

GET A HELPING HAND WITH A

First Home Grant

A First Home Grant is available for first home buyers who have been contributing to a KiwiSaver scheme for at least 3 years to top up their deposit.



A helping hand through the door



A First Home Grant can give a helping hand when buying your first home with up to \$5,000 for an existing home or up to \$10,000 for a newly built home to go towards your deposit.



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What is a First Home Grant?

A First Home Grant is a one-time grant administered by Kāinga Ora for first home buyers who have been a contributing member of a KiwiSaver scheme, complying fund or exempt employer scheme for at least 3 years. Depending on what type of property you want to purchase and how long you have been making contributions, you could receive up to \$5,000 for an existing home or up to \$10,000 for a newly built home to put towards your deposit.

A First Home Grant can be used to help purchase:

- a brand-new home
- a home off the plans
- an existing or older home
- land to build a home on
- land to relocate a home to.

You can also apply for a First Home Grant if you are a previous homeowner provided you meet some additional criteria, but you can only receive a First Home Grant (or a HomeStart Grant or KiwiSaver first-home subsidy) once.

Types of schemes

To be eligible for a First Home Grant, you need to be contributing to one of these schemes.

KiwiSaver: A voluntary savings scheme designed to help New Zealanders saving for retirement through regular contributions made from members' earnings, employer contributions and an annual contribution from the government. Members may also be able to withdraw their funds early to put towards a deposit on a first home.

Complying fund: A registered employer-sponsored superannuation fund that allows members to lock in a percentage of their earnings in an account and may be accessed on the same terms as a KiwiSaver scheme.

Exempt employer scheme: An employer-sponsored superannuation scheme that does not require a member to lock in contributions but can meet the eligibility criteria for a First Home Grant. New employees will be offered this scheme instead of KiwiSaver when they join the employer.



How much can you get?

The amount available from a First Home Grant is determined by how many years you have been contributing to your KiwiSaver or savings scheme – starting from a minimum of 3 years of contributions.

If you are purchasing a brand-new home, a home off the plans or land to build a new home on, a First Home Grant is \$2,000 for each year of contribution to your KiwiSaver scheme, up to a maximum of \$10,000:

| Years contributing | Grant value |
|--------------------|------------------------|
| 3 | \$6,000 (the minimum) |
| 4 | \$8,000 |
| 5 | \$10,000 (the maximum) |

If you are purchasing an existing or older home, a First Home Grant is \$1,000 for each year of contribution to your KiwiSaver scheme, up to a maximum of \$5,000:

| Years contributing | Grant value |
|--------------------|-----------------------|
| 3 | \$3,000 (the minimum) |
| 4 | \$4,000 |
| 5 | \$5,000 (the maximum) |

Multiple buyers can apply for a First Home Grant individually when buying a home together – for example, a couple wanting to purchase a brand-new home and who have each been contributing to individual KiwiSavers for 5 years could each be eligible for a First Home Grant that totals \$20,000 when combined.

To see how long you have been making contributions, contact your KiwiSaver scheme provider or call Inland Revenue on **0800 549 472**.



Not a KiwiSaver member?

If you're not currently a member of a KiwiSaver scheme and would like to join, you can find out more at ird.govt.nz/kiwisaver or call **0800 549 472**.

Check your eligibility



To be eligible for a First Home Grant, you need to meet the following criteria.

You must:

- be over 18 years old
- be a New Zealand citizen, permanent resident or resident visa holder
- be a first home buyer or a previous homeowner in a similar financial position
- have a before-tax income from the last 12 months less than:
 - \$95,000 for an individual buyer
 - \$150,000 for an individual buyer with dependants
 - \$150,000 combined for multiple buyers
- have contributed to your KiwiSaver, complying fund or exempt employer scheme for a minimum of 3 years.

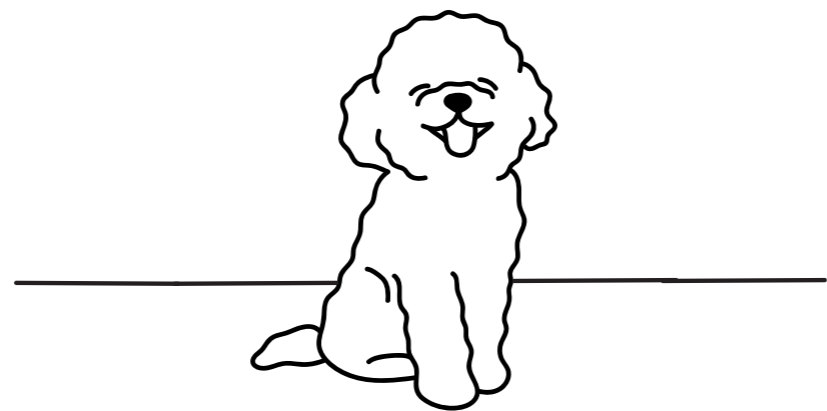
You will also need to:

