

# FirstHome

Your guide to buying a  
Housing New Zealand  
FirstHome



## What is FirstHome?

FirstHome may be the key to helping you buy your own home.

FirstHome properties are Housing New Zealand homes located in areas where changing demand has resulted in an oversupply of some types of houses. We have selected a range of these affordable properties across the country and made them available for sale to eligible first home buyers.

If you meet the criteria and successfully purchase a FirstHome property you will be eligible to receive a grant of 10 percent of the purchase price – up to a maximum of \$20,000.

From 1 December 2015, Housing New Zealand tenants wishing to purchase the house they live in are eligible to apply for the FirstHome grant.

You may also qualify for other home ownership assistance to buy your first home such as the KiwiSaver HomeStart grant and first-home withdrawal, or Welcome Home Loan. By combining these with the FirstHome grant, your dream of moving into your own home may be closer than you think.

This guide will help you understand how FirstHome works and if you qualify. It also outlines the steps to becoming a FirstHome owner. If you need help or would like to know more, visit our website or call us free on **0508 935 266**.



FREECALL

0508 935 266

## Do I qualify?

This simple checklist will help you work out if you, and any person/s you may be buying a FirstHome with, are eligible for a FirstHome.

### You will need to:

- be aged 18 years or older
- be a New Zealand citizen or permanent resident and currently reside in New Zealand
- be a first time home buyer and not currently own any other property or land
- plan to live in the house for at least three years and not be purchasing it for investment/rental purposes
- not have received a FirstHome grant before
- have earned an annual income of \$85,000 or less (before tax) in the last 12 months for one applicant, or a combined gross annual income of \$130,000 or less (before tax) in the last 12 months for two or more applicants
- be pre-approved by a lender. You will need to have a valid pre-approval letter or certificate from a lender that shows the maximum amount that you can borrow.

If you are a **previous homeowner**, you may still be eligible to buy a FirstHome if you meet all the other qualifying criteria and the combined **realisable assets** do not add up to more than \$80,000 for all named/intended property purchasers/applicants.



### Previous homeowners

A previous homeowner is an individual, or group of individuals, who have owned land or property before.

### Realisable assets

Realisable assets are belongings that you can sell to help buy a house. They include:

- Money in bank accounts (including fixed and term deposits)
- Shares, stocks and bonds
- Investments in banks or financial institutions
- Building society shares
- Boat or caravan (if the value is over \$5,000)
- Other vehicles (such as classic motorbikes or cars – not being used as your usual method of transport)
- Other individual assets valued over \$5,000
- Deposit funds paid to a real estate agent.



## Getting started

If you qualify for a FirstHome, it's a simple four-step process to get you into your own home. If at any stage you need some help or would like to know more, visit our website or call us free on **0508 935 266**.

STEP

1

### Getting finance

Start with your local bank or lending provider. Ask them about getting pre-approved finance. Let them know you are thinking about buying a FirstHome property as the grant can be used toward your deposit. Remember, you must have a pre-approved finance letter or certificate before you can apply to Housing New Zealand for FirstHome eligibility.

You should also call us on **0508 935 266** to find out about other home ownership assistance, such as the KiwiSaver HomeStart grant or first-home withdrawal, or a Welcome Home Loan. We've included more information later in this booklet under 'Other home ownership assistance' on page 4.

STEP

2

### Confirm you're eligible

The FirstHome Application Form is available on our website or you can request one by contacting our team on **0508 935 266**.

Complete the Application Form and return it to us, along with all supporting material, by either email or mail.

We will send you a letter to confirm whether you are eligible to buy a FirstHome property.

STEP

3

### Finding your FirstHome

If you've received our confirmation letter, you can start looking for the FirstHome that is right for you.

Our website details the locations of all available FirstHome properties and their authorised local real estate agents. Or you can call us on **0508 935 266** and we can advise you of who the authorised local real estate agents are for the areas you are interested in. The authorised real estate agents will show you through the FirstHome properties available in your area.

