



# Shared Equity Homeownership Scheme

College Chronicle  
Newsletter

February 3, 2023



Australian College  
of Professionals

RTO 91513

# Shared Equity Homeownership Scheme

In the previous College Chronicle we had an initial look at one of the new Government initiatives to help buyers get into their first homes with the Land Tax vs Transfer (Stamp) Duty First Home Buyers Choice scheme.

This week we are exploring what the Shared Equity Scheme has to offer those people trying to buy a home.

Many people are talking about the 2% deposit scheme, which allows certain people to be able to buy a property and apply for a mortgage through a participating lender with a small deposit of 2% of the property purchase price. The Shared Equity Scheme is a limited time, limited criteria scheme which is open now for two years as a trial run. There are limited spaces for people to access the scheme, with only 3,000 places available per financial year that the scheme is in operation.

The scheme will see the Government “buy in” on property with an eligible buyer, almost as though the buyer has a co-owner or a guarantor.

The NSW Government will contribute a proportion of the purchase price of a property in exchange for an equivalent interest in the property.

The contribution is a percentage of the purchase price and the maximum amount is determined by whether it is a new or existing home.

- New home – up to 40%
- Existing home – up to 30%

There is also a property value cap of:

- **\$950,000** in Sydney and major regional centres (Newcastle & Lake Macquarie, Illawarra, Central Coast and North Coast of NSW), or
- **\$600,000** in other regional areas of NSW


The initiative is open to:

- single parents of a dependent child or children; or
- single people 50 years of age or above; or
- first home buyer key workers who are nurses, midwives, paramedics, teachers, early childhood educators or police officers

Those persons that meet the above criteria will also need to meet an income test which is \$90,000 for singles and \$120,000 for couples.

The buyers will be responsible for all associated costs such as council rates and property maintenance and should they decide to sell the property, the NSW Government will recoup their equity share from the sale price. The buyers also have the option of “buying back” over time, the equity share that the Government holds in 5% increments, and will be subject to reviews of their continued eligibility.

What is not overly clear at this stage is how the continued eligibility will be assessed, with some concerns around



the costs of living and maintaining a financial cap for some home buyers. For example, someone who has an income of \$85,000 a year may be deterred from being able to undertake additional work or overtime in fear that their income will exceed \$90,000 and they may no longer be eligible for the scheme and subsequently in a position of having to buy back the equity share held by the NSW Government sooner than they are financially able to do so.

Whilst this may be an initiative that some of your potential buyers have been looking for to finally get them into the market and own their own homes, it is essential that you as the agent do not provide legal or financial advice regarding the scheme. This is most certainly an instance where sending your buyers to speak with their solicitors and/or accountants/financial advisors is crucial.

Rosy Sullivan

Director | College Principal

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## From the office

And here we are in February - who knew that January was such a short month. Training is rolling out at break-neck speed as we slide into the end of the NSW CPD year of 22 March 2023. Over the past fortnight, our trainers have been to Dubbo, Orange, Bathurst, Mudgee, Batemans Bay, Kogarah, Castle Hill, and naturally our Sydney CBD head office training rooms. In addition to many interactive webinars for specific agencies and also public courses, we have CPD and licensing courses happening all over NSW, with Trust Accounting and Property Management modules, the Cert IV in Mortgage Broking being just a few in this past couple of weeks. Of greatest excitement is that ACOP has commenced offering the new Cert IV in Strata Community Management with our first face-to-face Certificate of Registration class completing this week - it is such a great new training program for strata managers and at last there are more topics that have the direct practical strata focus.

There have been no team birthday's this fortnight, but we still managed some cake, as Olivia who has been helping us out for a few months has finished working with the team and is moving to Canberra to commence her university journey in studying Psychology. We wish her well, and of course there was a terrific chocolate gateau to mark the occasion. Rosy and John also celebrated their 35th wedding anniversary - so huge congratulations to our bosses.

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**Contact us**

1300 88 48 10  
(02) 9264 5505  
enquiries@acop.edu.au

**Visit us**

Level 2, St Andrews House  
464 Kent St, Sydney NSW 2000

**Mail us**

PO Box Q289  
QVB Sydney NSW 1230

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acop.edu.au



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