- be purchasing a home that is under the price cap for the region it is located in¹
- have a minimum deposit of 5% of the purchase price of the home
- commit to living in the home as your primary place of residence for a minimum of 6 months from the settlement date
- be purchasing an equal share in the home proportionate to the number of buyers.



What are dependants?

A person who has dependants has the responsibility for full-time or part-time care of a child, children or other dependent adults in a household.



If you're a previous homeowner

If you have previously owned a home, you may still be eligible to apply for a First Home Grant provided you meet some additional criteria.

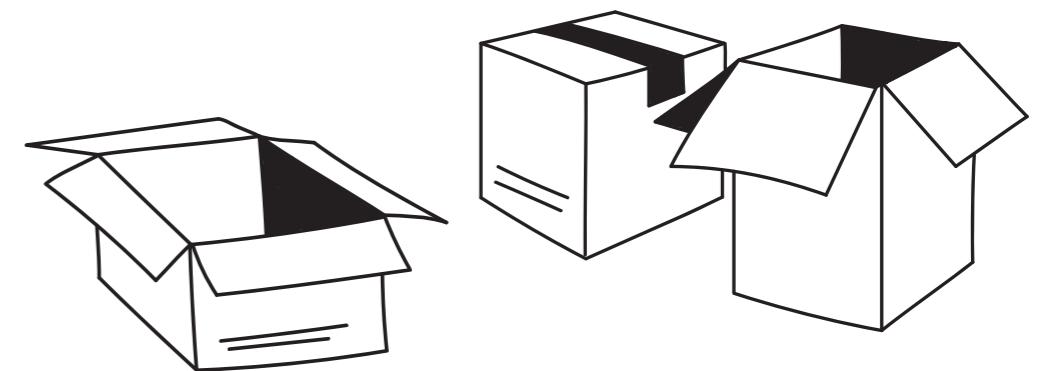
You will need to:

- no longer have an interest or share in a home or property
- have not received a First Home Grant, HomeStart Grant or KiwiSaver first-home subsidy before
- not have realisable assets totalling more than 20% of the house price cap for an existing/older property in the area you are looking to buy in.²

The application process for a First Home Grant as a previous homeowner is the same as a first home buyer but you will need to complete an additional section in your application to provide details of any realisable assets and details of the home or property you previously owned.

Kāinga Ora considers the following to be realisable assets:

- money in all bank accounts
- shares, stocks and bonds
- investments in banks or other financial institutions
- any money paid to or held by a real estate agent, solicitor or developer as a deposit on a home
- boat or caravan (if the value is over \$5,000)
- other vehicles not used as usual method of transport (if value over \$5,000)
- other individual assets valued at \$5,000 or more.



¹ Regional house price caps are available at kaingaora.govt.nz/first-home-grant.

² Realisable asset caps are available at kaingaora.govt.nz/home-ownership-resources.

Property eligibility criteria

Not all homes or property types are able to be purchased with a First Home Grant and will also need to meet some eligibility criteria.

The home or property you want to buy must:

- be under the house price cap for the region the home is located in³
- be one of the following:
 - A newly built property
 - An existing or older property
 - A property being purchased off the plans
 - Vacant land to build or relocate a home to
 - A home on Māori land.
- be one of the following types of property and land arrangements:
 - Fee simple
 - Leasehold
 - Stratum estate
 - Cross-lease
 - Māori land
- have received its Code Compliance Certificate in the last 12 months (to be considered a 'new' home)
- be in a habitable condition from the settlement date
- be built within the projected date of completion (if buying off the plans).



