of a home that met their needs—something they had not considered possible. Some respondents describe their relief about not having to move in the near future to housing that better suits their needs (and, in one case, the needs of their child). The following respondent describes the emotional and financial savings after being able to purchase a home that met their medium-term to long-term needs through shared equity financing:

*My thought was to future-proof, that I could do something like rentvesting if I had to. So I could purchase something that might be OK for the next year or two. Then as my kid hits his teens properly, and we don't have enough room, I can rent it out and rent somewhere else until he's much older. And then I've at least got somewhere to come back to on my own, as a strategy. But I'm glad I don't have to do that, because I would rather just live somewhere and live there, and that's it. [Program participant, Interview 1]*

One of the features of living in shared equity programs are limits around capital improvements, and how these need to be managed in partnership with lenders and program providers. Renovations in the home and advice about this were a feature of living-in programs among participants we spoke with. Interviewees indicated their awareness of the renovation criteria and amounts they were to operate within, and the need to seek advice or permission where major changes were being considered in future years. As the following quotation also indicates, some of the information current and prospective shared equity program participants rely on is based on informal advice:

*One piece of advice I've had from a friend who's also on the scheme is that if you contribute renovations above \$10,000, you have to get approval from the scheme. But the value of the renovations that you put into the property, that adds to the property's value and can be taken off the equity that the government owns. But in all honesty, I'm just keeping my head above water. Hopefully by the end of the year, I'll be able to save to get aircon in the second room. [Program participant, Interview 3]*



Program participants were also aware of restrictions around renting out shared-equity-purchased homes, or moving out of the primary residence while in early stages of shared equity loans. For example, one interviewee had some ideas around how any future partnering or residential mobility could be managed within the parameters of the shared equity program loan. Another participant mentioned some restrictions that may need negotiation in future years, but was pleased that this meant the program was fair and would be administered as intended:

*What I like about the way that the Victorian scheme is drafted is that, as much as possible, it's rorting-proof. Like I've heard of a lot of FHBs who will take a First Home Buyers Grant, but not live in the property—even though that's the terms of [the grant]. I think this one is as tightly managed as it can be. And so therefore, as a consumer, it is, you know, a bit annoying sometimes. My income next financial year will probably hit the top of the band and I don't really have much clarity around what that's going to mean. So that's a source of anxiety, but I also feel like with my interactions with both the bank and the scheme to date, I feel like that will be manageable. And that I will be able to negotiate an outcome. And that, you know, neither the government nor the bank, in my experience to date, has been looking to disadvantage me. [Program participant, Interview 3]*

#### 4.2.4 Stage 4: Transitioning and futures

Unlike the information about eligibility and purchase requirements that program participants reported having access to once they entered into a shared equity scheme, participants were less aware of information available to them about long-term planning. Of the four stages of the shared equity participant consumer journey we examined, it is the fourth stage, transitioning towards full ownership or exit from shared equity programs, that appears least well understood by consumers:

*[Major bank] was quite close to us, so out of convenience we thought we'd just have a chat with one of the mortgage brokers to get more information about the scheme. I'd say the website was kind of a surface-level information and then we headed to the bank to get more information. I guess he knew the process, waiting times, things like that, but was not very knowledgeable in terms of financial implications, long-term impacts, and things like that. Because I guess mortgages are 15, 30 years, so we were kind of curious about the long-term impact. [Program participant, Interview 2]*

Shared equity program participants could be highly informed and have strategic planning around how long they wished to remain within the shared equity program and at what level of share they intended to maintain for any given number of years.

Planning tools available via websites, and advice contact points within lender institutions and program agencies, helped consumers make quite detailed future plans before deciding whether or not to enter the scheme. In the following case, program participants have a well-developed strategic financial plan about their shared equity loan on a home they wish to remain in long term:

*We didn't want to let it go for too long, because we understand that as the property value increases we'd be paying that new percentage to the government as well. So we thought it was a definitely a tricky balance, but in the long run if we could pay off the government in a shorter period of time, it would reduce the interest burden we would bear through the bank. So that was our thought process. But again, we did realise that it was a bit of a balance, I guess, because we thought that if we let it go, if we kind of delayed paying back the government and actually waited the full 30 years, it might not actually be an advantage because the property value would have increased and we'd be paying that back in full? From my understanding, we took about 23% from the government, so I think they would assess the land value and whatever the new land value is, we would pay that percentage. [Program participant, Interview 2]<sup>25</sup>*

<sup>25</sup> As already noted, interviewee quotations reflect their understanding of programs, including program eligibility criteria, which may or may not be factually accurate.

A general sentiment among program participants was that the personalised relationship they had with their shared equity bank lender provided a sense of security and confidence about the future. In several instances, respondents indicated that they felt they would be able to access advice and support they needed about future planning through this relationship when they need to, which some program participants described as a 'partnership'. Web-based information about financial aspects of shared equity programs was mentioned in some interviews as a potential point of advice for program participants who wished to explore increasing the purchase share of their home in future years, or make other significant changes. As one participant stated: 'My partner is the bank'.

Some program participants had highly developed financial considerations before accessing the shared equity program. In the following case, a new participant to a shared equity program in Victoria described a detailed financial strategy she and her partner developed before purchasing their home. The financial strategy was based on information available to them from government websites, included plans for increasing shareholdings in their property and buying out the government share at an agreed date, to eventually achieve full homeownership. The couple had given extensive consideration to the financial pros and cons of accessing the scheme and had decided to participate in the shared equity program on the basis of the financial modelling and strategic assessments they had made about their future. This provided them with a sense of being able to manage any future shocks:

*Right now I don't know what surprises the future will hold. But at this point I think our two main criteria were understanding when to work out a good time to [have paid] back the government. I think they have specifications about how much is your minimum payback amount and things like that, so working out those amounts, and also just working out income thresholds, so understanding the repercussions if we maybe exceed the threshold in the future. So those are the two main pieces of information that we were really concerned about and that information was readily available. [Program participant, Interview 2]*

When asked about whether, looking back on their experience, participants would offer any advice to shared equity administrators, or design the programs differently, program participants were quick to identify:

- improvements to consumer information and processes
- adjustment of eligibility criteria and lending practices.

Respondents pointed to the need for accessible, detailed information that they could use to support their planning and decision-making. In a couple of instances, the State Revenue Office (SRO) website in Victoria was cited as an example of a consumer information source that had clear, useful information—including scenarios that consumers could identify with, understand and use in their own planning and decision-making.

Providing more information to the brokers would be quite helpful, because most people go to brokers for that information—and they didn't really seem to be able to answer those questions about future things, like what happens if your income threshold increases. I don't know if it's their responsibility to know about the implications of interest versus paying off the government. But maybe those types of information, because [few] people I've spoken to knew about those case studies on the SRO website. So maybe promoting that website as well would have been really handy, because I think we had to do a bit of digging to find these, I keep calling them case studies, but they're like little boxes of scenarios, which I found really, really helpful. So maybe promoting those resources a little bit earlier, a little bit better, would probably be handy. And maybe having that come from the broker because, I mean, I understand that they're for the bank and not the SRO, but they're still signing you up for the scheme. [Program participant, Interview 2]

### 4.3 Future consumers and data to support best practice

Consumer information plays a key role in shaping the effectiveness of shared equity programs. Due to the specialised nature of shared equity schemes, recruiting interview participants through traditional methods—such as distributing invitation flyers via newsletters, professional networks and social media—proved challenging. However, our interview participants tended to be highly capable of managing and understanding housing information. If shared equity programs are to reach more prospective participants, accessible consumer information will be of central importance for scaling up program participation.

As indicated above, the program participants and prospective participants we interviewed all exhibited a relatively high degree of capability to access and assess housing-related information.

Overall, the research participant consumers appeared to be highly motivated consumers, who sought information to become informed about all potential options for home purchase. The consumer participants we spoke to for this research appear to be unusual, insofar as they exhibited a high degree of motivation to seek and understand information about home purchase opportunities and the range of government and non-government schemes available to them. It is not clear from this study whether the majority of consumers who engage with shared equity programs are also highly motivated and engaged—however, it is possible that this is the case, as a foundational level of housing understanding appears to strongly support program participation in ‘unusual’ schemes such as shared equity purchasing.

In Figure 4 we summarise the types of information and consumer experiences we found, by applying a consumer journey lens to shared equity program participation. As outlined in the introduction to this chapter, we identified four key stages of the consumer journey: envisioning; accessing; living in; transitioning to full ownership or exiting the program. We provide a summary indicating where relatively well-developed information and advice exists for consumers and where significant evidence and information gaps lie.

Notably, far more information is available for prospective shared equity program participants that relates to envisioning and accessing shared equity programs, than is available for either living in or transitioning advice about how equity programs can feature within consumer housing pathways. In short, we found web-based information to be helpful regarding envisioning and accessing shared equity programs.

However, search information is not widely available, and is generally only provided via shared equity programs themselves. Social media and informal channels for information appeared to play a small but potentially increasingly important role in consumer understandings of the possibilities related to shared equity program participation.

It is important that such information platforms, particularly those on social media, include accurate and up-to-date information. Consumer experiences that we heard about through in-depth interviews in this research confirm our web-based analysis that information and advice is more accessible for the first two stages of the shared equity program participant journey than is available for ‘living in’ or ‘transitioning’ within the programs.

Finally, there was a dearth of relevant publicly available data about the consumer experiences of contemporary shared equity programs in Australia. In fact, there is little information about long-term impacts of shared equity programs that is publicly accessible and up-to-date. This information represents an important opportunity for governments and agencies, as well as for researchers, to contribute new and ongoing evidence that can inform program development and consumer decision-making.

