

## **The Government's HomeBuilder scheme offers \$25k for home renovations**

The Morrison government will offer grants of \$25,000 to eligible owner-occupiers who want to build a new home or substantially renovate an existing one.

Dubbed HomeBuilder, the temporary program will provide grants to individuals who earned up to \$125,000 last financial year or couples who earned up to \$200,000.

The program will be uncapped but the government expects it to cost about \$688 million, which is the equivalent of roughly 27,000 grants.

“Our JobMaker program is backing a tradie-led recovery to help spark the economy as Australia emerges from the effects of COVID-19,” Prime Minister Scott Morrison said.

“This investment isn’t just about helping Australians bring their dream home to life, it’s about creating jobs and helping support the more than one million workers in the sector including builders, painters, plumbers and electricians across the country.”

Construction must be contracted to start within three months of the contract date to be eligible – with grants distributed via the states’ respective revenue offices – and contracts must be entered into between June 4 and

December 31, 2020.

## HomeBuilder: What you need to know

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### 1 Am I eligible for HomeBuilder?



It depends. You must be:

- An individual (not a trust or company)
- Aged 18 or older
- Australian citizen
- Earn: \$125,000 or less in the 2018-19 financial year for individuals, or \$200,000 or less for couples
- An owner-occupier. No investors.

### 2 What about my construction plan?



You can enter into a building contract until Dec 31 to:

- Build a new home as a principal place of residence valued up to \$750,000 (including land)
- Substantially renovate your home (valued less than \$1.5 million before work) as a principal place of residence, with works between \$150,000 and \$750,000.



Successful applicants can build new homes up to the value of \$750,000 (including the cost of land), or embark on renovations valued between \$150,000 and \$750,000 if the home is valued at no more than \$1.5 million before the work begins.

Investment properties are off the cards, and the funding will go directly to individuals, not contractors.

“This is about targeted taxpayer support for a limited time using existing systems to ensure the money gets used how it should by families looking for that bit of extra help to make significant investments themselves,” Mr Morrison said.

**If you’ve been putting off that renovation or new build, the extra \$25,000 we’re putting on the table along with record-low interest rates means now’s the time to get started.”**

The Prime Minister has also said the government is preparing a rescue plan for the struggling arts sector – part of a broader plan to substitute economy-wide assistance for more targeted support.

The announcement comes after industry groups warned that new-home building would fall off a cliff without government assistance.

Although the industry has kept most worksites open throughout the lockdown, cash-strapped and anxious consumers have cancelled contracts and delayed plans in response to rising economic uncertainty.

So much so that the Housing Industry Association last month said new-home building was on course for [a 50 per cent drop](#) in the second half of the year, with building commencements falling from 171,000 to 111,000.

- Find out: [Why money for social housing, not home-buyer grants, is the key to construction stimulus](#)

## HomeBuilder: Renovation rules

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### 1 What can I renovate through HomeBuilder?



- The renovation works must improve the accessibility, safety and liveability of the dwelling
- The renovation can be a combination of works (i.e. kitchen and bathroom renovation) but must be under the supervision of a registered or licensed builder.

### 2 And what renovations aren't covered?



HomeBuilder cannot be for used for additions to the property that are unconnected to the principal place of residence, such as swimming pools, tennis courts, outdoor spas and saunas, and detached sheds or garages.

Such a sharp drop in new-home building would cruel the economic recovery, as the construction industry employs almost 10 per cent of the workforce.

But leading economists told *The New Daily* before the announcement that building more social housing was a more efficient way of firing up construction.

Firstly because it's likely that many of the home buyer grants will go to people who would have bought the home anyway – meaning some will be a waste of money.

And secondly, because every dollar of funding allocated to social housing would be injected into the economy, as the homes would definitely be built.

The success of the government's HomeBuilder program, on the other hand, will depend on how many Australians have the means and appetite to buy a new home during a downturn.

If very few households take up the scheme, it will do little to help the economy.

"The most efficient way to support residential construction would be to build social housing," [Mr Coates told The New Daily last week](#).

"Within 12 months of the [Rudd government's] Social Housing Initiative being announced, there was an enormous spike in public-sector dwelling approvals – so most of those homes were built very quickly, and they provided support for residential construction [when] it was quite weak."

Meanwhile, Labor has urged the government to include [social housing](#) in any housing stimulus plan it advances, along with the Greens, unions, [industry groups](#) and [the welfare sector](#).

"No serious, comprehensive plan to deal with the building industry can leave social housing out," the ABC quoted Shadow Treasurer Jim Chalmers as saying.

"Social housing is good for jobs now and it would have a lasting benefit for Australians doing it tough into the future."