

Home Start Grants – Do you qualify and what are the benefits for Kiwisaver?

If you have been contributing to your KiwiSaver for 3 years or more, you may be eligible for a KiwiSaver HomeStart Grant. The Grants are administered by Housing New Zealand and are used as a contribution towards the purchase of your first home.

HomeStart Grants are given in addition to any KiwiSaver First Home withdrawal.

HomeStart Grants

The two HomeStart grants are:

1. For purchasing an existing home, the grant is between \$3,000 and \$5,000 based on \$1,000 each year of KiwiSaver membership.
2. For building or purchasing a new home, or for purchasing land to build a new home on, the grant is, in effect doubled to, \$2,000 per year of membership in the scheme, up to a maximum of \$10,000 for five years for each member.

There are maximum values of grants payable for the purchase of a single dwelling, regardless of the number of eligible purchasers:

1. \$10,000 for the purchase of an older/existing property
2. \$20,000 for the purchase of a new property.

HomeStart Grant Eligibility

To qualify for a HomeStart grant you must:

1. Have been contributing the required minimum amount to KiwiSaver for at least three years
2. Have not previously owned any property.
3. Be 18 years or over
4. Be purchasing or building your first home.
5. earn under certain income caps (before tax) of less than \$85,000 per year (for one person), or less than \$130,000 per year (for two or more people)
6. Have a minimum deposit that is 10% of the purchase price, including the addition of the grant. This does not include a loan from family members or a guarantee.
7. Be planning to live in the house for at least 6 months as your main home from the settlement/completion of the property.

Income and house price caps will apply.

Exceptions – Previous Home Owners

If you have previously owned property, but do not own property now, you may still be eligible for a HomeStart Grant.

Housing New Zealand will need to determine that you are in the same financial position as a first home buyer.

HomeStart Grant Price Caps

Price caps vary from region to region to reflect property values. To be eligible for a HomeStart Grant you will need to purchase a property below the regional caps.

When buying land only, the cost of the land added together with the cost to build the house must be lower than the property cap for that region.

Regional limits are set out as follows:

Region	House price cap for existing/older properties	House price cap for new properties
Auckland, Queenstown Lakes District	\$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	\$500,000	\$550,000
Rest of New Zealand	\$400,000	\$500,000

How much money can I get?

The KiwiSaver Home Start Grant is in addition to any funds you withdraw from your individual KiwiSaver Fund, and the amount you will receive is not dependent on how much you have saved (as long as you meet the eligibility criteria). How much you receive is affected by how many years you have been contributing to KiwiSaver.

When purchasing an existing home, the grant offers a minimum of \$3,000.00 with a maximum of \$5,000.00 for an individual and \$10,000.00 for a couple. If you are building or purchasing a new home, the grant doubles to a minimum of \$6,000.00 and a maximum of up to \$10,000.00 for individuals and \$20,000.00 for a couple.

Bank Deposit vs Purchase/Real Estate Agent Deposit

Most purchasers require a 10% deposit to be paid once all conditions of the agreement are confirmed (i.e. unconditional). This known as the purchase/real estate agent deposit and is different from the deposit required by a bank.

Your Kiwisaver withdrawal can be used for the deposit with the remaining funds (if any) used towards the remaining purchase price on settlement.

What qualifies as a 'new build'?

A new build is recognised by the HomeStart Grant as any of the following:

1. a vacant residential section i.e. a section being sold under a subdivision. A fixed price building contract is required in the application.
2. A house and land package.

3. A new apartment built from plans.
4. A newly build dwelling with building code of compliance no more than six months before the purchasers application.

If you are buying land, a house and land package or an apartment off the plans, a signed fixed price building contract containing clear construction start and end dates (and a sunset clause) must accompany the application.

The purchase price of the land + the cost of the build must be less than the regional property cap.

For example

If you are purchasing a residential section in Invercargill for \$160,000.00, the fixed price building contract must be \$500,000.00 or less.

Home Start Grant Application

All HomeStart Grant applications are to be made through Housing New Zealand and not your KiwiSaver provider.

This application is made on the Housing New Zealand website at www.kiwisaver-homestart.co.nz

Completing an application form

Every person applying for a HomeStart grant is required to complete an individual application form.

If you are purchasing the property with more than one person, but only you are applying for the HomeStart grant, the full names of all the purchasers along with evidence of their income earned over the past 12 months will need to be submitted with the application.

Supporting Documents

In addition to the application form, you will need to supply the following supporting documents:

1. Certificate of earnings for the last 12 months (IRD).
2. KiwiSaver contribution statement (IRD).
3. Identification i.e. your birth certificate, current passport or drivers licence.
4. Last two months payslips.
5. A copy of the Agreement for sale and purchase.
6. Evidence you have at least a minimum 10% deposit (of the purchase price).

What is the time frame for an application?

Once an application is made, and accepted, your pre-approvals is valid for 6 months. After six months you will need to re-apply.

If pre-approval has been provided, you need to allow a minimum of 10 working days prior to settlement date.

Without pre-approval, Housing New Zealand requires a minimum of 20 working days (4 weeks) to process applications.

It is therefore important that all conditions of a purchase agreement are aligned with these timeframes (i.e. finance)