Figure 4: Shared equity program participants' consumer journey: findings summary

|                           | Envisioning                                                                                              | Accessing                                                                                      | Living in                                                                                                | Transitioning                                                                                   |
|---------------------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| Web-based information     | Accessible information per shared equity program; most useful includes scenarios and planning tools      | Convoluted, multiple access points, limited banks with knowledge or experience                 | Limited information for consumers about managing problems or seeking advice, banks became 'partners'     | Limited information available, scenario-based tools to provide options for planning             |
| Social media and informal | Friends, colleagues, family are a major source of initial information of shared equity options           | Word of mouth advice is important where limited information is otherwise available             | Limited information from informal networks; some groups of friends who support each other                | Limited information from informal networks; some social media advice from informal commentators |
| Consumer experiences      | Consumer experiences indicate appetite for an affordable option that enables independent, secure housing | Programs and banks directly involved are informative; banking sector generally lacks knowledge | Limited knowledge of how plan or seek help if needed, high trust based on personalised niche bank access | Limited information                                                                             |
| Evaluations and data      | Limited consumer data/not available                                                                      | Limited consumer data/not available                                                            | Limited consumer data/not available                                                                      | Limited consumer data/not available                                                             |

Source: Authors.

#### 4.4 Policy development implications

Shared equity programs have the capacity to meet the needs of program participant consumers, in some cases enabling them to achieve a degree of housing security and a sense of home they had believed was out of reach.

This chapter has reported on consumer experiences of shared equity programs. It has also illuminated key data gaps due to the lack of systematic, publicly accessible independent evaluations of shared equity programs. Program evaluations could usefully inform participant decision-making, as well as support development and continuous improvement to shared equity programs. Ongoing research and evaluations can also play a key role in identifying population cohorts who could benefit from shared equity but currently lack access to programs due to eligibility restrictions or banking practices that are not designed for shared equity program participants.

This chapter has also identified policy concerns related to accessible information and advice services for consumers who are currently program participants or are considering shared equity programs as a future option. There is a need for more widespread information and verified, accurate knowledge about shared equity housing options within mortgage and lending fields generally, as well as in the general community. In the absence of evidence-based information, informal knowledge-sharing plays a central role in providing consumer information—but it is not necessarily up-to-date or accurate.

Another key policy implication of this analysis is that data gaps about consumer experiences of transitions within shared equity programs need to be addressed, as well as the long-term impacts of shared equity programs for consumers. These would effectively inform future scaling up of shared equity programs in Australia.

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## 5. The landscape of shared equity schemes in Australia

- Drivers for the current phase of shared equity policy and industry development include:
  - structural deepening of housing supply and affordability concerns,
  - signalling (and formalisation) of federal government involvement through the Help to Buy scheme
  - broader product innovations to attempt to build a funding model that can be sustained at scale.
- Public and private shared equity schemes have different characteristics, and meet different challenges. Government-backed schemes carry long-term financial exposure; some state-based schemes have a proven track record of homeownership support. Private providers are emerging, and innovative models seek to address entry barriers to homeownership while also establishing a new investment-asset class.
- Current challenges apply to both government-backed and private schemes. They include:
  - simplifying the complexity of schemes
  - managing impacts of due diligence requirements
  - navigating demand-side pressures
  - wider positioning of shared equity within homeownership supports.
- Future prospects relate to product innovation and capital investment for private schemes, and positioning or alignment of state and federal efforts for government schemes.
- Questions of sustainability and risk are both dependent upon being able to offer products to appropriate markets at the appropriate scale.

In this chapter, we examine the current landscape of shared equity programs and provision across Australia. The chapter draws upon 14 interviews with key stakeholders, including federal and state policymakers and government-backed shared equity agencies (4), private equity lenders and financial institutions partnering government-led share equity schemes (4), along with key housing industry stakeholders and peak bodies (6).

We begin by discussing drivers and characteristics of public and private shared equity provision, before turning to examine challenges faced in the current landscape, and future prospects for scheme sustainability and growth.

## 5.1 Drivers and characteristics of shared equity provision

### 5.1.1 Shared equity and the affordability challenge

As prefaced in Chapter 1, the current phase of policy and industry development for shared equity provision in Australia is framed by three fundamental drivers.

1. The structural deepening of housing supply and affordability concerns in most major Australian urban and regional centres. Significant growth in house prices and interest rate increases over the past five years have raised the barriers for lower-income and (increasingly) middle-income households to access homeownership.
2. The signalling and formalisation of federal government involvement in the provision of shared equity through the Help to Buy scheme, which joins the existing suite of government-led and -supported schemes in a number of states and territories.
3. Broader product innovation (primarily led by the private sector) in establishing financial equity models that can capture benefits to borrowers as well as those supplying and investing capital, thereby building a funding model that can be sustained at scale. In the case of capital investment, financial and risk-modelling expertise is increasingly melding with sophisticated technical manipulation of housing market data to target lending towards strong capital-growth markets.

The next two subsections outline the key objectives of government backed schemes (5.1.2) and private provider schemes (5.1.3), and highlight characteristics that impact and influence how they respond to these objectives.

### 5.1.2 Government-backed schemes: drivers and financial sustainability

The key objective of government-backed shared equity schemes is to help first time buyer households access homeownership and then support serviceability of the loan, towards transitioning to a 'mainstream' mortgage product through refinancing. Schemes target lower-income households and disadvantaged groups with eligibility criteria, both on applicant household incomes as well as price thresholds on properties that may be purchased.

Interviews highlighted certain characteristics of existing, state-based, government-backed schemes as demonstrative of good policy in action. For example, where there has been continual commitment over decades, a scheme's track record is evidence of the benefits and the necessary considerations—in terms of product design, support, education, capital and investment—for these programs to be both financially sustainable and remain focussed on their social policy remit.

*You've got a really great scheme that's operating in Western Australia, and another in South Australia that is working well ... I mean, they do know their market and the way they've designed it is really focussed from being quick and agile ultimately, as well. Very simple in terms of design. [311, peak industry/advisory body]*

*I think our latest annual numbers show that we've helped nearly 90,000 ... About a third of our customers are using shared equity these days, which is extraordinary. Our loan portfolio today is about \$3.2 billion. Last year we lent about \$1.25 billion, just under 3000 loans settled. [303, government scheme provider]*

Schemes that have a degree of flexibility to operate within—and shape—their target markets are key. They align to housing policy in terms of remit, but can respond and adapt to market, economic and consumer contexts. Flexibility requires a careful mix of:

- targeting—without being constraining
- simplification of products and how they operate (see 5.2.1)
- provision of ongoing ‘full service’ support and education by lender-providers to customers.

While providing support—both in terms of access through reduced deposit requirements and reduced ongoing serviceability costs—products are designed to help encourage and facilitate customers to move into ‘mainstream’ lending products over time, with a typical transfer of many shared equity customers to one of the large banks or lenders at the six-year to seven-year mark.

*We very much see ourselves as a stepping-stone lender. That means that we’re not really intending to hold on to customers for life, or the life of loan. We would see ourselves as helping people get a foot in the door, letting them stabilise, build a repayment track record, build some equity—and ultimately to refinance out. [303, government scheme provider]*

While schemes are interested in helping that transition take place as soon as it is sustainable for their shared equity customers to do so, a key strength of several longstanding government-backed schemes is that this transition does not need to be forced prematurely. Whether because of limited improvements to borrowing capacity, or where there has been only modest equity growth in slower housing markets, some customers will remain tied to the shared equity product for longer. Nevertheless, most will transition in time.

*Our shared equity customers will typically stay longer. The primary reason for that is if ... their borrow capacity hasn’t increased, where they could buy out the co-owner, then there aren’t any other alternatives to refinance because mainstream digital banks don’t do shared equity. So, they typically stay with us about nine or 10 years on average—but still, the vast majority do transition. [306, government scheme provider]*

Therefore, there is a greater degree of uncertainty in terms of investment return compared to mainstream loan books. The significant equity that underpins the commitment of government-backed schemes to shared equity products is tied-up for longer periods than would be considered feasible for other investment asset classes.

*The critical thing from the co-owner and the co-investor is you need very patient capital, or you need to have, depending on the design of your scheme, a big balance sheet or a lot of support. So patient capital is a critical factor. [306, government scheme provider]*

*From a cashflow perspective, it’s deferred cashflow. You just don’t get anything until somebody either buys part of the shared equity back, or repays the shared equity in full and sells the property. So it’s always going to be quite restrictive in that [aspect], and it’s going to require a government or similar organisation to really stump up the money—somebody who can put it away and leave it there for a long period of time. [308, government scheme provider]*

Private providers similarly identified the government’s ability to be patient as a key point of difference.

*What we basically concluded is that the best party to play the role of shared equity provider is government, because they can take the duration risk. They’re happy to sit on something for 20 plus years. And also, they’re happy to take a below-market return, and therefore you can come up with a model that is fair. Maybe ‘fair’ is the wrong word, but you can come up with something that is a reasonable arrangement for the Australian taxpayer and also a good opportunity for the particular family that’s getting assisted. [307, private provider]*



This observation points to both a key challenge for private providers to secure capital that needs to be patient (see 5.3.1), as well as reinforcing why government involvement is fundamental for product viability among target groups. That said, Australia's most established and longstanding schemes such as HomeStart and Keystart—where a sustained presence in lending has been accompanied by a degree of agency in terms of recycling returns and ability to respond to the market—provide the benefits of a proven track record. They are not only self-sustaining; they provide a sound return on that initial public investment.

*We are fully self-sustained financially. We make a profit each and every year and have done so in our 35 years of business. We have commercial return targets on us ... we generate a profit. [303, government scheme provider]*

### 5.1.3 Private provider schemes: drivers and financial sustainability

Since 2020, there has been significant interest in shared equity and the development and launch of private sector products. This evolving landscape captures a range of interests. It brings together both 'proptech' and 'fintech' interests and applies growing capabilities in property and housing market data to the ever-widening barrier faced by lower-income and middle-income households looking to purchase a home.