STEP

4

### Buying your FirstHome

Once you've found the FirstHome you want to buy, our authorised FirstHome real estate agent will help you through the purchase process.

The purchase price is the market value of the property as set by Quotable Value. The final amount of your loan - through your bank or lending provider - will be the purchase price of your FirstHome less your deposit, the FirstHome grant and any other entitlements you may have (such as your KiwiSaver HomeStart grant).



#### Quotable Value (QV)

Quotable Value Limited provides independent property valuations for rating purposes, general property valuation and the provision of property information services. More details on who Quotable Value are and how they determine the value of a property can be found on [www.qv.co.nz](http://www.qv.co.nz)

## Other home ownership assistance to help you buy your FirstHome

There are a number of other initiatives available to help you, as a first home buyer, to get into your own home. If you're eligible, you can combine these with the FirstHome grant to make buying your own home even easier.

### KiwiSaver HomeStart grant

The KiwiSaver HomeStart grant helps first home buyers with the deposit they need to purchase or build a home. If you've been contributing regularly to KiwiSaver for at least three years, you can use the HomeStart grant in combination with all, or part of, your KiwiSaver savings (see 'KiwiSaver first-home withdrawal') towards buying your first home.

The HomeStart grant is a tax-free grant of up to \$5,000 for an individual purchasing existing/older homes and up to \$10,000 for individuals purchasing a new home, a property bought off the plan or land to build a new home on. As FirstHomes are all older/existing homes the maximum HomeStart grant available is \$5,000 per individual and up to \$10,000 where there are two or more eligible buyers. KiwiSaver members can access the grant after contributing to a scheme for a minimum of three years at the minimum percentage of their total income. The HomeStart grant has an income cap and regional house price caps.

**YOU CAN FIND OUR MORE** visit [www.kiwisaver-homestart.co.nz](http://www.kiwisaver-homestart.co.nz).

### KiwiSaver first-home withdrawal

If you are a member of a KiwiSaver scheme or complying fund, you may be able to withdraw your savings to help you buy your first home, if you intend to live in it. The KiwiSaver first-home withdrawal option is administered by KiwiSaver providers.

After a minimum of three years membership in a KiwiSaver scheme, members can withdraw their KiwiSaver savings (including tax credits). However at least \$1,000 must remain in their KiwiSaver account.

**YOU CAN FIND OUR MORE** visit [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz).

### Welcome Home Loan

A Welcome Home Loan makes it easier for you to get into your first home and is offered by selected banks, building societies and credit unions. It is designed for first home buyers who can afford to make regular repayments on a home loan, but don't have enough savings to meet the usual 20 percent deposit requirement.

With a Welcome Home Loan, Housing New Zealand insure the loan for the lender allowing them to provide loans with a deposit of 10 percent or more of the purchase price.

The deposit can be gifted by a relative and you can also have three or more borrowers purchase a home together, making it easier for extended families to own a home.

The Welcome Home Loan has some eligibility requirements including a maximum income and the house you want to buy must be within the house price cap for that region. You can't own any other property and must be buying it to live in.

**YOU CAN FIND OUT MORE** about Welcome Home Loan by visiting [www.welcomehomeloan.co.nz](http://www.welcomehomeloan.co.nz).

You will also need to meet the lender's specific lending criteria.

### Housing New Zealand's Tenant Home Ownership Programme

Under this programme Housing New Zealand tenants can have the opportunity to purchase the house they live in. Housing New Zealand will determine whether the house is one available for sale and if it is, get a valuation to determine a sale price.

From 1 December 2015 Housing New Zealand tenants who wish to buy the house they are living in, which has been confirmed as being one for sale, can apply for a FirstHome grant. The FirstHome grant is not available in areas where there is high demand for state houses. These areas include Auckland, Wellington City, Christchurch, Hamilton and Tauranga.

