Couple with two dependent children, currently renting and purchasing a House and Land Package to build a new home

Initial purchase

Travis & Robbie are married with two dependent children. They currently rent a house and are purchasing a house and land package to build their new home.

Travis is a team leader and Robbie is a gas service technician and they have a joint gross income (before tax) of $125,000. They have a personal loan for a car and a credit card.

The house and land package they are purchasing is priced at $720,000.

Travis and Robbie are not first home buyers, therefore, do not qualify for any concessions from the Tasmanian Government. Travis and Robbie have savings of $55,000 to put towards the purchase. They have enough to meet the 2% minimum deposit under MyHome plus it covers other standard legal and lending costs to get Travis and Robbie through to settlement.

Travis and Robbie are looking for assistance from Homes Tasmania through MyHome. Under the rules for a newly built and not yet lived in home, the maximum contribution from the Tasmanian Government is $300,000 or 40% of the purchase price (whichever is the lesser), a $217,000 contribution suits Travis and Robbie as they are able to service a normal housing loan of $470,000 from Bank of us on their income without hardship at the time of purchase. This also enables them to maximise their initial and future equity in the property.

Based on:

- a loan from Bank of us for $470,000 to help purchase the home;
- MyHome assistance of $217,000;
- and Travis and Robbie's savings of $55,000 to assist with purchase. Travis and Robbie will have equity / ownership in the property of around 69.86% and Homes Tasmania will own approximately 30.14%.

Future state

Travis and Robbie have lived in their home for seven years. They have continued to make their normal fortnightly home loan repayments and have maintained their home. If we assume the property prices in Tasmania have increased by 20%, the family's home is now potentially worth $864,000.

Based on the original percentage of ownership between Travis and Robbie and Homes Tasmania at approximately 69.86% and 30.14% respectively, the dollar value of these shares now totals around $603,600 and $260,400 to Homes Tasmania. Noting, Travis and Robbie's deposit investment was $55,000.

Couple with two dependent children, currently renting and purchasing a House and Land Package to build a new home

Hypothetical One – Sale of the property to support a new dream home purchase

After seven years, Travis and Robbie decide to sell the home they bought with the assistance of MyHome.

Based on a sale price of $864,400, approximately $260,400 will need to be repaid to Homes Tasmania from the sale proceeds.

Considering the above assumptions, including the current loan balance resulting from Travis and Robbie making normal fortnightly repayments over seven years, real estate agents scale commission, and standard legal costs as part of the sale of the property, the net sale proceeds the family will receive will be approximately $143,909. Noting, Travis and Robbie's deposit investment was $55,000.

Hypothetical Two – Purchase of Homes Tasmania share

After seven years, Travis and Robbie decide to buy Homes Tasmania's share of the home they bought with assistance of MyHome.

Based on a formal valuation of $864,400 approximately $260,400 will need to be repaid to Homes Tasmania to buy-out their share.

Considering the above assumptions, including the current loan balance from Travis and Robbie making normal fortnightly repayments over seven years, stamp duty payable by the purchaser on the purchase of Homes Tasmania's share, and legal costs as part of a purchase the percentage share of the property back from Homes Tasmania, Travis and Robbie will need to qualify for a new home loan of approximately $698,202 to cover the purchase. Once finalised, Travis and Robbie will have 100% ownership of the property and equity of approximately $165,798.

Bank of us. | Homes Tasmania