The task is a complex one:

1. Develop a consumer-facing product that helps access homeownership.
2. Ensure that product is also designed to present an attractive investment proposition to raise necessary lending capital.

While several schemes and private products are targeted towards particular cohorts—for example, HOPE Housing's Essential Worker Housing Program (HOPE Housing n.d.)—most broadly target households that struggle to address the up-front deposit gap.

Private provider schemes are structured around assuming a solid serviceability trajectory, coupled with 'co-investing' in premium locations so the 'potential' of customer incomes—and investor stakes in the properties—gets unlocked sooner.

*What we do is assess serviceability in the future, so we'll project for the customers' incomes, project for the interest-rate environment, project for their expenses, and get a sense of how much they could service in [about] six years time. If that serviceability is high enough to refinance us out, then we approve them as a customer. We're really underwriting on potential as opposed to current [income], because the types of customers we've got are really good potential customers. But what that means—and we have about a 35 per cent rejection rate because we're quite tight on that, to ensure that it's the right type of customer. [310, private provider]*

The scale and extent of the housing affordability challenge creates space for a range of equity-based products and programs. Government providers expressed little discomfort towards the evolving landscape of private providers and development of shared equity arrangements targeting different prospective homeowner markets.

*In the end, I do think we need to build up shared equity as an investment asset class in the country. So, the more people that are out there getting interested in this market, the better. Because I actually think interest and scale will ultimately build momentum to make this a product choice that's available for a lot more people. If it's available through private funding, I think that's a great outcome. [303, government scheme provider]*

This sentiment reflects the view that ‘it all helps’, given the extent of the challenge. Further, there is little crossover or competition for market share at present given the current size of these emergent schemes. Moving to scale may raise more questions—notably recalibrating purchaser-buying capacity in certain markets, and competing for the necessary capital required to underpin these financing arrangements.

*We see no obvious limits to the market opportunity at this stage, certainly none that we’ve discovered. We believe the principle guiding factor will be capital raising. That over time obviously will become less and less of an issue, or we hope and believe that will be true. There are a number of other players who’ve indicated they’re entering the market, I haven’t really seen any of them get off the ground. These are all good people, smart operators, well backed by smart money. I think plenty of people see the business opportunity, but the barriers are significant. [302, private provider]*

## 5.2 Current challenges for shared equity provision

### 5.2.1 Product simplification

In both government-backed and private provider schemes, simplification of product design and the process of writing loans is key. Put simply: if it is difficult to explain, it is not an effective product. Interviewees consistently voiced the importance of finding a pragmatic balance between setting eligibility criteria for targeting and providing reach and flexibility. While this may lead to leakage in terms of targeting, or not maximising possible returns, schemes need to be comprehensible and administrable to operate well.

*The simpler you make the schemes, the less likely you’re going to have disputes and issues ... Cleverness basically is a proxy for complexity, and so when you make these complex, you’re going to have some issues. [306, government scheme provider]*

*So we wanted to simplify it. I guess part of the underlying goal there is if you can simplify it, you can distribute it more widely. You can make it more accessible to people. We wanted a really vast simplification regime with the current shared equity option. It is the simplest, purest version of shared equity that you can get. So, it’s a 25 per cent share, pro-rata sharing of capital gains unless you refinance. That’s it. There’s no fees. There’s no allowances for renovation, nothing like that. That’s proven enormously popular. [303, government scheme provider]*

Simplification was a priority, with interviewees mindful that shared equity customers were also likely to be FHBs with limited experience of purchasing a home and servicing a mortgage.

*I mean, it’s the marketing of it isn’t it? You know, they just think, ‘Well, we’ll do this, and we’ll announce it.’ But that street-level marketing of it with people so they understand what it is. I mean, Help to Buy, people don’t understand what that means. [313, peak industry/advisory body]*

Clear messaging was viewed as critical to public understanding and awareness of shared equity products. One participant referred to a newspaper cartoon published during government debates around HTB as emblematic of fear generated around shared equity as a mechanism supporting ownership:

*One of the cartoonists did that thing with the kitchen table, scared off the concept of any shared equity, because he had the photo of the government sitting at the kitchen table with you, saying to you, ‘Do you really want those people owning half, 40 per cent of your house?’ [314, peak industry/advisory body]*

The role of financial intermediaries such as brokers to support customers in understanding and navigating schemes was also highlighted:

*Customers aren't typically going to come and say, 'Do you know what? I want to buy a house and I want to buy it through shared equity.' It's not something that most come directly saying, 'I know I want a shared equity product.' That's really interesting in the sense that the key part of the broker's role is to help look at the landscape and work out what is the best option. [311, peak industry/ advisory body]*

*We've got a network of brokers, and aggregators that sit above the brokers, that are well-trained on this product. Either as leads come to us direct, we will hand them off to the brokers so that it is completely third-party, or if they have customers walk in their door that are a good fit for us, they will pass them on. [310, private provider]*

### 5.2.2 Additional due diligence requirements

Shared equity loans typically take longer to go through due diligence and get signed off compared to 'mainstream' loans. In the case of government-backed schemes, the senior lender and government agency—where they are not the same party—need to follow their administrative and contracting processes to determine customer eligibility and assess dwelling suitability. Interviewees noted that additional—and sometimes seemingly overlapping—checks can cause sales to fall through, or lead to real-estate agents avoiding sellers that need to go through additional steps to sign-off where 'normal' customers are also in the mix.

*If someone is looking to sell the home or refinance, there'll be a little bit of additional bureaucracy—or not bureaucracy, but processes we have to go through in order to fulfil our obligations to the co-owner as well. So it might take a little bit longer to sell the home or discharge the mortgage if they're paying out the loan, just because we've got to go through a couple of additional steps. [306, government scheme provider]*

*Real-estate agents are mostly worried about how long it takes. We aim for 90 days, but it can take longer than that ... We come in with our tripartite [contract] and it all has to go through more legals, we do due diligence. We get a building inspector in there because we're managing our own risk as well as the risk of the purchaser. We do a title check and all those things, which isn't a standard thing that happens. Then we find out some of them don't have a valid extension or a legal extension: we won't proceed with that unless it's fixed. All those things take time. [301, government scheme provider]*

Private providers identified the importance of due diligence in terms of the location and market credentials of the property in which they will be effectively co-investing. The prospects for strong price growth—and therefore equity—are key, and private providers seek to ensure that customers purchase a dwelling that not only meets their household needs, but can also more or less guarantee a return for the provider and their funders. In general, this meant targeting well-located detached dwellings that are of 'investment grade'.

*Working back from the capital provider's point of view, if we're going to make all our money harvesting capital growth, then we'd better be investing in the properties that are going to get good capital growth ... that's Sydney, Melbourne and Brisbane. Not that there isn't good capital growth in some other properties and some other geographies, of course there is, but just as a practical matter, the guts of it is there. Then we're back to: which properties? That's where land appreciates, buildings depreciate ... that's where the capital growth's going to be. [302, private provider]*

To help, private providers can act as ‘buyer’s agents’ and offer professional advice to assist in achieving this outcome, using sophisticated data-driven models of long-term housing transactions to identify properties—and the land parcels they sit on—that are more likely to provide a return on investment.

*We arm them with some tools to help them to identify properties that are investment grade for us, initially. They submit properties. We do a quick desktop review just to make sure that they are investment grade, and if they are then we say, ‘Would you like to go ahead with a full due diligence?’*  
[304, private provider]

### 5.2.3 Navigating demand-side pressures

A key concern in moving shared equity to any significant scale is that it will drive up demand-side pressures at particular price-points in the market, and in particular geographies.

In exploring these potential concerns, many of our interviewees from both government and private provider schemes emphasised that inflationary risks were small, reflecting the current scale of activity, and the controls provided by eligibility criteria and capped numbers.

There are also a number of government-backed schemes, both in Australia and overseas, that seek to tie shared equity programs with new residential construction. This relationship is a potentially virtuous one: demand enabled through shared equity arrangements can also help underpin feasibility considerations, supporting new supply of affordable housing stock. For example, the MyHome scheme in Tasmania has seen a shift in the proportion of their loans written specifically for new build to around half of the total number. As shared equity loans are considered additional affordable housing stock, this increasing proportion provides an important contribution to wider government social and affordable housing supply targets.

*I do think that if you can achieve that dual objective of both new housing, as in supporting new housing, as well as making those homes in and of themselves more affordable, then that is actually a really unique combination. Because it also goes directly to one of the biggest arguments against shared equity in that it is ultimately price inflationary, particularly at those price points that work for the program.* [307, private provider]

However, it was acknowledged by several of our interviewees that using shared equity arrangements to address both supply and demand-side considerations may create challenges. For example, insight from overseas, and certainly from the UK, points to such schemes both:

- underpinning developer profitability
- causing identifiable increases in purchase prices in some markets (see 2.4.2).

