

First-home setback

State Government cuts grants to those entering the market

A TOTAL of 20,000 Victorian first-home buyers a year will miss out on assistance under state government plans to dump grants for established homes.

In changes announced this week, first-home buyers who buy an established home after June 30 will not receive the \$7000 grant currently on offer.

They will become the only first-home buyers this century to face Melbourne's market without the help of government grants.

And the state's most vulnerable buyers will be the worst affected.

Stamp duty cuts that the Government is bringing forward will have a smaller impact on first-home buyers.

Nathan Mawby
property reporter

The Government has amended its assistance plans to offer those buying newly built first homes a \$10,000 grant. It will also increase stamp duty cuts from 30 per cent to 40 per cent six months early.

Real Estate Institute of Victoria figures show buying stamp duty and then changing the rules every year, they should provide a full exemption from stamp duty for all first-home buyers," he said.

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buyer loans in the 12 months to February. But REIV figures reveal fewer than one in three of those bought a new home, with about 70 per cent opting for established homes in the March quarter.

REIV chief executive Enzo Raimondo said the Government needed to do more.

"Rather than giving a grant that is less than the stamp duty and then changing the rules every year, they should provide a full exemption from stamp duty for all first-home buyers," he said.

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"Given the reduction in first-home buyers over the last few years it's good to see something change, but my opinion is that it's not far enough," he said.

He expects more first-home buyers will now ask their parents for help or instead rent out properties to help cover their mortgage payments.

Treasurer Michael O'Brien said further details would be released in the State Budget, but that the Government was committed to a more sustainable first-home buyer commitment and improving jobs and the construction sector of the economy.

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*Figures based on current \$7000 grant + 30% stamp duty cut, with no grant and 40% stamp duty cut post-July 1. Source: REIV

WHAT YOU LOSE	Purchase price	Savings
	\$300,000	-\$5863
	\$350,000	-\$5613
	\$400,000	-\$5363
	\$450,000	-\$5103
	\$500,000	-\$4803
	\$550,000	-\$4193