**YOU CAN FIND OUT MORE** about the Tenant Home Ownership Programme by calling free on 0508 935 266 or visiting [www.hnzc.co.nz/ways-we-can-help-you-to-own-a-home/tenant-home-ownership/tenant-home-ownership-programme-and-firsthome-grant/](http://www.hnzc.co.nz/ways-we-can-help-you-to-own-a-home/tenant-home-ownership/tenant-home-ownership-programme-and-firsthome-grant/)

### **i** Housing New Zealand insures the loan

When banks and other lending institutions make a loan they take on a level of risk that the loan may not be repaid. A minimum deposit requirement allows them to manage this risk. A lower deposit represents additional risk. Housing New Zealand takes on this additional risk to allow these institutions to offer loans in situations they wouldn't otherwise have been prepared to. In doing this, Housing New Zealand helps make the dream of owning a home a reality for many New Zealanders who haven't saved enough to meet the usual deposit requirements.

### **i** Complying Fund

Not all complying funds permit withdrawals for this purpose, so you'll need to discuss this with the trustees of the fund you belong to.

# Helping you purchase your FirstHome



**100%** The Purchase Price

Borrowed from a bank or other lending institution

Your mortgage

**X%\***

A KiwiSaver HomeStart grant\*, up to \$5,000 per person, plus a KiwiSaver first-home withdrawal\* can increase your deposit and reduce the amount you need to borrow

Your deposit

**10%**

A FirstHome\* grant provides 10 percent of the purchase price, up to a maximum of \$20,000 – to buy a FirstHome property from Housing New Zealand. If you also apply for a Welcome Home Loan\* you may only need a 10 percent deposit to buy your first home.

\* Eligibility criteria applies



## Examples

The following 'real-life' type examples show you how a FirstHome grant works. They show how you can purchase a FirstHome by using the grant alone, or by combining the grant with other home ownership assistance.

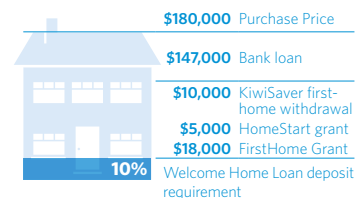
### Ana

Ana is 34 and single, living in Blenheim and working in retail. She has been a member of KiwiSaver for five years. Ana has never owned a home before.

Ana's annual gross income is \$49,500, which makes her eligible for FirstHome as it's under the single income cap of \$85,000. She has bank pre-approval for a house purchase of up to \$185,000.

Ana would like to buy a FirstHome house worth \$180,000. The 20 percent deposit usually required by the bank comes to \$36,000, but the FirstHome grant of 10 percent only comes to \$18,000. Even if Ana withdraws \$10,000 from her KiwiSaver savings and adds her \$5,000 KiwiSaver HomeStart grant, it's not enough.

However a Welcome Home Loan underwritten by Housing New Zealand is available to eligible borrowers with a minimum of a 10 percent deposit. If Ana buys her FirstHome using a Welcome Home Loan, the FirstHome grant will cover the 10 percent deposit and she'll have enough to buy her house.