In the Australian context, the affordability challenge faced has been more a symptom of our new-build market and the time frames involved in purchasing house and land packages:

*Existing [dwellings] outweigh the house and land ... we see a lot now, of people not wanting to wait. You’ve got some properties sitting waiting 12 months for issue of titles on a block of land. You’ve then got the building industry strained for builders. You’ve got the cost of materials going up ... People were sitting probably getting close to 12 months to 18 months before they were able to get into a home, so it was easier to opt for that existing dwelling.* [301, government scheme provider]

### 5.2.4 Positioning shared equity within the spectrum of homeownership assistance

A further challenge for shared equity provision relates to the broader policy landscape. Government-backed shared equity initiatives need to align eligibility criteria approaches with other mechanisms available for homeownership assistance—for example, the First Home Guarantee. Policy positioning of shared equity schemes also needs to be transparently mapped out alongside the full spectrum of initiatives, alongside education and advisory support as to how households can understand and access the schemes that might work given their circumstances:

*We've been broadly supportive of shared equity schemes as another measure among a range of measures to help people get into home ownership. [That's] probably the simplest way to say it. It's not of itself the one solution to the problem. You need a whole range of these things to be on the table. I don't think that people would go and say, 'Okay, my first aspiration is to get into a shared equity scheme.' But it is another in the suite of measures to help people to get into home ownership. [309, peak industry/advisory body]*

Interviewees noted that in most instances people are directed towards shared equity, rather than shared equity being an initial choice over other options. For most households wanting to become homeowners, shared equity is rarely going to be the ideal or perfect solution. But for many it is an acceptable solution, and for the majority taking up government-backed products, it is the only one:

*All of our customers, particularly our shared equity customers, they never thought they would be able to get into home ownership. They are extremely grateful for the opportunity that's been given them, as a general rule. They would typically move into the home thinking, 'This is it. I'm in my forever home now, I no longer have that uncertainty around my shelter. I've got that certainty now.' Great. So, the psychology would be, I've got my home. The co-owner is effectively silent in the process. They don't have any accountability or responsibility for the ownership. [306, government scheme provider]*

Key to education is knowing about how schemes work over time, particularly:

- home maintenance and renovations
- how price growth is apportioned.

While such arrangements are explained at the outset, when the time comes to sell or remortgage, it can be difficult communicating that not all capital gains flow the borrower's way:

*One of the areas that shared equity providers generally find as a source of complaints is the exit of the customer. Now, they experience a period of high capital gain. They look at what is being paid out in capital gain to their financier and they might find that's an issue for them. For us, we want to make sure they are constantly reminded that they have a shared equity arrangement and that part of the deal there is that they will share some of that capital gain. The communication really matters all the way through, and [having] really strong processes about how you set those values at the back end of the deal really matters too. [303, government scheme provider]*

Interviewees also pointed to the importance of providing broad ongoing financial education for shared equity customers. In the case of government-backed schemes, the application process requires a degree of customer engagement that can offer strong foundations for forward financial literacy and management:

*If you went and asked any of our key people—albeit there's a lot of additional effort required to get a [shared equity] loan up—I'm sure they'd all still say it's worth it. So, you end up with a great customer experience, so it's not only just been those that we get into the scheme, but those that we help along the way. We've had, I would say, for every enquiry, it's four enquiries to each [shared equity loan] we've written. So, each of those has been an opportunity to engage with somebody who was really only part way on their journey of understanding what it meant to become a homeowner. [305, lender]*

## 5.3 Future prospects for shared equity provision

### 5.3.1 Mutual learning between government and private provider schemes

Mutually beneficial points for knowledge exchange in considerations around strengthening future prospects for shared equity provision are:

- the sustained track record of a number of government-backed schemes
- the emerging experience in raising capital and innovation in opening up the residential asset class among private providers.

While government-backed schemes benefit from access to capital (or guarantees) typically through Treasury, this relationship is clearly accompanied by a series of constraints (see 5.3.2). Conversely, private providers are looking to build a track record that helps build confidence in investing in shared equity products as a solid performer for 'patient' equity. Typically, funds may be secured through philanthropic, ethically minded and family trusts, and the tranches of capital raised are fairly modest. While often seen as the holy grail, several interviewees noted that the investment requirements of pension funds, for example, do not align with what these products can currently deliver in terms of the timing, and level, of required return.:

*Superannuation funds have got lots and lots of cash, but 12% a year—you're just not going to get it. Even if they wanted to benefit their members—because that's one of their obligations—they'll have return obligations that they've got to meet, and it's very difficult for them to allocate a lot of capital into something like this. With private sector shared equity, the challenge they're going to have is similarly around this scale, because accessing the capital you need to do it at scale [that] will be extremely expensive, because it will be considered high-risk and there'll be a higher level of return. [306, government scheme provider]*

*From a rational perspective, we surely tick all the boxes for an institutional investor to come in. But certainly, they haven't quite got their heads around this asset class yet, which bucket to place it in. How they should evaluate it, what it should be benchmarked against in terms of the various benchmarks that APRA has on return targets. [304, private provider]*

Consequently, there is interest in reshaping residential assets as a potential investment source, competing for the 'mum and dad' bricks-and-mortar investor-owners, notably through opening up the existing residential asset market—for example, through Real Estate Investment Trust (REIT) arrangements. If there is a means to lend under the 'patient' requirements of shared equity—which involve tying up capital for at least five years, without need for an annual return—then potentially these mechanisms can achieve a solid rate of return in residential investment without the complications of owning and maintaining residential stock.

*Residential is Australia's biggest asset class. I think we just crossed \$11 trillion dollars. There's no way to access it at scale without going out and buying a house or an apartment, and becoming a landlord. Whereas in America, you've got a dozen REITs that are launched every other Wednesday. So what we're doing on the investment side at scale is providing a way for the retail investor to access the residential market without having to go out and be a landlord. [310, private provider]*

Private provider products would need to provide sufficient return to compete with assumed price gains on an investment property over time—which drive decisions, rather than simple calculations of yield. While recognising the significant untapped potential of the residential asset class, data on the performance of loans takes time, and being able to demonstrate a sustained track record can only build once returns start to flow back through the sale or remortgaging of properties. The demand from the consumer side for private-provider equity products is there; however, raising and securing the funding to lend, on the 'patient' terms required, is a rate-limiting factor:

*There are really two fundamental problems. One is the length, the term length, so the amount of time. Most investors that we spoke to through that process needed to have some sort of guaranteed exit within the decade. It's not impossible to go longer, but extremely challenging. The second was just an expectation of return and some sort of certainty, well, not certainty, but expectation of return that isn't entirely attached to capital growth. Because you've got that issue around liquidity, as in the exit, the expectation of return is actually substantially higher than you would maybe first expect. [307, private provider]*

### 5.3.2 Interface between policy and lender in government-backed schemes

Government-backed schemes typically enjoy a degree of autonomy and operate at arms-length from Treasury balance sheets. This allows them to respond to market conditions and demand:

*... in the end, we're two organisations that can set our own lending policy. In our case, ... we set our lending policy to be different to the banks. If you're going to push shared equity out through the banks, all you're going to do is help people who can get across the line through bank-lending policy anyway. Whereas with ... shared equity, we are actively trying to help people who can't get a loan through the bank. So we're actively increasing the size of that home-ownership pool. That's what we're primarily focussed on. [303, government scheme provider]*

These schemes are still guided by policy objectives. Governments pursue a range of initiatives to provide support in the housing market. Given there is only so much capital and capacity in the system, initiatives to support access to homeownership may be prioritised or deprioritised according to policy priorities at a point in time. For example, as seen in Western Australia, a pressing need to focus on social and affordable housing in recent years saw the redirection of homeownership support funding—such as Keystart's Shared Ownership Program—to projects supporting increased supply of this stock. While this is understandable, shared equity programs benefit from consistency and the funding assurances that come with this.

*Shared equity will always be a small-scale solution. It's very difficult to do at scale because of the capital you need to tie up into it, and how long that capital needs to be tied up. But having said that, I would probably say that there's no shortage of demand for solutions. So you're only limited by how much capital there is available to put into the scheme. So that's a key thing with design of shared equity schemes. They come in and out of fashion primarily because of where government wants to put its capital. So over the last four or so years in Western Australia, government's put more of its capital into social housing, and it's been less capital into shared equity. [306, government scheme provider]*

*Well, I think a recognition that the disparate nature of the schemes, that certain state-based schemes and the short-termism of those schemes can be a challenge for our members. [311, peak industry/advisory body]*



Several interviewees reflected on the uncertainty created through the short-termism seen recently in some states, with NSW's shared equity initiative being downgraded to a pilot, and Victoria's scheme—despite some success—being wrapped-up after only a few years.

Where shared equity schemes are administered within government is also a key consideration. For example, if the same agency drives both the lending and administrative functions, there can be more commitment to social policy interest and ongoing stewardship and support for customers. In both recent New South Wales and Victorian schemes, lending was provided by a small panel of lenders. Once rolled out, ongoing government interest in those programs was handed over to state treasuries, where administration becomes a fiscal or transactional matter. In this arrangement, continued education and guidance that may be provided by a more customer-facing agency may get lost.

*A lot of shared equity schemes are not run by Housing [Departments]. Some of them are run through Treasury or one of those agencies. So it's a bit different ... there's plenty of other things to worry about in these portfolios than shared home ownership. [301, government scheme provider]*

There is evidence of greater success at building and retaining the necessary interface between policy, lender and customer interests where government itself is the lender or where schemes have worked closely with a single preferred lender—typically those with strong mutual or building society traditions. For example, Bank of Us—which is the single preferred lender for MyHome in Tasmania—has been able to build scale in what would otherwise be a niche market and grow their loan book:

*If a scheme is backed by a small mutual such as Bank of Us in Tasmania—where their relationship with MyHome is a significant part of their portfolio—that relationship between lenders, government and customers can be fostered. But with one of the larger banks, such products make up a tiny entry on the loan book and inevitably might be a little lost. [305, lender]*

Typically, interest rates for shared equity loans will be higher than the best competitive rates in the market for 'mainstream' loans. Higher rates directly reflect the additional costs involved in writing the loans—such as extra administration, education, ongoing support, perceived higher level of risk by financial authorities—but can be perceived as the outcome of market monopoly. This lack of competition was a point of concern raised in public hearings during a Parliamentary Inquiry held in Tasmania in relation to MyHome (Parliament of Tasmania 2025), with submissions arguing that customers had no choice but to take out the loan with Bank of Us. Also, earlier stages of the scheme necessitated customers taking out particular insurance products.

