



National Housing Finance and Investment Corporation Investment Mandate Amendment (Family Home Guarantee) Direction 2021

I, Michael Sukkar, Assistant Treasurer, Minister for Housing and Minister for Homelessness, Social and Community Housing, give this Direction under subsection 12(1) of the *National Housing Finance and Investment Corporation Act 2018*.

Dated 29 June 2021

Michael Sukkar
Assistant Treasurer, Minister for Housing and Minister for Homelessness, Social and
Community Housing

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1 Name

This Direction is the *National Housing Finance and Investment Corporation Investment Mandate Amendment (Family Home Guarantee) Direction 2021*.

2 Commencement

- (1) Each provision of this Direction specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
The whole of this Direction	The day after this Direction is registered.	

Note: This table relates only to the provisions of this Direction as originally made. It will not be amended to deal with any later amendments of this Direction.

- (2) Any information in column 3 of the table is not part of this Direction. Information may be inserted in this column, or information in it may be edited, in any published version of this Direction.

3 Authority

This Direction is made under subsection 12(1) of the *National Housing Finance and Investment Corporation Act 2018*.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1—Amendments

National Housing Finance and Investment Corporation Investment Mandate Direction 2018

1 Section 4

Insert:

eligible single parent—see section 29D.

Family Home Guarantee means a guarantee issued under section 29IB.

2 Part 5A (box after heading)

Omit the text after “and promote home ownership.” and substitute:

It does this by allowing the NHFIC to issue up to 10,000 guarantees in the 2020-21 and 2021-22 financial years under the FHLDS for loans to first home buyers to purchase a newly built dwelling or build such a dwelling. Any unissued New Home Guarantees from 2020-21 can be rolled over into the 2021-22 financial year at the discretion of the responsible Minister; however unissued New Home Guarantees from 2021-22 cannot be rolled over into the following financial year.

Family Home Guarantee

The Family Home Guarantee is a part of the FHLDS that specifically relates to single parents with dependants, including those who are not first home buyers. The purpose of the Family Home Guarantee is to support such single parents on a pathway to home ownership. It does this by allowing NHFIC to issue up to 10,000 guarantees from 1 July 2021 to 30 June 2025 to eligible single parents with a deposit of between 2 and 20 per cent of the property’s value. An eligible single parent is not required to be a first home buyer, but must not own property at the time of entering into a loan under the Family Home Guarantee. The single parent must meet the eligible lender’s credit assessment criteria.

3 After subsection 29B(2)

Insert:

- (2A) The NHFIC may establish different criteria and processes in relation to the approval of eligible lenders for guarantees issued under each of sections 29I, 29IA and 29IB.

4 Subsection 29C(2)

Omit “subsection (2A)”, substitute “subsections (2A) and (2B)”.

5 After subsection 29C(2A)

Insert:

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- (2B) For a Family Home Guarantee, paragraphs (2)(b), (c), (d) and (i) do not apply and the following requirements must be satisfied instead:
- (a) there is a single borrower under the loan agreement who will be the only registered owner of the property;
 - (b) the borrower is an eligible single parent;
 - (c) the loan-to-value ratio is between 80 and 98 per cent.

6 Heading to section 29D

At the end, add “and eligible single parent”.

7 After subsection 29D(2)

Insert:

- (3) A person is an **eligible single parent** in relation to a loan if, at the time the loan agreement is entered into:
 - (a) the person does not hold an interest mentioned in subparagraph (1)(a)(i), (ii) or (iii); and
 - (b) the person is at least 18 years of age and an Australian citizen; and
 - (c) the person satisfies the income test; and
 - (d) the person is single; and
 - (e) the person has at least one dependent child.
- (4) For this section, a person is **single** if:
 - (a) the person does not have a spouse; and
 - (b) the person does not have a de facto partner.
- (5) For this section, a person is a dependent child of a second person (the **adult**) if:
 - (a) the adult is a natural or adoptive parent of the person; and
 - (b) either:
 - (i) the person is a dependent child of the adult within the meaning of subsections (2), (3), (4), (5), (6) and (7) of section 5 of the *Social Security Act 1991*; or
 - (ii) the person:
 - (A) is at least 16, but is under 22, years of age; and
 - (B) is in receipt of a disability support pension within the meaning of the *Social Security Act 1991*; and
 - (C) lives with the adult.

8 Subsection 29F(1)

Substitute:

- (1) For the purposes of paragraph 29C(2)(g), for a loan that is not subject to a New Home Guarantee, the price cap for the area in which a residential property is located is the amount set out in the following table.