### EXAMPLE 02

### Sione & Louise

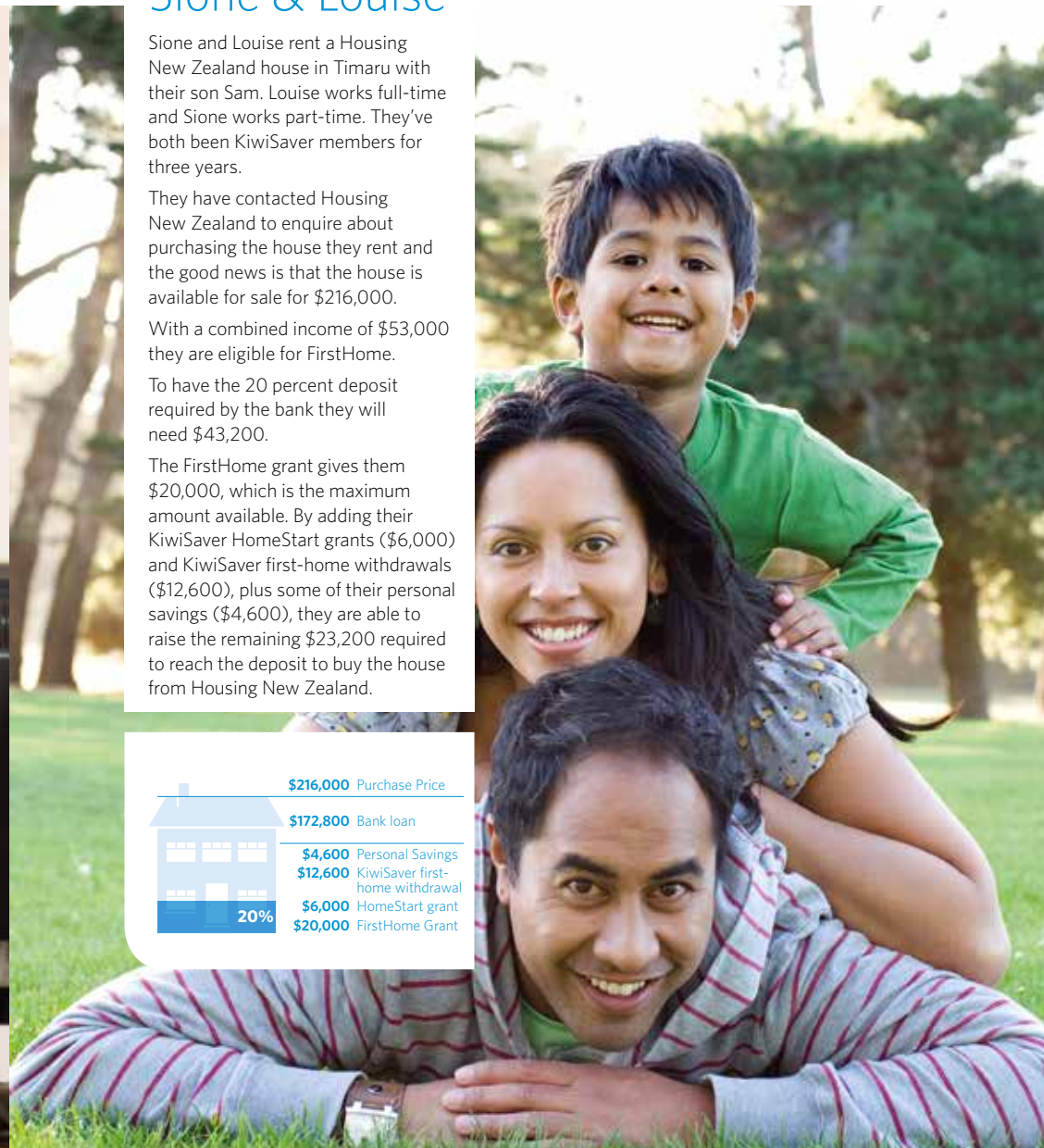
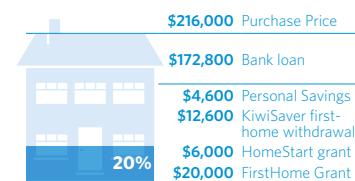
Sione and Louise rent a Housing New Zealand house in Timaru with their son Sam. Louise works full-time and Sione works part-time. They've both been KiwiSaver members for three years.

They have contacted Housing New Zealand to enquire about purchasing the house they rent and the good news is that the house is available for sale for \$216,000.

With a combined income of \$53,000 they are eligible for FirstHome.

To have the 20 percent deposit required by the bank they will need \$43,200.

The FirstHome grant gives them \$20,000, which is the maximum amount available. By adding their KiwiSaver HomeStart grants (\$6,000) and KiwiSaver first-home withdrawals (\$12,600), plus some of their personal savings (\$4,600), they are able to raise the remaining \$23,200 required to reach the deposit to buy the house from Housing New Zealand.