Types of property and land arrangements

There are five types of property and land ownership arrangements that the First Home Grant can be put towards the purchase of.

| Property and land arrangement | Description |
|-------------------------------|--|
| Fee simple | Also known as 'freehold' and the most straightforward and common type of ownership in New Zealand. You own and have unrestricted use of the land and anything built on it, unless there are registered or unregistered interests that restrict use of the property. |
| Leasehold | An ownership structure where the owner of the land agrees to lease the right to use the land to live or build on for a period of time. |
| Stratum estate | Also known as a 'unit title' and a common type of ownership for apartments or buildings with multiple owners. You own your specific unit and accessories while common areas are owned collectively (such as foyers, lifts, gardens and laundry rooms). |
| Cross-lease | A property title that is a combination of fee simple and leasehold. Under a cross-lease agreement, you own: <ul style="list-style-type: none"> • a share of the freehold title in common with other cross-leaseholders • a leaseholder interest in the specific area and property that you occupy. A cross-lease agreement outlines the rights and obligations of each individual owner. |
| Māori land | Māori land subject to Te Ture Whenua Māori Act 1993 where the property (home) purchaser has a right to occupy the land. |



Progressive home ownership

If you are a member of an approved progressive home ownership or rent-to-buy scheme, you may be able to apply for a First Home Grant under the new home category provided the home meets the relevant criteria.

Buying land to build on

If you are looking to buy land to build a new home on, the application process is slightly different. In addition to meeting the general eligibility criteria, you will also need to provide:

- a signed copy of the Sale and Purchase Agreement for the land
- a signed fixed-price building contract that shows the cost of building the home and the projected completion date of construction
- evidence that the land is ready to build on
- evidence that you have funding for the construction of the home
- a copy of the Code Compliance Certificate (once construction has been finished).

You must have received pre-approval for the First Home Grant before you make an offer to purchase the land to build on, and the total combined cost of both the land and the home being built must be under the house price cap for the region the land is located in.⁴

You may settle on the land without having a fixed-price building contract in place. However, you need to provide a signed copy of the fixed-price building contract and the Sale and Purchase Agreement for the land before your First Home Grant pre-approval expires.

Buying land to relocate a home to

If you are looking to buy land to relocate an existing home to, the application process is slightly different. In addition to meeting the general eligibility criteria, you will also need to provide:

- a signed copy of the Sale and Purchase Agreement for the land
- evidence of the cost to purchase and relocate the home
- a copy of a fixed-price contract that states the cost and projected timeframe
- a copy of the Code Compliance Certificate for the home being relocated.

You must have received a pre-approval for a First Home Grant before you purchase the land to relocate the home to.



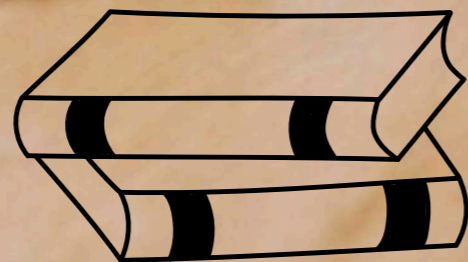
Relocating a 'new' home

If the home being relocated received its Code Compliance Certificate in the 12 months before the date of your First Home Grant application, it may be considered a 'new home' and be eligible for a grant up to \$10,000.

A First Home Grant can be used to help purchase a brand-new home, a home off the plans, an existing or older home or land to build on or relocate a home to.



A First Home Grant can be combined with other home ownership products to give you a helping hand with getting your deposit together.



Submitting an application

Applying for pre-approval

You can apply for a pre-approval to confirm that you meet the First Home Grant eligibility criteria while you are looking for a home to buy or land to build on. As part of your application, you will need to provide:

- a certified copy of your New Zealand birth certificate, driver licence, citizenship certificate, passport and/or visa status
- a summary of income from Inland Revenue for the previous 12 months
- a KiwiSaver contribution statement from Inland Revenue or your KiwiSaver scheme provider.

If you are self-employed, you can submit one of the following alternatives as evidence of income:

- an individual tax return (IR3)
- an individual tax return prepared by an accountant
- a summary of income for the most recent tax year.

If you are a previous homeowner, you will also need to provide:

- a comprehensive list and values of your realisable assets
- a settlement statement (if you have sold a property within the previous 3 months).

Please allow up to 10 working days for your application to be processed. If your application is successful, you will remain pre-approved for 6 months before you need to make a new application.

Applying for full approval

You can apply for full approval when you have found a home or land to build on and have made an offer to purchase. As part of your application, you will also need to provide:

- a signed and dated copy of the Sale and Purchase Agreement at least:
 - 10 working days before the settlement date if you already have a pre-approval
 - 20 working days before the settlement date if you do not have a pre-approval
- evidence that you have a deposit that is a minimum of 5% of the home purchase price (inclusive of all savings, first-home withdrawals and gifts)
- a copy of your right to occupy Māori land (if applicable).

