



# Government Home Ownership Assistance

Palmerston North – March 2017



# Learning Outcomes

- Understand what products are currently available and the criteria for each
- Increase awareness of how they work and how together they can help clients
- To be able to assist clients apply for products with greater confidence
- Help facilitate better quality applications by ensuring the correct supporting documents have been provided



# Current Schemes Available

- **Welcome Home Loan** – mortgage insurance product - nationally
- **KiwiSaver HomeStart Grant** – grant to help with deposit - nationally
- **KiwiSaver savings withdrawal feature** - nationally
- **Kainga Whenua – lending on multiple owned Maori land** – North and South Islands
- **FirstHome – the sale of surplus HNZN properties with a grant of 10% to buyer** – areas where there is no demand for HNZN rentals
- **Tenant Home Ownership Programme** – selling of tenanted properties to existing tenants – where available & where tenant shows ability to borrow sufficient funds



# Regional Snapshot

- Sold 6 FirstHome properties in Palmerston North
- Since December 2015, 7 HNZN tenants have purchased through THO and received a grant to assist
- Total of 13 FirstHome grants - \$219,000 paid
- Palmerston North we have approved 1016 HomeStart applications, paid out 946 grants totalling \$4,226,000. This has helped purchase 705 properties of which 23 were new. Nationally, we have paid out \$190,000,000 worth of grants since July 2010.
- No Kainga Whenua loans
- Palmerston North - we have settled 310 Welcome Home Loans totalling \$65,000,000 since July 2010. In same period nationally we have settled 7,929 loans totalling \$1,796,000,000



# Financial Products Team

- Administer the government's home ownership assistance products/programmes
- Based in Auckland and Wellington
- Team approx. 25
- Processing HomeStart & FirstHome applications & contact centre team
- 120 - 150 HomeStart applications per day
- 2015/16 - 15,000 approved & approx. \$70.000m spent
- \$85.000m spend for 2016-17
- \$435.00m through to 2019-20 to help 90,000 home buyers



# Exercise 1

Jeremy & Susan are first home buyers and have been left bare land in Jeremy's mother's will. They want to build a new home and apply for their KiwiSaver savings withdrawal and a KiwiSaver HomeStart grant each. Both have been in KiwiSaver since it started in 2007, making their required contributions the whole time. They have a combined KiwiSaver balance of \$74,000 and want to build a home for no more than \$250,000 and have a fixed price building contract to show this.

Detail the following:

- How much can they withdraw from KiwiSaver?
- Assuming they meet the eligibility criteria, how much will they get for HomeStart grants?
- Provide background/rationale for answers



## Exercise 2

Paula has been a member of KiwiSaver since February 2014, and made her required contributions, until she went on maternity leave 10 months ago. Paula and her husband have a combined income of \$100,000 (husband \$95,000 & Paula \$5,000) and are buying a home in Napier for \$395,000 and settling on 31 March 2017. Paula's husband is not a KiwiSaver member. They have a cash deposit of \$40,000 and Paula has a KiwiSaver balance of \$6,000.

Detail the following:

- How much can Paula withdraw from her KiwiSaver scheme?
- How much HomeStart grant will Paula likely get?
- What one thing could have occurred to change the outcome?
- Rationale for your answers





## Exercise 3

1. Sam and Tracey have been married for 5 months. Sam purchased a home whilst still single and this is the property that they both live in now. Tracey is not listed on the certificate of title as an owner and wants to buy a 50% interest in the home.
2. Billy and Justine have been in a de facto relationship for nearly 4 years. Billy purchased a home whilst still single and this is the property that they both live in now. Justine is not listed on the certificate of title as an owner and wants to buy a 50% interest in the home.
3. Peter and Sita hooked up a couple of months ago. It's the real thing!! Sita bought a home several years ago, and is now mortgage free. Peter moved his Xbox, his AC/DC collection and all his other belongings in to Sita's place a month ago. Peter wants to cement his future and has said to Sita he is prepared to buy 50% of her property to prove his intentions.

Identify the scenarios that will result in a HomeStart grant provided the applicant meets the eligibility criteria, and provide rationale.