*The interest rate—it's not the lowest interest rate, but it's an interest rate that provides enough fat to deal with what is a much higher-risk group. So you have to build a bit of fat into it, and also it costs them a lot more to set one of these loans up than it does to set up any other loan. [301, government scheme provider]*

Again, shared equity stakeholders reinforced the importance of educating potential shared equity customers about the reasons why lenders have higher rates for shared equity products.



### 5.3.3 The role of the federal government: opportunities and challenges for Help to Buy

All stakeholder interviews for this project were conducted before the HTB Bill was approved in late November 2024. As such, interviewees were invited to consider opportunities and challenges for HTB as it was devised prior to approval. Despite providing up to 10,000 loans a year—40,000 over the four years allocated—the federal government's HTB scheme was viewed by many of our interviewees as a drop in the ocean, reflecting the size and scale of the housing affordability challenge.

Several attributes of the scheme design were highlighted. For example, the caps will be allocated pro rata to state and territory populations, which means that the flows to the states with smaller populations—encompassing those states with existing schemes—will be relatively small. While this means that greater numbers will be available in states without schemes (or coming to the end of their pilots), there is concern that HTB in its design and eligibility criteria will struggle to work in large, expensive metropolitan markets.

Neither the existing government-backed schemes or private providers expressed any substantive concerns about crowding out existing schemes. For most, HTB was seen as injecting additional capital, and more opportunities giving options for buyers to access the market are better than fewer. Given the nature of how customers 'find' shared equity, HTB was not seen as competition, although there was recognition that an additional scheme could create some confusion. A concern raised was the risk that states and territories may seek to withdraw interest on the basis that the bill was going to be picked up at the federal level. (Anecdotally, this concern seems to be in part behind decisions to curtail the state schemes in New South Wales and Victoria.)

Other observations about the current design of HTB included its eligibility criteria, which enabled helping the right people—but even then, they would not be able to purchase in many markets. The complexity of some of the administration involved was also highlighted—such as annual income checks. A number of our interviewees discussed whether income limits may need to be loosened, although the restrictive eligibility criteria will arguably provide a necessary brake on demand, given the relatively modest size of the scheme:

*It seemed that they probably have tried to 'goldplate' it a little bit. I think that they were so worried about this acting as stimulus and overheating the market that they probably over-engineered it, in my opinion. About the five-year [mark] you've got to do the audit to it. If you're changing circumstances, reporting back to it. If you change your wage through that period, you've got to then report on it. There are still a few questions about what if you want to make improvements to your dwelling, who pays for it, how do you report on it? [309, peak industry/advisory body]*

Interestingly, there were no significant calls from government-backed scheme interviewees questioning the additional overlay and potential replication caused through the introduction of HTB, or a preference for the federal government to simply channel their policy interest in shared equity through current state and territory initiatives.

## 5.4 Policy development implications

As the discussion across our interviewees highlights, there are complementary questions arising across shared equity programs and scheme evolution in the government and private sector. Crucially, interviewees from both sectors emphasised the importance of sharing an understanding of how the products work: both in terms of borrowers' profiles and repayment trajectories, and for those from whom the capital or debt can be packaged up into an investment opportunity—be it public or private. Questions of sustainability and risk are both dependent upon being able to offer products to appropriate markets at the appropriate scale. They also depend upon—and contribute to—wider housing-policy mechanisms at federal and state levels aimed at assisting access into home ownership.

While characteristics of private provider schemes make them distinct to government-backed schemes, their design and development is of policy interest as contributing to the innovation required to meet the spectrum of challenges for accessing home ownership and how we finance and service mortgages in contemporary Australia.

Although the bigger government-backed schemes are financially sustainable, they do need to borrow capital and so there are limits to their operating scale. The learnings from innovative bond or investment arrangements will not translate into shifting the core purpose and target markets of government-backed schemes, but may potentially open up more market-facing capital, allowing further underpinning of shared equity schemes (and other policy interests).

As we look ahead to the launch of the federal government's HTB scheme, it is also important to reflect on lessons from those existing schemes that have become important agents in facilitating and sustaining access to homeownership for low-income and middle-income Australians. With the backstop guarantee of government support alongside arms-length flexibility to build a unique offering in their respective markets, state initiatives such as HomeStart and Keystart represent a policy-driven imperative alongside a sustainable, relatively low-risk, and—if patient—sound investment returns for the public purse.

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## 6. Policy development options

This report has generated extensive evidence on the landscape of government-provided shared equity programs in Australia. This has been achieved through a mix of multiple methods, including an international review, policy simulations, consumer journey analysis and stakeholder interviews. In this chapter, we review the evidence reported in preceding chapters to develop the proposed policy settings and safeguards needed to realise the growth potential for shared equity programs in Australia.

### 6.1 The importance of scheme design for home purchase affordability outcomes

While a key objective of government-provided shared equity schemes is to improve home purchase affordability, especially for FHBs (see Chapter 2), whether or not a scheme achieves this affordability outcome is crucially dependent on scheme designs that dictate access, targeting accuracy, effectiveness in overcoming downpayment or repayment constraints, and delivering policy additionality (Chapter 3). Specifically, the following points are evident.

1. Well-targeted schemes that generate additionality tend to be more restrictive in nature. They apply multiple restrictions, such as priority entry group specification, and use income limits and price limits to ensure that those who would not necessarily need the scheme are excluded. The trade-off is that these schemes can be less accessible than broad-based schemes.
2. Schemes with higher government equity contribution rates are more effective at delivering relief from downpayment constraints, while schemes that leave participants with lower LVRs are more effective at delivering relief from repayment constraints.

### 6.2 The suitability of property price limits in high-priced markets

Analysis of the geographical distribution of assisted scheme participants shows that many schemes underestimate housing affordability challenges in large capital cities, and are therefore less effective in assisting aspiring homebuyers in these cities than weaker markets such as regional areas (see Chapter 3). Interviews with stakeholders also uncovered concerns that the eligibility criteria of the national HTB program may struggle to work in large, expensive metropolitan markets (see Chapter 5). This experience is not unique to Australia. Notably, the Canadian Government terminated its First Time Home Buyer Incentive scheme in 2024, following take-up at levels far below initial objectives (CMHC 2023). A key reason for the program's underperformance was the constraints posed by property price limits in high-priced markets (Chapter 2).

### 6.3 Program design considerations: interest charges

The international and Australian evidence on shared equity schemes recounted in this report reveals some variation in relation to rules on equity loan interest payments.

While this appears to be unusual, some programs limit the interest-free term of shared equity loans—for example, phasing in interest charges after five years (see subsection 2.3.4). Limiting the interest-free period like this reflects a policymaker aspiration for shared equity assistance to serve as a stepping stone towards unsupported home ownership—rather than as a permanent subsidy. Incentivising early repayment in this way is also consistent with the ambition to operate a program on a revolving-fund basis—in other words, where repaid monies can be made available for new scheme participants or devoted to other housing interventions. Otherwise, it may help to facilitate scheme liquidation, enabling government to recover its expenditure, along with associated capital gains (if any).

### 6.4 The dearth of publicly available data on the shared equity consumer's complete journey

Each shared equity scheme's impact on the housing consumer's journey can vary widely between pre-purchase and post-purchase perspectives.

For instance, when the South Australia HomeStart Breakthrough Loan scheme was in operation, it applied very generous entry eligibility criteria and government equity contribution, while participants paid a very low deposit. However, post-entry features were less attractive, with significant ongoing monthly fees (3% of the loan value) and the providers reaping a higher share of any equity gain than the participants.<sup>26</sup> This is an example of a program type that may offer attractive features to facilitate access to home ownership, but may not be well designed to support the scheme participants to sustain home ownership or reap the financial benefits of housing equity gains post-home purchase (Chapter 3).

Unfortunately, far more information is available that relates to envisioning and accessing shared equity programs than is available on the post-purchase trajectory. Little is known about consumers' experiences living in shared equity homes, and transitioning advice about how shared equity programs can feature within housing pathways is also sparse. There is little information about the long-term impacts of shared equity programs that is up-to-date and publicly accessible (Chapter 4).

Even within the envisioning and accessing phases, search information on Australian shared equity programs is not widely available, apart from information provided directly by shared equity providers. Social media and informal information channels can play an important role, but they are susceptible to inaccuracies and out-of-date information (Chapter 4). Notably, when the Canadian Government terminated its First Time Home Buyer Incentive scheme in 2024 following take-up at levels far below initial objectives (CMHC 2023), ineffective publicity and promotion were cited as key drivers (Chapter 2).

<sup>26</sup> Refer to sources from section 3.2.6.

## 6.5 Barriers to realising shared equity market potential

Our study highlights a number of current challenges that impede the growth of shared equity programs.

1. The complexity of shared equity programs is not currently matched by adequate advisory support, which can create confusion around how the schemes work over time and post-purchase matters (see Chapters 4 and 5). This is a particularly strong deterrent to scheme take-up, as many potential program participants are FHBs with limited experience of purchasing a home and servicing a mortgage. Another aspect of complexity is that shared equity loans are not viewed as 'mainstream' loans and therefore can take longer to finalise as a result of additional due diligence requirements (Chapter 5).
2. There is potential for inflationary impacts if these programs were expanded. Currently, inflationary risks appear small, but this reflects the limited scale of activity and the controls provided by eligibility criteria and capped numbers (Chapter 5).
3. There are concerns around the financial sustainability of shared equity programs. Although bigger government-backed schemes are financially sustainable, they do need to borrow capital and there are limits to their operating scale (Chapter 5).

## 6.6 Realising the growth potential for shared equity programs: proposed policy directions

Drawing on the breadth of findings from this report's analysis, we put forward several options for policy development.

### 6.6.1 Simplification of product design and process

In both government-backed and private-provider schemes, key areas for improvement are:

- simplifying product design
- simplifying the process of writing loans.