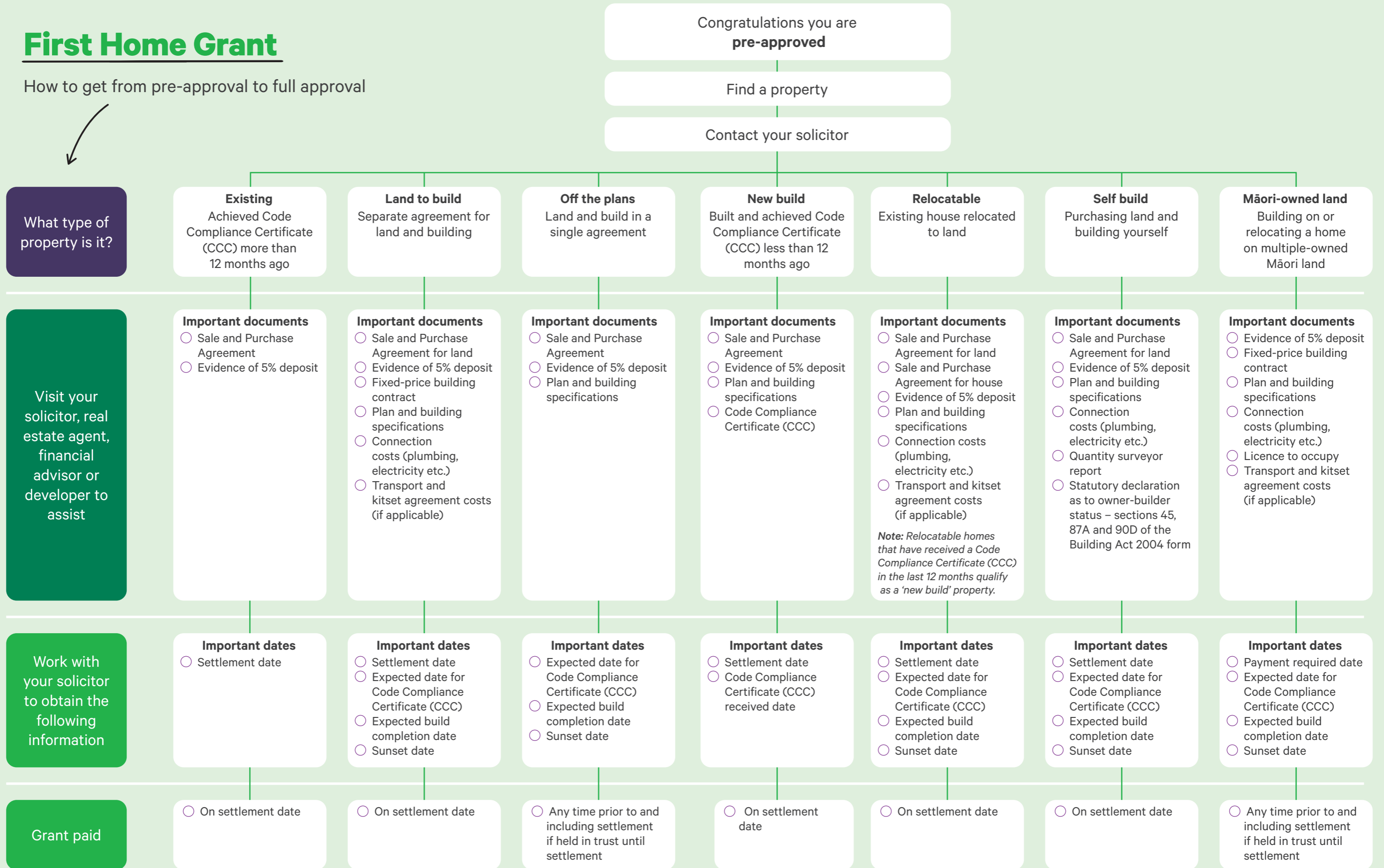


Get started

You can start your application online or download an application form at kaingaora.govt.nz/first-home-grant.

First Home Grant

How to get from pre-approval to full approval



Case study

Syanne and Alex

How Syanne and Alex bought land in Dunedin to build their new home on with some extra help from a First Home Grant.

Syanne and Alex had been looking to buy their first home in Dunedin but instead decided to purchase vacant land to build their ideal home on. They managed to find a plot of land ready for development in the suburbs for \$280,000. After engaging with a local architect and builder, they agreed a fixed-price contract of \$370,000 to build their home. Altogether, the land and cost of building came to \$650,000, which is under the price cap for the Dunedin region.