# KiwiSaver HomeStart

- Grant available for purchasing both new and existing properties, as well as vacant land
- If buying/building new home – grant is calculated at \$2,000 per year (\$6,000, \$8,000 or \$10,000) – maximum grant paid out per single dwelling: \$20,000
- If buying older/existing property – grant is calculated at \$1,000 per year (\$3,000, \$4,000 or \$5,000) – maximum grant paid out per single dwelling: \$10,000
- Also available for those who want to buy land on which a new home will be built – could be a grant of between \$3,000 and \$5,000 or for \$6,000, \$8,000 or \$10,000



# Who is eligible?

The same basic eligibility criteria apply to the KiwiSaver HomeStart Grant and the Welcome Home Loan:

1. First home buyer – you must be a first home buyer, or in the same financial position as a first home buyer (assessed by Housing NZ)
2. Income – under \$85,000 for an individual or under \$130,000 for two or more people
3. Have a 10% deposit
4. Purchase property within the regional house price caps as set by the appropriate Minister & Ministry.

Please refer to the detailed eligibility criteria published at [www.kiwisaver-homestart.co.nz](http://www.kiwisaver-homestart.co.nz).  
Welcome Home Loans require a 10% deposit and lenders may apply additional lending criteria.

## Eligibility – House Price Caps

Region	House price cap for existing/older properties	House price cap for new properties
Auckland	\$600,000	\$650,000
Hamilton City, Tauranga City, Western Bay of Plenty District, Kapiti Coast District, Porirua City, Upper Hutt City, Hutt City, Wellington City, Tasman District, Nelson City, Waimakariri District, Christchurch City, Selwyn District, Queenstown Lakes District	\$500,000	\$550,000
Rest of New Zealand	\$400,000	\$450,000

# Eligibility - HomeStart specific

- The income is based on the previous 12 months and includes all types of income earned
- Client has to contribute regularly the minimum percentage of their total income for a minimum of three years
  - not consecutive, but total
  - all income earned not just main income
  - regular contributions differ depending on income type – salary/waged; self employed; unemployed or no income or combination
  - voluntary contributions must be paid in the same year by 30 June



# Eligibility continued

- 18 years of age or over
- Complying fund or exempt employer fund member
- Never received grant/subsidy previously
- Tenure type: fee simple, stratum estate, cross lease, leasehold & Maori land
- Must reside in the property for a minimum of 6 months from settlement date as principal residence
- Not available for investment property or reno project – must take possession from settlement date
- Cannot currently own an interest in estate/property



# Application process

- 10 working days to process application – providing correct documents attached
- Have both approval and pre-approval options
- Applications for approval to be submitted 4 weeks prior to settlement date (10 working days if have a valid pre-approval)
- Pre-approvals valid for 6 months – no extensions offered
- We will always try to do the best we can, but sometimes grants are not approved if timeframes not followed
- Cannot consider application if settlement concluded
- Once approved, legal documents sent to solicitor and these need to be signed by customer and solicitor and returned to HNZC no later than 5 working days prior to settlement date



# Process continued

- HNZ will then process documents and arrange for payment of grant
- funds must be used towards the payment of the property purchase and forwarded to vendor on settlement
- if the above not followed, funds may not be paid or paid in time for settlement, or perhaps not at all!





# Existing/older property

- Existing/older property that has a code compliance certificate of seven months or older
- Most common type of purchase
- Has to be habitable from settlement date
- Meet house caps of \$400,000 or less
- Eligible for a grant of between \$3,000 and \$5,000
- Six month residency starts from settlement date
- Grant paid to the solicitor's trust account on the morning of settlement



# Property off the plans

- A property that is not yet built, but can be bought in advance
- Contract with clear anticipated construction start and end dates, with sunset clause
- Agreement must indicate when the purchaser is expected to take ownership/registered on the certificate of title – key decision
- Property must be lived in for minimum of six months from settlement date, after CCC issued
- Meet house price cap of \$450,000
- Eligible for grant of \$6,000, \$8,000 or \$10,000
- Grant can be paid in advance/on signing agreement, but funds held in trust/escrow until built, CCC issued and settlement date reached



# Land to build

- Customer buying land and has immediate plans to build a home on it
- Apply 4 weeks prior to settlement date of the land – the funds must be used for the purchase of an estate in land
- Cannot apply to help with build costs, once land is owned
- Need fixed price build contract, agreement for sale and purchase for land and evidence of 10% deposit of total
- Property must be lived in for minimum of 6 months from code compliance certificate issue date
- Meet house price cap of \$450,000 if new – if relocate old property, then house price cap of \$400,000
- Grant paid on the morning of the settlement of the land purchase