Clear messaging is critical to public understanding and awareness of shared equity products. This applies to both:

- product access and post-purchase guidelines around maintenance and renovations
- how price growth is apportioned between the government provider and householder.

There is a need to streamline administrative and contracting processes to minimise duplicative checks between government agencies and lenders. A one-stop shop advice centre, or a centrally organised primary point of contact for consumers, could act to reduce program accessibility barriers.

Streamlining can also take place where government itself is the lender, or where schemes work closely with a single preferred lender.

### 6.6.2 Financial education to enhance consumer understanding

There is a need to ensure that program participants are well-educated about the nature of shared equity loans, which are more complex than traditional loans. For instance, interest rates for shared equity loans will be higher than the best competitive rates in the market for 'mainstream' loans.

Our research uncovered the important role of financial intermediaries such as brokers to help customers understand and navigate shared equity programs. While some mortgage brokers and financial advisors currently provide customers with information about the availability and eligibility criteria for shared equity programs—including their views on the programs—others appear to be of little help to customers seeking to understand shared equity schemes.

### 6.6.3 Up-to-date tools and advice services to assist with long-term planning

Current and prospective program participants need to make informed choices about engaging with shared equity programs as a home-purchase option to meet their needs and aspirations. This includes:

- having access to up-to-date scenarios showing future options within shared equity programs
- case-study information about the long-term impacts of shared equity program participation
- online or otherwise accessible tools and advice that allow consumers to strategically plan how shared equity can facilitate a long-term secure housing future for them.

Policy positioning of shared equity schemes needs to be transparently mapped out alongside the full spectrum of initiatives, with education and advisory support about how households can understand and access the schemes that might work in their given circumstances.

### 6.6.4 Financial innovations to boost the scale of the shared equity market

There is an opportunity to tap into learnings from the private sector about raising capital and innovation in opening up the residential asset class. This will overcome barriers that government-backed shared equity programs can face to operating at scale.

The aim would be to tap into innovative bond or investment arrangements that will not shift the core purpose and target markets of government-backed shared equity programs, but that may potentially open up more market-facing capital to support further underpinning of shared equity programs.

### 6.6.5 Setting housing-market-sensitive property price thresholds

There is a need for shared equity-set property price thresholds that accurately reflect the (un)affordability of the housing market in which the scheme operates. This will ensure that schemes do not underestimate housing affordability challenges in large capital cities.

Ensuring price thresholds are more sensitive to prevailing housing market conditions will ensure that aspiring homebuyers in less affordable cities are not disadvantaged.

### 6.6.6 Filling crucial data gaps

From a consumer perspective, there is an urgent need to collate and make publicly available accurate, up-to-date information about the long-term impacts of shared equity programs. This is crucial for supporting deliberations by prospective shared equity program participants, as it will enable them to make well-informed decisions about the suitability of shared equity products for their particular circumstances.

From a provider perspective, there is an unmet opportunity and need to collate historical loan-book data to:

- establish a better understanding of how shared equity products work
- enable a more accurate assessment of risk
- provide transparency regarding the level of returns.

If such data were cumulatively acquired over the last 20–30 years from primary government-backed schemes, and started to flow through from private provider initiatives, it would:

- help underpin arguments tied to the sustainability and effectiveness of government schemes
- provide the necessary transparency and evidence at scale to build confidence in an emerging investment product.

### 6.6.7 Systematic independent evaluation of shared equity programs

There is a need for regular, mandated independent evaluations of shared equity programs, including from a consumer lens. Evidence-building about shared equity program experiences can support program development, and enable continuous improvement to program design, delivery, accessibility and impacts for program consumers.

## 6.7 Final remarks

Governments pursue a range of initiatives to provide support in the homeownership market. Government-backed shared equity programs appear to be relatively sustainable and low-risk. If patient, such programs can also generate sound investment returns for the public purse.

Through appropriate targeting, such programs can offer an otherwise elusive opportunity for low-income and moderate-income Australians to access the security of owning a home (and some of the capital gain). Given this, it is critical that:

- the financial investment and time commitment provided to shared equity schemes extends beyond election cycles
- certainty is provided to prospective and current customers, and also to other stakeholders involved in building up and sustaining community understanding and interest in these programs.

Government-backed schemes and private providers can learn from each other, in terms of both innovation and scheme sustainability. Private providers might chart potential paths towards opening up the asset class in innovative ways to attract the necessary capital to bring it to scale, while customer stewardship and support—from start to exit—has been a crucial success factor in determining the viability of longstanding state-based schemes like Homestart and Keystart.

Our findings indicate that there is appetite beyond current shared equity participants for participation in shared equity purchase schemes. Some consumers who would benefit from shared equity programs are currently unable to access them, due to restricted lending criteria in the financial sector.

Future program development around the fit between home lending models with shared equity programs warrants attention—to ensure that those who are eligible for shared equity programs are supported to access them.

Greater access to shared equity programs such as the Australian HTB could be facilitated through moves to scale up the scheme. However, there are considerations that may limit the benefits of scaling-up a shared equity scheme such as the federal HTB scheme. Specifically, the federal HTB scheme extends the maximum share that can be held by government to 40% for new builds—as opposed to 30% for existing properties—which signals targeted interest in bringing on new housing supply. Care needs to be taken to ensure that a move to scale up a shared equity scheme does not result in the scheme being co-opted for the benefit of volume housebuilders' bottom lines, as seen in the UK.

Of course, the potential for such schemes to be scaled up could also be limited. The often-lengthy time frames involved in purchasing house and land packages and constructing new builds can limit the potential for shared equity programs to simultaneously address demand and supply concerns. Furthermore, the complexity of shared equity schemes like the Australian HTB—compared to mortgage loan guarantees like the federal government's First Home Guarantee—limit its attractiveness even if scaled up.

While the simulations of the Australian HTB scheme in this report reflect the original parameters set in 2024, the Albanese government announced in 2025 an increase in the price limits as well as income limits (Commonwealth Treasury 2025). This is likely to account for previous underestimation of the unaffordability in a market like Sydney.

The simultaneous increase in income and property price limits may raise inflationary risks as an increased number of aspiring homebuyers become eligible for the scheme—thus intensifying competition for available places in the program. The recently announced changes to the program would increase the share of aspiring homebuyers who meet the income limits from 69% to 79%, as income limits are raised from \$90,000 to \$100,000 for singles, and from \$120,000 to \$160,000 for couples.

A concerning aspect of the HTB scheme changes is that, with the number of places capped at 10,000 per year, the new expanded income limits would likely see a redistribution of assistance away from lower income groups to higher income groups. This would weaken the additionality impact of the program.

Our study has highlighted the importance of a number of future research directions that sit outside the scope of this report:

1. There is a need for comprehensive evaluation of shared equity programs. Such evaluation should take account of the customer perspective. It should also look at public value for money, including assessment of the benefits and drawbacks of shared equity programs against other homeownership assistance schemes, such as mortgage loan guarantees. This is critical to determine which schemes should be prioritised for scaling up by the federal government.
2. Our simulation exercise has focussed on access to home ownership under alternative shared equity models. However, the simulations were not set up to predict the longer-term impacts of shared equity schemes for scheme participants, such as decisions around staircasing and refinancing. This is because of significant data gaps, as identified in Chapter 4. Thus, it is important that future research includes a comprehensive data-collection exercise that allows a detailed evaluation of post-purchase experiences under alternative shared equity schemes.



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# Appendix 1: Property-value regression model

**Table A1: Property-value regression of 218 recent first-homebuyer income units (IUs)**

| Explanatory variables                                       | Coef.    | Std. error |
|-------------------------------------------------------------|----------|------------|
| Age (oldest member of IU)                                   | -.041*   | .021       |
| Age squared (oldest member of IU)                           | .0004*   | .0002      |
| Country of birth (oldest member of IU) (Australia omitted)  |          |            |
| Main English-speaking                                       | .134     | .090       |
| Other                                                       | .021     | .086       |
| Number of dependent children in IU—aged 0 to 4              | 0.174**  | .050       |
| Number of dependent children in IU—aged 5 to 9              | -.008    | .069       |
| Number of dependent children in IU—aged 10 to 14            | .171*    | .090       |
| Years of paid work (total of IU, excludes dependents)^      | .077     | .054       |
| Highest qualification in IU (Less than high school omitted) |          |            |
| Completed high school                                       | -.474*   | .198       |
| Other post-school qualification                             | -.591**  | .156       |
| Bachelor's degree or higher                                 | -.427*   | .162       |
| IU fin. year regular gross income (excludes dependents)^    | .093***  | .032       |
| State (Greater NSW omitted)                                 |          |            |
| Rest of NSW                                                 | -.318*** | .098       |
| Greater Melbourne                                           | -.095    | .087       |
| Rest of Victoria                                            | -.609*** | .125       |
| Greater Brisbane                                            | -.359*** | .096       |
| Rest of Queensland                                          | -.670*** | .094       |
| Greater Adelaide                                            | -.408*** | .136       |
| Rest of South Australia                                     | -.968*** | .206       |
| Greater Perth                                               | -.525*** | .119       |
| Tasmania                                                    | -.551*** | .134       |
| Northern Territory                                          | -.762*** | .271       |
| Australian Capital Territory                                | -.219*   | .122       |
| R <sup>2</sup>                                              | 0.423    |            |

Source: Authors' own calculations from Wave 22 of the HILDA Survey.

Notes: \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Regression is estimated on home owner income units who purchased their first home in 2021 or 2022. The dependent variable is the log of property value.

^ These variables were transformed using the inverse hyperbolic sine (IHS) transformation.

**Table A2: Predicted estimates from the property value regression**

| Measure   | Sample           | Median  | Mean    | Minimum | Maximum   | N     |
|-----------|------------------|---------|---------|---------|-----------|-------|
| Reported  | Recent owners    | 660,000 | 711,706 | 150,000 | 2,850,000 | 218   |
| Predicted | Buyers (renters) | 667,186 | 732,542 | 105,214 | 5,067,902 | 3,783 |

Source: Authors' predicted values from the regression in Table A1.