Speaking with their bank, they were advised that they could get a loan of up to \$520,000 if they could provide a minimum deposit of \$130,000 – 20% of the total land purchase and build cost.

In the previous 12 months, they earned a combined before-tax income of \$135,000 and managed to save \$47,500.

Syanne and Alex have been members of KiwiSaver for over 10 years and have each been contributing 8% of their earnings. After they made applications to their scheme providers, they were able to make a first-home withdrawal of \$95,000 total from their KiwiSaver accounts.

Syanne and Alex both submitted applications to Kāinga Ora for a First Home Grant to go towards purchasing land to build their home on. Based on their length of contributions towards to their respective KiwiSavers, they were each approved for a \$10,000 grant.

This gave them a total deposit of \$162,500, which was 25% of their total purchase and build costs and met the minimum lending requirements of their bank. They proceeded with purchasing the land and began construction on their new home.

Land purchase price

\$280,000

Cost of building

\$370,000

Savings

\$47,500

KiwiSaver first-home withdrawal

\$95,000

First Home Grant

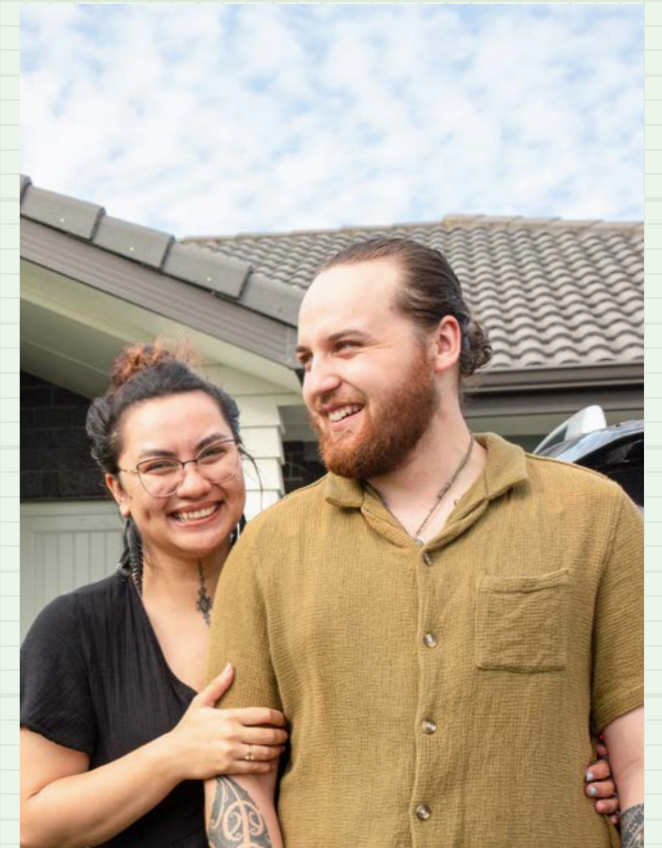
\$20,000

Total deposit

\$162,500 (25%)

Bank loan

\$487,500 (75%)



Case study

Marshall and Sarah

How Marshall and Sarah bought their first home with a First Home Grant and a KiwiSaver first-home withdrawal.

Marshall and Sarah started looking to buy their first home in Wellington. They found a stand-alone home in the suburbs that was being sold for \$700,000 that was the right size for them and their new baby.

After talking with their bank, they were advised that the bank would lend them \$560,000 if they could provide a deposit of \$140,000 – 20% of the price of the home.

In the previous 12 months, they earned a combined income of \$145,000 before tax and managed to save \$55,000 to go towards a deposit over the last few years – \$85,000 less than what their bank required.

Marshall has been a member of KiwiSaver since it launched in 2007 and has been contributing 6% of his salary each year. Sarah has been a KiwiSaver member since 2009 and has been contributing 4%. They each made applications to their KiwiSaver scheme providers and were able to withdraw \$75,000 total between them from their KiwiSaver accounts.

Marshall and Sarah also both submitted applications to Kāinga Ora for a First Home Grant. Both have been contributing to their KiwiSaver schemes for more than 5 years, and they were each approved for a \$5,000 grant as the home they wanted to buy was an older, already built home. This gave them a total deposit of \$140,000, which met the 20% minimum requirement of their bank, and they were able to purchase their new home.