# Previous home owners - grant

- subject to the same criteria
- addition of a realisable assets test – no more than 20% of the regional house price cap for existing/older properties
- land on line check on all previous home owners
- if recent, we will require a settlement statement to show equity gained in sale



# KiwiSaver first-home withdrawal

- Withdraw your, your employer's and government's contributions
- Can withdraw everything except the last \$1,000 in account
- Managed by the KiwiSaver scheme providers
- Have to be a member for at least 3 years – no income or house price cap requirements
- HNZ only involved for previous home owners
- Need unconditional/conditional agreement for sale and purchase to apply
- Contact provider early in process to find out balance
- Require 5-10 working days to process payment of funds



# KiwiSaver savings withdrawal – previous home owner

- covered by KiwiSaver Act 2006 schedule 1 clause 8 & the KiwiSaver Regulations 2006 sections 30 & 31
- is to be deemed to be in the same financial position as someone who has never held an estate in land – now only a realisable assets test
- Government has provided specific criteria in addition to legislation
- HNZ is the Minister of Housing's delegate
- a letter is required to assist application to withdraw or without it you will not be able to withdraw



# HomeStart grant application



A screenshot of a web browser displaying the HomeStart grant application form. The browser's address bar shows the URL <https://www.hnzl.co.nz/assets/Uploads/KiwiSaver-HomeStart-Grant-1>. The page has a light green background. At the top, it says "INDIVIDUAL APPLICATION FORM FOR:". Below this, the title "KiwiSaver HomeStart Grant" is displayed in a large, bold, green font. Underneath the title, "Pre-Approval/Approval" is written in a smaller, black font. A horizontal white line is positioned below the text. At the bottom left of the page, the word "SECTION" is visible. The browser's taskbar at the bottom shows various application icons, including Internet Explorer, Word, and PowerPoint, along with the system clock indicating 7:25 pm on 11/07/2018.

INDIVIDUAL APPLICATION FORM FOR:

**KiwiSaver HomeStart Grant**

Pre-Approval/Approval

SECTION



# KiwiSaver savings withdrawal determination application

The screenshot shows a web browser window with the URL <http://www.hnzc.co.nz/assets/Uploads/KiwiSaver-First-Home-Withdrawal-Determination-Form-Previous-Home-Owner.pdf>. The page has a light orange background and contains the following text:

**INDIVIDUAL APPLICATION FORM FOR:**

**KiwiSaver First-home Withdrawal**  
Determination for Previous Home Owner

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All sections (A, B and C) to be completed by previous home owners who want a KiwiSaver withdrawal determination.

The browser window also shows a taskbar at the bottom with various application icons and a system clock in the bottom right corner indicating 7:28 pm on 11/07/2018.



# Scenarios and outcomes

- Marriage split & one partner buying the others share ☹️ - purchaser has existing interest in estate
- Spouse or civil union partner or de facto partner wanting to buy share in property ☹️ - purchaser has registrable interest in property
- Client owns land, wanting to build home ☹️ - customer has interest in property
- Buying property with existing tenant or where property condition is poor ☹️ - cannot take possession on settlement date



# Scenarios & outcomes continued

- Wants to reduce existing mortgage ☹️ - customer has an interest in property
- Buying home in Australia or transferring Australian Superannuation to KiwiSaver to buy in NZ ☹️ - legislation negates this
- Maternity leave or any period where auto deductions to KiwiSaver stop – mostly ☹️ as customers do not make voluntary payments
- Owning property in trust 😊☹️ - depending on circumstances



# Scenarios and outcomes continued

- Client wants grant paid to real estate agent to help with deposit ☹ - grants will only ever be paid to solicitor's trust account
- Client believes that they can apply late in process and have the grant paid out after settlement whenever it can ☹ - money has to be used to purchase estate in land, not to clear short term loans etc
- Client has been advised by KiwiSaver provider to apply for a second chance through HNZN ☹☹☹☹☹ - no such thing and very misleading term
- Borrowing 10% deposit, deposit is equity in an existing property or paid on credit card ☹ - deposit has to be real and must be cash, savings, KiwiSaver funds, pre-approval grant amounts and genuine family gifts



# Common issues

- Confusing criteria between savings withdrawal and HomeStart grant
- Only one application completed if applying for both grant & withdrawal determination
- Incorrect certificate of earnings – we want the one from [www.ird.govt.nz](http://www.ird.govt.nz) and for the last 12 months, not tax year
- Incorrect KiwiSaver contributions statement – we want the one from [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz)
- Insufficient contributions