Price Cap for an area		
Item	Area	Price cap
1	New South Wales—capital city and regional centre	\$800,000
2	New South Wales—other	\$600,000
3	Victoria—capital city and regional centre	\$700,000
4	Victoria—other	\$500,000
5	Queensland—capital city and regional centre	\$600,000
6	Queensland—other	\$450,000
7	Western Australia—capital city	\$500,000
8	Western Australia—other	\$400,000
9	South Australia—capital city	\$500,000
10	South Australia—other	\$350,000
11	Tasmania—capital city	\$500,000
12	Tasmania—other	\$400,000
13	Australian Capital Territory	\$500,000
14	Northern Territory	\$500,000
15	Jervis Bay Territory and Norfolk Island	\$550,000
16	Christmas Island and Cocos (Keeling) Islands	\$400,000

9 Subsection 29IA(1)

After “section 29I”, insert “or 29IB”.

10 After subsection 29IA(2)

Insert:

Additional guarantees for the 2021-22 financial year

- (2A) In addition to the guarantees that the NHFIC may issue under:
- (a) section 29I or 29IB; or
 - (b) subsections (1) or (4) (the *earlier guarantees*);
- the NHFIC may issue up to an additional 10,000 guarantees (also *New Home Guarantees*) in the 2021-22 financial year, in relation to loans that meet the requirements of subsection (3) (as the case requires).
- (2B) The total number of New Home Guarantees issued to major banks in the 2021-22 financial year must not exceed:
- (a) 5,000; and
 - (b) if a determination has been made under subsection (4)—50 per cent of the guarantees covered by that determination.

11 Subparagraph 29IA(3)(b)(ii)

Omit “6 months”, substitute “12 months”.

12 Subparagraph 29IA(3)(c)(ii)

Omit “6 months”, substitute “12 months”.

13 Subsection 29IA(7)

Repeal.

14 After subsection 29IA(12)

Insert:

(12A) To avoid doubt, unissued New Home Guarantees from the 2021-22 financial year may not be rolled over to the 2022-23 financial year.

15 Subsections 29IA(14) and (15) (with subsection heading and note)

Repeal the provisions.

16 After section 29IA

Insert:

29IB Family Home Guarantees

Additional guarantees for the financial years 2021-22 to 2024-25

- (1) In addition to the guarantees that the NHFIC may issue under section 29I or 29IA, the NHFIC may issue up to an additional 10,000 guarantees (***Family Home Guarantees***) during the period beginning 1 July 2021 and ending 30 June 2025 (the ***issue period***).

Note: In relation to a loan that would qualify as an eligible loan whether or not subsection 29C(2B) is applied, see subsection 29IC(2).

Counting of Family Home Guarantees

- (2) For the purposes of this section:
- (a) a Family Home Guarantee is issued in the financial year during which its issue is approved by the NHFIC, even if the arrangement relating to the guarantee is entered into in a later financial year; and
 - (b) a Family Home Guarantee issued in relation to a loan that satisfies subsection 29C(4) is disregarded.

Guarantees may not be rolled over

- (3) To avoid doubt, unissued Family Home Guarantees from the issue period may not be rolled over to a later financial year.

29IC Interaction between sections 29I, 29IA and 29IB

- (1) None of sections 29I, 29IA and 29IB (the *limiting sections*) limits the types of guarantees that may be issued under another limiting section.
- (2) If a guarantee could, taking account of the eligible lender’s credit assessment and the limits on numbers for the relevant limiting sections, be issued under one or more of the limiting sections, the following rules apply:
 - (a) if it could be issued under section 29IB or section 29IA:
 - (i) it may not be issued under section 29I; and
 - (ii) if it could be issued under both section 29IB and section 29IA—the NHFIC may determine which of those sections it is to be issued under;
 - (b) if it could not be issued under either of sections 29IB and 29IA—it may be issued under section 29I.

17 Subsection 29JA(1)

After “New Home Guarantee”, insert “and the Family Home Guarantee”.

18 After subsection 29JA(4)

Insert:

- (5) On making an amendment to the scheme rules, the NHFIC must provide a copy of the scheme rules as amended to the Minister no later than the day the first of the amendments come into effect.

19 Paragraph 29K(1)(d)

After “eligible first home buyers”, insert “and eligible single parents”.

20 Paragraph 29L(1)(ba)

Omit “(including New Home Guarantees)”.

21 Subsection 29L(2)

After “New Home Guarantees”, insert “and Family Home Guarantees”.