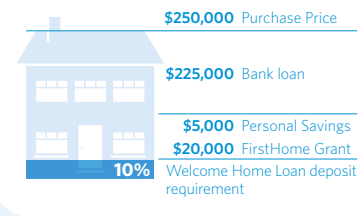


## David & Avani

David and Avani live in Napier, and have been renting together for five years. Both work fulltime, with a combined income of \$118,000. This is just under the FirstHome income cap of \$130,000 for two or more people buying a house together.

They are interested in a FirstHome house which is worth \$250,000. David and Avani are eligible for a Welcome Home Loan, so they only need to raise a 10 percent deposit of \$25,000.

FirstHome gives them a grant of \$20,000, which is the maximum available under the initiative. By using \$5,000 of their savings they can afford the deposit, and buy their FirstHome house.

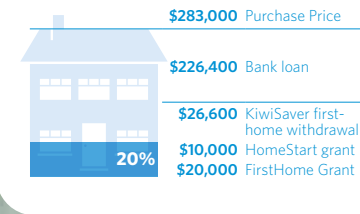
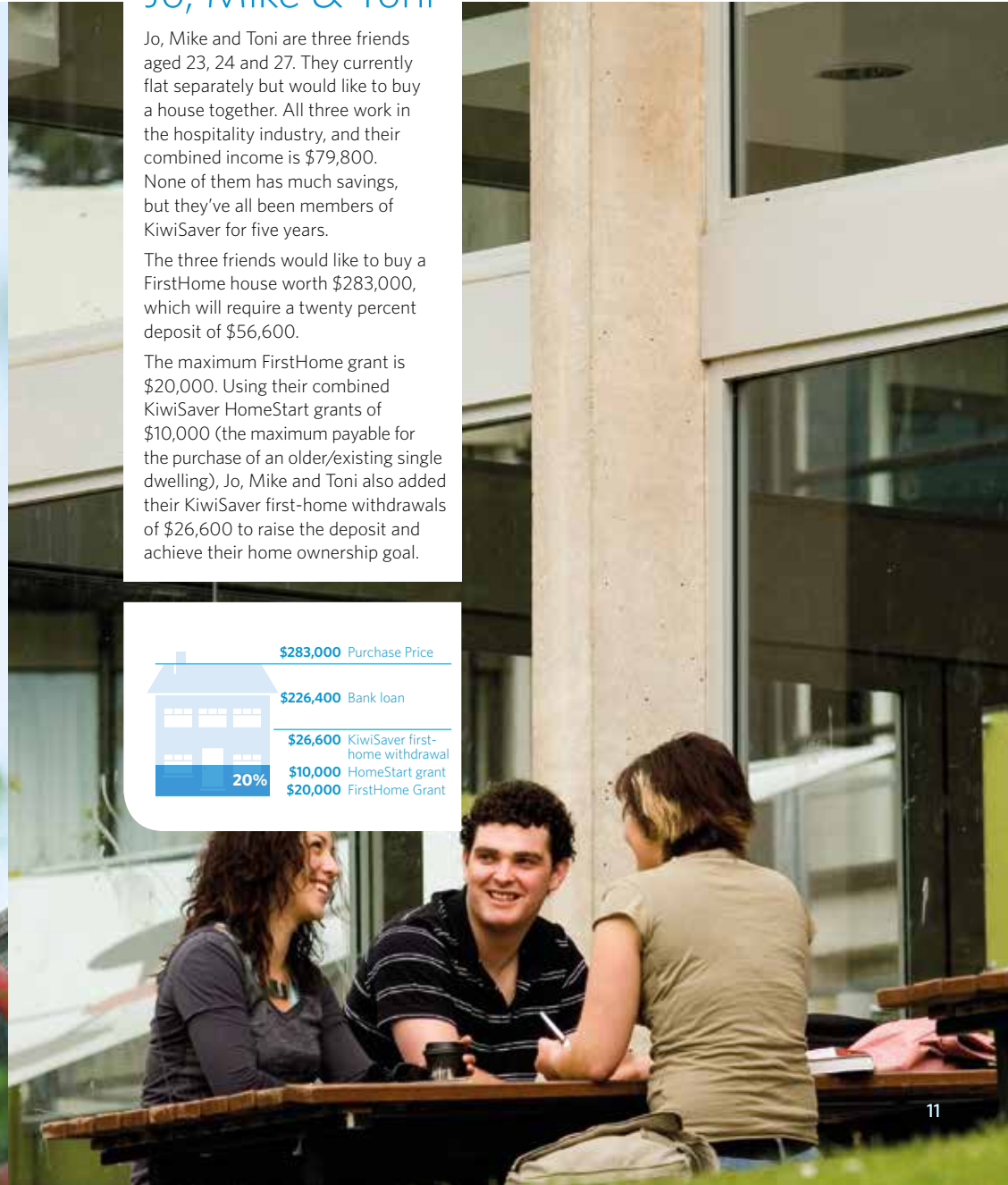