# Common issues continued

- People with changing employment statuses
- No evidence of deposit, or evidence is not acceptable
- Timeframes not adhered to
- KiwiSaver provider statements only
- Contributing from one income stream only
- Self employed
- Land purchasers & getting everything aligned
- Self builders



# Supporting documents

## For pre-approval application:

- Certificate of earnings for the last 12 months for all intended purchasers – [www.ird.govt.nz](http://www.ird.govt.nz)
- KiwiSaver contribution statement – [www.kiwisaver.govt.nz](http://www.kiwisaver.govt.nz)
- Birth certificate, passport or drivers licence
- Two months payslips – **why do we need this?**

## Those applying for an approval, all of the above & the following:

- Agreement for sale and purchase – signed by vendor & purchaser
- Evidence of minimum 10% deposit
- Land purchase – signed fixed price building contract
- See application and collateral for details how to get the income and KiwiSaver documents





# Welcome Home Loan

- [www.welcomehomeloan.co.nz](http://www.welcomehomeloan.co.nz)
- A government support initiative that allows first home buyers into home ownership without the normal 20% deposit requirement
- Facilitated by participating lenders – not HNZC
- Eligibility requirements:
  - Have a 10% deposit (can be gifted)
  - Earn less than income caps (\$85k or \$130k)
  - Buying a house within house price caps
  - Be buying a house to live
  - Not own any other homes
  - Be a permanent resident or NZ citizen



# Tenant Home Ownership

- All tenants can apply to buy their HNZN home
- Around 50% of the stock potentially available to purchase
- If available, properties are sold at market valuation which is organised and paid for by HNZN
- Can apply for the HomeStart grant & Welcome Home Loan to assist with purchase
- Need to show evidence that purchase is achievable
- Currently no specific eligibility criteria other than availability and affordability
- Changes made from 1 December 2015 to help with deposit in certain locations – not Christchurch, Wellington, Auckland, Tauranga or Hamilton
- [saleofstatehouses@hnzn.co.nz](mailto:saleofstatehouses@hnzn.co.nz)



# FirstHome

- Sale of suitable, vacant and surplus HNZC rental homes in provincial regions of the country where there is no demand
- Only available to eligible first home buyers
- Property solely available to first home buyers for three months
- Buyer eligible for a grant of 10% of the purchase price, capped at \$20,000
- Have to reside in property for three years minimum
- Income - \$85,000 & \$130,000
- Tenants outside of Auckland, Hamilton, Tauranga, Wellington and Christchurch can apply for FirstHome grant to help buy their HNZ rental home
- Sale facilitated by local agent



# Eligibility

- Same income bands as other products - \$85,000 or less for single purchaser or \$130,000 or less for two or more
- New Zealand citizen or permanent resident
- Not a current home owner
- Be pre-approved by a lender
- Be aged 18 years or older
- Previous home owner with assets of assets of \$80,000 or less
- Designated vacant property or current rental home that is available for sale & in area with no/low demand
- Plan to live in home for three years minimum
- [www.hnzc.co.nz/firsthome](http://www.hnzc.co.nz/firsthome) or 0508 935 266 or [firsthome@hnzc.co.nz](mailto:firsthome@hnzc.co.nz)
- 6 months eligibility

# Kainga Whenua loans

- Loans for housing on multiple owned Maori land
- Build, purchase and relocate, as well as repairs and maintenance
- Kiwibank are the only lenders & clients must meet their lending criteria
- HNZC provides the lenders mortgage insurance
- Security is held over the chattel, not the land
- Individuals can borrow 100% of the loan up to \$200,000 – exceptions for greater than \$200,000



# Eligibility criteria

- Land is Maori land which cannot be mortgaged & is either owned by multiple owners or is vested in the trustees of a trust created under Te Ture Whenua Maori Act 1993
- Borrower must have a licence to occupy the land
- At least one borrower must live in the property as their principal place of residence
- Have acceptable income and credit history
- No specific income caps to meet



# Properties

- Must be built on timber piles
- One storey and at least 70 squared metres
- Land has reasonable road access
- Be located on the mainland of the North and South Islands





# Recap

- A HomeStart grant of between \$3,000 and \$10,000 for each eligible KiwiSaver member
- A FirstHome grant of 10% of the purchase price, capped at \$20,000
- The withdrawal of your KiwiSaver contributions, except for \$1,000
- A Welcome Home Loan where you only require a deposit of 10% of the purchase price
- The ability to buy your current HNZ rental property
- A Kainga Whenua Loan to help with a housing outcome on multiple owned Maori land.