Home purchase price

\$700,000

Savings

\$55,000

KiwiSaver first-home withdrawal

\$75,000

First Home Grant

\$10,000

Total deposit

\$140,000 (20%)

Bank loan

\$560,000 (80%)



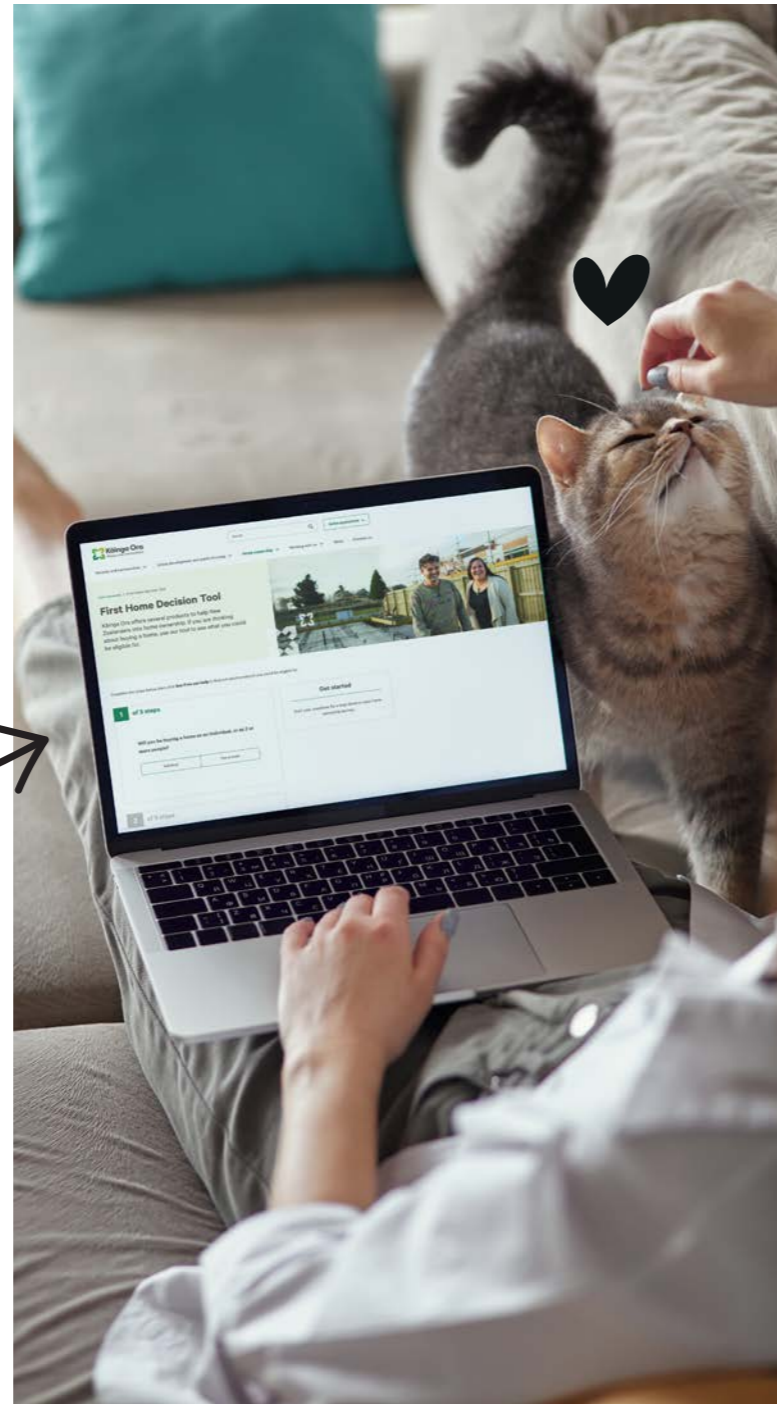
Other home ownership help

Kāinga Ora has several home ownership products and programmes available that can give you a helping hand into home ownership.

These include options for boosting your deposit, low-deposit loans, shared equity schemes and grants. Each product has its own eligibility criteria and application process, and you may be able to combine multiple products when buying your home.

For more information about our home ownership products and to find out if you're eligible, check out our First Home Decision Tool at kaingaora.govt.nz/first-home-decision-tool.

You can find the conditions for all products and schemes at kaingaora.govt.nz/home-ownership.



Frequently asked questions

How much can I get with a First Home Grant?

Depending on how long you have been contributing to your KiwiSaver or savings scheme, you could receive a grant of up to \$10,000 for a newly built home or up to \$5,000 for an older home.