## Jo, Mike & Toni

Jo, Mike and Toni are three friends aged 23, 24 and 27. They currently live separately but would like to buy a house together. All three work in the hospitality industry, and their combined income is \$79,800. None of them has much savings, but they've all been members of KiwiSaver for five years.

The three friends would like to buy a FirstHome house worth \$283,000, which will require a twenty percent deposit of \$56,600.

The maximum FirstHome grant is \$20,000. Using their combined KiwiSaver HomeStart grants of \$10,000 (the maximum payable for the purchase of an older/existing single dwelling), Jo, Mike and Toni also added their KiwiSaver first-home withdrawals of \$26,600 to raise the deposit and achieve their home ownership goal.





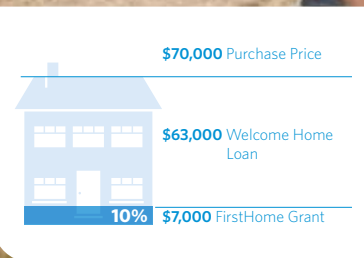
## Bridget & Peter

Bridget and Peter are Housing New Zealand tenants in Whanganui. They have been tenants in the same property for coming up 20 years and have always wanted to buy their rental property, but have never had the deposit to help with the purchase.

They have a combined income of \$62,000 and the house which has been confirmed as being available for sale has a purchase price of \$70,000. A 20 percent deposit, as normally required by banks would total \$14,000.

Bridget and Peter have applied for a Welcome Home Loan pre-approval and they have been confirmed as being eligible. This will mean that they only require a deposit of at least 10 percent.

Being eligible for FirstHome, means that Housing New Zealand would provide them with a \$7,000 grant. This would be the 10 percent deposit that their Welcome Home Loan lender requires to approve their loan application and allowing them the chance to buy their home they have lived in for a number of years with no other savings behind them.



## What else is involved in buying a home?

There are a number of other costs you should think about which are also typically involved in the process of buying a home. These can include:

- loan application fee
- legal fees
- house and contents insurance
- lender's mortgage insurance premium
- obtaining a builders report
- getting a copy of the Land Information Memorandum (LIM) from the local council.

home with electricity, telephone and other services. You should also consider the ongoing costs involved with owning a home such as paying rates and maintaining the property.

For more detailed information on buying your first home, read the 'Home Ownership - A guide to buying your own home' booklet available on our website, or call us free on **0508 935 266**.

And of course there is the cost of moving and setting up your new

## Want to know more?

Call **0508 935 266** - to find out if a FirstHome is right for you. Visit our website at [www.hnzc.co.nz](http://www.hnzc.co.nz) - for information on FirstHome properties near you and the authorised real estate agents.

 [www.hnzc.co.nz](http://www.hnzc.co.nz)



## New Zealand Government

**Disclaimer:** The information contained in this booklet is intended to help you understand the FirstHome initiative and is indicative only. It is not intended to address the specific circumstances of any particular individual or entity. All reasonable steps have been taken to ensure the quality and accuracy of the information. The eligibility criteria or other policies applicable to FirstHome may be changed, deleted, added to or otherwise amended without notice. The information contained in this booklet should not be construed as legal or professional advice and you should take advice from qualified professional people.