# Case Study #1

Craig and Tracey are a typical couple, each earning the median income of \$50,000. They've been in KiwiSaver for five years and between them have built up savings of \$37,000.

Their income means they are eligible for the HomeStart Grants of \$20,000 towards a newly built home. Combine that with their joint KiwiSaver First Home Savings Withdrawal of \$35,000 and they have a total deposit of \$55,000.

With the Welcome Home Loan only requiring a 10% deposit, Craig and Tracey could purchase a newly built home in the Wellington region priced up to the \$550,000 cap.



## Case Study #2

Raj and Talia are a couple earning salaries of \$84,000 and \$48,000. They joined KiwiSaver at the beginning in 2007.

Their combined income of \$132,000 puts them over the income cap for the HomeStart Grant and the Welcome Home Loan.

However by making the most of their employer contributions and the Government tax credit over the years and making regular contributions to KiwiSaver, Raj and Talia have accumulated savings of \$64,000 to put toward their first home deposit.



## Case Study #3

Life isn't always easy. Pita is a Napier dad, worried about looking after his kids. He used to own a home with his partner, but the relationship broke up and he is back to renting.

Pita has been a KiwiSaver member for three years. Because his income is under \$85,000 and his realisable assets are less than \$80,000, he is in the same financial position as a first home buyer.

This means Pita is potentially eligible for the HomeStart Grant, the KiwiSaver First Home Savings Withdrawal and the Welcome Home Loan.



## Case Study #4

Jeff and Tina have been HNZN tenants in Hastings for nearly 15 years. They have registered an interest to buy their rental home and have been advised that it is for sale and the market valuation is \$210,000. Both have been KiwiSaver members for five years and their combined income is \$90,000. To assist with the purchase they can apply for the following:

- KiwiSaver HomeStart grant
- KiwiSaver savings withdrawal
- Welcome Home Loan
- FirstHome grant

They qualify for \$10,000 worth of HomeStart grants, to withdraw \$25,000 from KiwiSaver and a \$20,000 FirstHome grant. They do not qualify for a Welcome Home Loan, but Westpac have offered them a standard home loan. They can now buy the home that they have a real connection to.



## Case Study #5

Cathy is a single Wellington professional who earns an income of \$76,000 and has been saving to buy her first home.

Cathy has been a member of KiwiSaver for five years. She has built up KiwiSaver savings of \$25,000 and has \$5,000 in the bank. She is eligible for a HomeStart Grant of \$5,000 to purchase an existing home, bringing her deposit up to \$34,000 (leaving \$1,000 in her KiwiSaver account).

With a Welcome Home Loan requiring only a minimum 10% deposit, Cathy can afford to purchase the perfect two-bedroom townhouse she just found in Churton Park for \$310,000.



# Key takeaways

- In the first instance, encourage your customers to apply for a pre-approval as this mitigates risk and takes out the guess work. It's free!
- When you are about to submit an application for HomeStart or FirstHome, either online or email, make sure the supporting documents are correct
- Have you given HNZZC enough time to get this processed? If not, what are your options?
- If unsure about situation etc, check with HNZZC
- You deal with the customers, so think about how you can help provide great customer service and ensure smooth process



# Key takeaways continued

- If in doubt, get the customer to apply. Don't second guess an outcome as we don't expect you to be experts and we generally cannot assess on the basis of an email/phone call
- Take ownership of the customer's applications
- Holistic approach to home buyers situation
- Understand where to go, who to speak to if you have a problem!





# Contact & info

- to call 0508 935 266
- general questions or enquiries – [kiwisaver.enquiries@hnzc.co.nz](mailto:kiwisaver.enquiries@hnzc.co.nz)
- applications – [kiwisaver.homestart@hnzc.co.nz](mailto:kiwisaver.homestart@hnzc.co.nz)
- [www.kiwisaver-homestart@hnzc.co.nz](http://www.kiwisaver-homestart@hnzc.co.nz) - can apply online from here
- [iain.duncan@hnzc.co.nz](mailto:iain.duncan@hnzc.co.nz) or 09 261 5285
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