Do I need to pay back a First Home Grant?

The grant is a suspensory loan but you will not need to pay it back unless the terms and conditions are not met, for example, you do not live in the home for 6 months from settlement date.

Is there a minimum income needed to purchase a home with a First Home Grant?

There is no minimum income criteria to be eligible for a First Home Grant, but your total household income will need to be enough to meet the lending requirements of a bank or lender to service a home loan.

How much of a deposit will I need to buy a home with a First Home Grant?

The exact amount you will require for a deposit will depend on the purchase price of the home you're buying, but you will need to contribute an overall minimum deposit of 5%.

Can I use a First Home Grant and a First Home Loan together to purchase a home?

Yes, provided you meet the eligibility criteria and have submitted a successful application for each separately and you meet the lending criteria of a participating bank or lender to service a home loan.

Can I use my KiwiSaver to help purchase a home with a First Home Grant?

Yes. If you are a first home buyer and have been contributing to a KiwiSaver fund for at least 3 years, you may also be able to withdraw your savings to put towards a home purchase.

Can I use a First Home Grant to purchase a KiwiBuild home?

Yes, provided you meet the eligibility criteria and have submitted a successful application for each separately and the KiwiBuild home meets the applicable property criteria.

I have changed my KiwiSaver scheme provider and been with them for less than 3 years. Am I still eligible for a First Home Grant?

Your contributions to a KiwiSaver or savings scheme do not have to be consecutive. You may still be eligible for a First Home Grant, provided you have been making contributions for a minimum of 3 years across all providers you have used.

Are there any fees for getting a First Home Grant?

No. There are no fees involved in receiving a First Home Grant.

I own land with no home on it. Am I still eligible for a First Home Grant?

No. You will not be eligible for a First Home Grant if you currently own or have an interest in land even if there is no home currently on it.

Where to find out more



If you would like to start an application or find out more about the First Home Grant:

Visit
kaingaora.govt.nz/first-home-grant

Email
firsthome.enquiries@kaingaora.govt.nz

Call
0508 935 266

To learn more about getting ready to buy a home and other helpful products and programmes, visit
kaingaora.govt.nz/home-ownership.



Useful resources

Settled

Free and independent information to guide New Zealanders through all aspects of buying and selling a home. Settled is managed by the Real Estate Authority, the government agency that regulates the New Zealand real estate industry.

settled.govt.nz

Sorted

Free and independent tools and resources to help you budget and get your finances sorted.

sorted.org.nz

FinCap

A non-government organisation that supports financial mentoring services and training.

fincap.org.nz

Citizens Advice Bureau

A nationwide community organisation that offers free, confidential and independent advice to help citizens understand their legal rights and obligations.

cab.org.nz

Find a solicitor

Search for a solicitor and get guidance on how to find the right one for you.

propertylawyers.org.nz

Find a building inspector

Search for a building inspector in your area.

boinz.org.nz

Common terms

Code Compliance Certificate (CCC)

A formal statement issued under section 95 of the Building Act 2004 that building work carried out under a building consent complies with that building consent.

Certificate of title

A legal document that identifies the owners of a property and the rights and restrictions that apply to the land.

Complying fund

A registered employer-sponsored superannuation fund that allows members to choose to contribute a percentage of their salary and can only be accessed on the same terms as a KiwiSaver scheme.

Cross-lease

A property title that is a combination of fee simple and leasehold under a cross-lease agreement.

Dependants

A person who has dependants has the responsibility for full-time or part-time care of a child, children or other dependent adults in a household.

Deposit

A sum of money payable as a first instalment on a home loan as part of a home purchase.

Eligibility criteria

The specific criteria that determine if an applicant is eligible for a First Home Grant.

Exempt employer scheme

An employer-sponsored superannuation scheme that does not require a member to lock in member contributions as required by KiwiSaver schemes but can meet the eligibility criteria for a First Home Grant.

Fee simple (freehold)

A common type of ownership in New Zealand where you own and have unrestricted use of the land and anything built on it unless there are registered or unregistered interests that restrict use of the property.

First home buyer

An individual who has not previously owned a home or land in New Zealand or overseas.

First Home Grant

A one-time grant for first home buyers administered and issued by Kāinga Ora.

First Home Loan

A low-deposit loan for first home buyers underwritten by Kāinga Ora and issued by participating banks and lenders.

Kāinga Ora

A Crown agency of the New Zealand Government that oversees the implementation of the government's housing and urban development policies.