Notes: The top row presents summary statistics of the actual property values of FHB income units. The bottom row shows the predicted property values for renter and rent-free income units, estimated using the model coefficients from Table A1.

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## Appendix 2: User cost expression

This appendix sets out the algebraic expressions for the after-tax economic cost of owning, or user cost of an owner-occupier and rental investor. Further details of the user cost parameters are reported in Table A3.

### A2.1 Owner-occupiers

Following prior iterations of AHURI-3M, the user cost for income units of owning a property as an owner-occupier is expressed as:

$$UC = (1 - \tau)i + \tau\alpha i + \frac{\tau\pi\alpha}{1-\tau} + OC - \pi + d + AMORT \times TC \quad (1)$$

where

$$AMORT = \text{amortisation} = \frac{\delta}{(1-\tau)(e^{\delta T} - 1)}$$

$$TC^* = \text{transaction costs} = \beta e^{\delta T}$$

$UC$  = user cost of home ownership

$\tau$  = marginal income tax rate (income-weighted average of income unit)

$i$  = home loan interest rate

$\alpha$  = LVR at time of property purchase

$OC$  = operating costs

$\pi$  = house price appreciation rate

$d$  = economic depreciation rate

$T$  = holding period

$\beta$  = brokerage fees as a fraction of asset price

$$\delta = \pi - (d + ((1 - \tau)i))$$

Note that stamp duty is accounted for within the calculation of deposit constraints.

## A2.2 Rental investors

To calculate the market rental rate for the supply module, we use the weighted average of rental investors' user costs of capital, applicable to all income units in our sample that own a rental property.

Investor user cost (also known as landlord's after-tax economic cost) is expressed as:

$$UC = \frac{i+OC}{1-\emptyset} - CAP + AMORT \times (CAPTAX + TC) \quad (2)$$

where

$$CAP = \text{capital gain} = \frac{\pi-d}{(1-\tau)(1-\emptyset)}$$

$$AMORT = \text{amortisation} = \frac{\delta}{(1-\tau)(e^{\delta T}-1)(1-\emptyset)}$$

$$CAPTAX^* = \text{capital gain tax} = 0.5 \times \tau[(1-\beta)e^{\pi T}]e^{-(1-\tau) \times 00000}$$

$$TC^* = \text{transaction costs} = \beta e^{\delta T}$$

$UC$  = user cost of capital for rental investors

$\tau$  = marginal income tax rate (income-weighted average of income unit)

$i$  = investor housing loan interest rate

$\emptyset$  = property agent fees/commission as a fraction of asset value

$OC$  = operating costs specific to rental investors as a fraction of asset value

$\pi$  = house price appreciation rate

$d$  = economic depreciation rate

$T$  = holding period

$\beta$  = brokerage fees as a fraction of asset value

Note that stamp duty is accounted for within the calculation of deposit constraints.



Table A3: User cost components—additional details

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Marginal income tax rate</b>  | <p>The MITR of the income unit is the income-weighted average MITR of the home owner/landlord and (if applicable) their partner. This is because couples file tax returns separately in Australia. For an income unit containing a partner, the MITR is as follows:</p> $mtr = \frac{mtr_{ref} * c_{ref}}{c_{ref} + c_{partner}} + \frac{mtr_{partner} * c_{partner}}{c_{ref} + c_{partner}}$ <p>Income is financial year assessable (tax liable) income. The tax liabilities of each HILDA sample member are complex to calculate, and so are imported from Release 22 of the HILDA Tax and Benefit Model (TBM). The TBM is used by the HILDA survey team to estimate income taxes and family benefits, and is updated on a yearly basis. For detailed information on the TBM, see the section 'Income, Tax and Family Benefits Model' of the HILDA User Manual.</p> <p>For 2021–22 progressive tax rates, refer to the <a href="#">Australian Taxation Office</a> website.</p> |
| <b>Home loan interest rate</b>   | <p>For housing consumers, the interest rate on home loan debt is set at 4.603%. This is calculated as the 2021–22 financial year average of monthly standard variable owner-occupier lending rates for Australia.</p> <p>For rental investors, the interest rate on investor housing loan debt is set at 5.183%. This is calculated as the 2021–22 financial year average of monthly standard variable investor lending rates for Australia.</p> <p>Sourced from the <a href="#">Reserve Bank of Australia statistical tables</a> (Table F5—indicator lending rates, columns <i>D</i> and <i>H</i>).</p>                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Loan-to-value ratio (LVR)</b> | <p>Not applicable to rental investors.</p> <p>Mortgage debt as a proportion of primary home value at the time the property was purchased. For non-owners, the LVR was predicted using a sample of 218 recent first homebuyer income units (IUs).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

Table A3 (continued): User cost components—additional details

|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operating costs | <p>The sum of annual maintenance cost, property taxes, and building insurance premiums, expressed as a fraction of home/asset price. Includes land taxes for rental investors only.</p> <p>Annual maintenance costs are set at 0.3% of home/asset value as per Appendix 3 of the linked <a href="#">RBA Research Development Paper</a>.</p> <p>Median property taxes as a percentage of property value vary by location, as calculated from the ABS 2019–20 <a href="#">Survey of Income and Housing</a> (SIH). Defined by annualising weekly general and water rates payments of homeowner survey respondents and dividing by the estimated sale price of their dwelling at the household level. After applying household weights, the median is calculated at the Greater Capital City Statistical Area (GCCSA) levels provided in the SIH, and linked to our HILDA sample.</p> <p>Median property and water rates by GCCSA are as follows:</p> <p>Greater Sydney = 0.26%</p> <p>Rest of NSW = 0.49%</p> <p>Greater Melbourne = 0.38%</p> <p>Rest of Victoria = 0.59%</p> <p>Greater Brisbane = 0.53%</p> <p>Rest of Queensland = 0.64%</p> <p>Greater Adelaide = 0.55%</p> <p>Rest of South Australia = 0.81%</p> <p>Greater Perth = 0.57%</p> <p>Rest of Western Australia = 0.7%</p> <p>Tasmania = 0.56%</p> <p>Northern Territory = 0.62%</p> <p>ACT = 0.54%</p> <p>Australia-wide = 0.45%</p> <p>Annual building insurance premiums vary by state and territory, and are calculated using the average cost of home insurance in Australia from comparison website Finder. At the time the estimates were derived (end of 2024), Finder provided average home insurance premiums (excluding contents) by state/territory,* assuming a building value of \$500,000. The Finder estimates were current to August 2022. The relevant ratio of insurance premium to property value was linked to our HILDA sample members and applied to their own building value.^</p> <p>* Premiums for the Northern Territory were not available, and so we allocate it the average of all other states and territories.</p> <p>^ HILDA does not report building value and land value separate from primary home value. Therefore, following evidence provided in prior iterations of AHURI-3M, we assume that land value in major cities is typically 57% of property value, and 39% for other areas.</p> <p>Average building insurance premiums by state and territory are as follows:</p> <p>NSW = 0.33%</p> <p>VIC = 0.34%</p> <p>QLD = 0.35%</p> <p>SA = 0.24%</p> <p>WA = 0.34%</p> <p>TAS = 0.23%</p> <p>NT = 0.29% (average of other states and territories)</p> <p>ACT = 0.23%</p> <p>Annual land taxes for rental investors vary by state. Land tax parameters for each state and territory were sourced for 2021–22 from the NSW Government's <a href="#">Interstate Comparison of Taxes</a> for 2018/19–2021/22.</p> |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Table A3 (continued): User cost components—additional details

|                                   |                                                                                                                                                                                                                                                                    |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| House price appreciation rate     | Set at 3.5%. Keeping with prior iterations of AHURI-3M, we assume a real capital appreciation rate of 1.0%, which is added to the mid-point of the Reserve Bank of Australia's target inflation rate (2.5%), which is also known as the nominal capital gain rate. |
| Economic depreciation rate        | Set at 1.1%, as per Appendix 3 of this <a href="#">RBA Research Development Paper</a> . Prior Australian literature has estimated that depreciation of structures subtracted an average 1.06% per year from house values from 1960 to 2005.                        |
| Holding period                    | We assume the number of years a property is held before sale is 10 years, following prior iterations of AHURI-3M.                                                                                                                                                  |
| Brokerage fees                    | Brokerage fees are set at 3.0% of house/asset value, as per Appendix A.5 of the following <a href="#">RBA Research Development Paper</a> . Represents selling costs including real-estate agent commissions, advertising, legal and other costs.                   |
| Property agent fees or commission | Only incurred by rental investors. Set at 3.0% of house/asset value, as per Table A2 of the following <a href="#">RBA Research Development Paper</a> .                                                                                                             |

Note: All parameters were derived from the relevant websites during the last quarter of 2024.

# Appendix 3: Current shared equity schemes in Australia

Table A4: Current shared equity schemes in Australia. Consumer journey: envisioning and accessing the schemes

| Scheme                       |                                                                   |                                           |                                                                                                        | Envisioning and accessing                                                               |                                                        |                                                                                          |                                                                                                                      |                                                                                                                                                                                                                  |                   |                                        |                                                     |                               |                   |                                                         |                                                                                                |
|------------------------------|-------------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------------------|-----------------------------------------------------|-------------------------------|-------------------|---------------------------------------------------------|------------------------------------------------------------------------------------------------|
|                              |                                                                   |                                           |                                                                                                        | Eligibility criteria                                                                    |                                                        |                                                                                          |                                                                                                                      |                                                                                                                                                                                                                  | Building criteria |                                        |                                                     |                               |                   |                                                         |                                                                                                |
| Name                         | Dates                                                             | Main objective                            | Target groups?                                                                                         | Scheme info, contact info                                                               | Location                                               | Income limit<br>Asset limit                                                              | Other income requirements                                                                                            | Other eligibility criteria                                                                                                                                                                                       | New build?        | FHBs?                                  | Property price limit                                | Limited interest-free period? | Min. user deposit | Max govt. equity contribution                           | Select list of lenders                                                                         |
| <b>National: Help to Buy</b> | Legislation passed in 2024, commence date has not been determined | Assist low- to moderate-income homebuyers | No                                                                                                     | Some info available, no contact number                                                  | N/A: administered in Australian states and territories | Income: Yes - mid<br><br>Assets: No, but considered as part of a financial capacity test | Not much info available                                                                                              |                                                                                                                                                                                                                  | No                | No, but must not own other real estate | Yes: modest                                         | No                            | 2%                | 40% if new<br>30% if existing                           | Not available                                                                                  |
| <b>TAS: My Home</b>          | 2022–                                                             | Assist low- to moderate-income homebuyers | No, but some social housing tenants and FHBs are exempted from the income and asset limits.            | Info available, phone number and email provided.<br><br>Eligibility checklist provided. | Live in Tasmania                                       | Income: Yes - mid<br><br>Assets: Yes                                                     | Have an income to meet the cost of purchasing and owning a home.<br><br>Be able to pay legal and establishment fees. | Not be an undischarged bankrupt or discharged from bankruptcy. Not owe any money to Homes Tasmania. Not have previously received help under HomeShare, Streets Ahead or Home Ownership Assistance Program (HOAP) | No                | No, but must not own other real estate | New homes: No<br><br>Existing: Yes (\$750K)         | No                            | 2%                | 40% if new (max \$300K)<br>30% if existing (max \$150K) | Bank of Us                                                                                     |
| <b>VIC: Homebuyer Fund</b>   | 2021– (ending 2025)                                               | Assist low- to moderate-income homebuyers | No, but Indigenous persons are eligible for a lower deposit requirement and higher equity contribution | Info available, phone number provided.<br><br>Eligibility checklist provided, FAQ.      | -                                                      | Income: Yes - mid<br><br>Assets: No                                                      | -                                                                                                                    | -                                                                                                                                                                                                                | No                | No, but must not own other real estate | Yes: \$950K Melbourne, Geelong; \$700K regional Vic | No                            | 5%                | 25%                                                     | Bank Australia, Bendigo Bank, Indigenous Business Australia, Commonwealth Bank and Unity Bank. |

Table A4 (continued): Current shared equity schemes in Australia. Consumer journey: envisioning and accessing the schemes

| Scheme                                         |       |                                                             |                                                                                                                    | Envisioning and accessing                                                                        |                                                                 |                                                                |                                                                                                    |                                                                              |                   |                                        |                                                                                                            |                                          |                                                   |                               |                        |
|------------------------------------------------|-------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|-------------------|----------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------------------|-------------------------------|------------------------|
|                                                |       |                                                             |                                                                                                                    | Eligibility criteria                                                                             |                                                                 |                                                                |                                                                                                    |                                                                              | Building criteria |                                        |                                                                                                            |                                          |                                                   |                               |                        |
| Name                                           | Dates | Main objective                                              | Target groups?                                                                                                     | Scheme info, contact info                                                                        | Location                                                        | Income limit<br>Asset limit                                    | Other income requirements                                                                          | Other eligibility criteria                                                   | New build?        | FHBs?                                  | Property price limit                                                                                       | Limited interest-free period?            | Min. user deposit                                 | Max govt. equity contribution | Select list of lenders |
| <b>SA: HomeStart Shared Equity Option</b>      | 2018– | Assist low-income homebuyers                                | No                                                                                                                 | Info available, phone number, address and email provided.<br><br>Eligibility checklist provided. | -                                                               | Income: Yes - low<br><br>Assets: No                            | -                                                                                                  | Customers may retain up to \$40,000 of personal savings at settlement        | No                | No                                     | No                                                                                                         | No                                       | 8% if new, 2% if also a FHB<br><br>5% if existing | 25% (max \$200K)              | Homestart              |
| <b>WA: Keystart Shared Ownership Home Loan</b> | 2011– | Assist low-income homebuyers                                | No, special criteria available for cohorts like public housing tenants, Indigenous persons, and newly sole parents | Some info available, contact number provided, eligibility test.                                  | -                                                               | Income: Yes - low<br><br>Assets: No                            | Must be employed and be able to show a stable income or regular employment for at least six months | -                                                                            | Yes               | No, but must not own other real estate | No, but must be listed on the state's <i>Opening Doors</i> website. No properties are currently available. | No                                       | 2%                                                | 30%                           | Keystart               |
| <b>QLD: Pathways Shared Equity Loan</b>        | 2008– | Encourage public housing tenants to consider home ownership | Public housing tenants only                                                                                        | Info available, contact number provided                                                          | Queensland public housing tenants                               | No, but must not be able to afford to buy 100% of the property | Be able to afford the repayments without hardship                                                  | Not have an outstanding debt with the department, have a good credit history | No                | No, but must not own other real estate | No, but must be the property currently occupying                                                           | No                                       | \$2,000                                           | 40%                           | -                      |
| <b>ACT: Shared Equity Scheme</b>               | 2010– | Encourage public housing tenants to consider home ownership | Public housing tenants only                                                                                        | Info available, contact number and email provided.                                               | ACT public housing tenants, at least three years (continuously) | No                                                             | -                                                                                                  | Head tenant only, no current arrears                                         | No                | No                                     | No, but must be the property currently occupying                                                           | No, but must repay 15% equity in 5 years | \$1,000                                           | 30%                           | IMB Bank               |

Notes: Information correct as of 21/03/2025. FHB = first home buyers.

Table A5: Current shared equity schemes in Australia. Consumer journey continued: living in and transitioning

| Scheme                                         | Living in the shared equity home                               |                   |                                                                                                                                                                                                                   | Transitioning and future                                       |                                                      |                                                                                                                                                                                                                                                                  | Sources                                                  |
|------------------------------------------------|----------------------------------------------------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
|                                                | Publicly available info about living in the home               | Primary residence | Other                                                                                                                                                                                                             | Publicly available info about exiting the scheme               | Max length of program                                | Other                                                                                                                                                                                                                                                            |                                                          |
| <b>National: Help to Buy</b>                   | Some info available, no contact number                         | Yes               | Annual recalculation of the arrangement, considering changes in home price and income.                                                                                                                            | Some info available, no contact number                         | No info available                                    | Pay a component of capital gains back to the government, based on the size of government's equity share in the property.<br><br>If government ends arrangement, 90 days to pay back its share.                                                                   | Housing Australia 2025<br>Treasury n.d.<br>Steedman 2024 |
| <b>TAS: My Home</b>                            | Some info available, phone number and email provided.          | Yes               | Info about maintenance and future improvements.                                                                                                                                                                   | Some info available, phone number and email provided.          | Must pay out Homes Tasmania's share before 30 years. | -                                                                                                                                                                                                                                                                | Homes Tasmania n.d.<br>Bank of Us (2024)                 |
| <b>VIC: Homebuyer Fund</b>                     | Some info available, phone number provided.                    | Yes               | Annual reviews. Repayments of the Homebuyer Fund contribution will reflect any capital gains of the home.<br><br>Cannot acquire additional land or property.<br><br>Info about future improvements and repayments | Some info available, phone number provided.                    | -                                                    | Participants are required to buy back the government's share in their property over time through refinancing, using savings, or upon sale of the property.<br><br>Not permitted to sell the property within 2 years of settlement without prior written consent. | State Revenue Office Victoria 2025                       |
| <b>SA: HomeStart Shared Equity Option</b>      | Some info available, phone number, address and email provided. | Yes               | Info about maintenance, future improvements and voluntary payments. Fee applies if participants restructure the loan at later date.                                                                               | Some info available, phone number, address and email provided. | -                                                    | Must be paid out when ownership of the property changes, home loan is refinanced, or the property is no longer principal place of residence.                                                                                                                     | HomeStart Finance 2025                                   |
| <b>WA: Keystart Shared Ownership Home Loan</b> | Some info available, contact number provided                   | Yes               | Info about maintenance, fees, voluntary payments, types of loans (fixed, flexible)                                                                                                                                | Not much info available, contact number provided               | -                                                    | -                                                                                                                                                                                                                                                                | Keystart 2025<br>Opening Doors n.d.                      |

Table A5 (continued): Current shared equity schemes in Australia. Consumer journey continued: living in and transitioning

| Scheme                                  | Living in the shared equity home                       |                   |                                                                        | Transitioning and future                                   |                                                                                                                                                                                                                                    |                                 | Sources                          |
|-----------------------------------------|--------------------------------------------------------|-------------------|------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------------------|
|                                         | Publicly available info about living in the home       | Primary residence | Other                                                                  | Publicly available info about exiting the scheme           | Max length of program                                                                                                                                                                                                              | Other                           |                                  |
| <b>QLD: Pathways Shared Equity Loan</b> | Some info available, contact number provided           | Yes               | Info about maintenance, future improvements and ongoing fees available | Not much info available, contact number provided           | -                                                                                                                                                                                                                                  | Info about selling the property | Queensland Government 2021, 2024 |
| <b>ACT: Shared Equity Scheme</b>        | Some info available, contact number and email provided | Yes               | Info about maintenance                                                 | Not much info available, contact number and email provided | At least two lump-sum payments: <ul style="list-style-type: none"> <li>• 5 years after settlement, 15% of Housing ACT'S equity of the property</li> <li>• 15 years after settlement, remainder of Housing ACT'S equity.</li> </ul> | Some info about refinancing     | ACT Government 2024              |

Notes: Information correct as of 21/03/2025. FHB = first home buyer.

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