KiwiBuild

A government programme that works with residential developers to speed up development and provide New Zealanders with opportunities to purchase new homes at more affordable prices.

KiwiSaver

A voluntary savings scheme designed to help New Zealanders saving for retirement through regular contributions made from members' earnings, employer contributions, and the government.

KiwiSaver first-home withdrawal

A one-time option to withdraw all or part of savings from a KiwiSaver fund to put towards the purchase of a first home.

Leasehold

An ownership structure where the owner of the land agrees to lease the right to use the land to live or build on for a period of time.

Lender

A participating bank or financial lender who will lend money for the purposes of a home loan for eligible applicants wanting to buy a home.

Lending criteria

The requirements set by a bank or lender that a loan applicant must meet as part of a lending assessment.

Loan

A sum of borrowed money (such as a home loan).

Māori land

Māori land subject to Te Ture Whenua Māori Act 1993 where the purchaser of the home has a right to occupy the land.

Off the plans

Agreeing to purchase a new home before construction has been completed.

Pre-approval

Confirmation that you meet the eligibility criteria for a First Home Grant before you have found a home or land to purchase.

Previous homeowner

An individual who has previously owned a home or land either in New Zealand or overseas but no longer does.

Realisable assets

Personal assets with a measurable value that could be sold to help purchase a home.

Stratum estate (unit title)

A common type of ownership for apartments or buildings with multiple owners where you own a specific unit and common areas are owned collectively.

Sunset date

The deadline for the purchaser to cancel the Sale and Purchase agreement by notice in case a specific event has not occurred. This could include situations where the property title or Code Compliance Certificate (CCC) has not been issued, for instance.

Appendix 1: Regular minimum contributions

To be eligible for a First Home Grant, you must have contributed at least 3% of your total income per annum, or \$1,000 per annum (whichever is lower) to a KiwiSaver scheme, complying fund or exempt employer scheme for a period of at least 3 years.

Contributions do not need to be consecutive in order to qualify for the First Home Grant and the contribution periods may change, provided the minimum contributions add up to at least 3 years. For example, you may have been a salary or waged employee for a period and then self-employed for a period.

If you are a non-earner, you must contribute at least \$1,000 per annum for at least 3 years.

Table 1: Regular contributions test by employment category

| | |
|---|---|
| Salary or wage earners (Automatic contributions) | The total number of months in which contributions are received, divided by 12 equals or exceeds the relevant period for which the grant is being sought (3, 4 or 5 years). |
| Self-employed or beneficiary (Voluntary contributions) | Voluntary contributions are made at least annually and prior to 30 June for each preceding tax year, and the number of years in which contributions are made equals or exceeds the relevant period for which the grant is sought (3, 4 or 5 years). |
| Mixed salary or waged and self-employed or benefit (Combination of automatic and voluntary contributions) | The total number of months in which regular contributions are received divided by 12 (salary or wage portion) plus the number of voluntary contributions per number of years of self-employed or beneficiary income (self-employed or beneficiary portion) equals or exceeds the relevant period for which the grant is sought (3, 4 or 5 years). |

Table 2: Minimum contributions test by employment category

| | |
|--|--|
| Salary or wage earners (Automatic deductions from earnings) | A minimum contributions test is not required if the regular contribution requirement for salary/wage earner income as shown in Table 1 is met unless the member has multiple income streams. |
| Self-employed or beneficiary (Voluntary contributions) | Total contributions over the relevant period are equal to the minimum percentage of the gross taxable income or \$1,000 per annum (whichever is lower). |
| Mixed salary or waged and self-employed or benefit (Combination of automatic deductions and voluntary contributions) | The total number of months in which contributions are received divided by 12 (rounded down to the nearest whole year) plus the period when voluntary contributions are made equals or exceeds the relevant period for which the grant is being sought (3, 4 or 5 years) and total contributions over the period when voluntary contributions were made equals at least the minimum percentage of the gross taxable income or \$1,000 per annum (whichever is lower). |

Appendix 2: Regional maximum house price caps

The home or land you are purchasing with a First Home Grant must fall under the regional maximum house price caps which are based on territorial local authority boundaries. The full list of house price caps is available online at kaingaora.govt.nz/first-home-grant.

Appendix 3: KiwiSaver and savings schemes

To be eligible for a First Home Grant, you need to be contributing to one of these schemes.

KiwiSaver: A voluntary savings scheme designed to help New Zealanders saving for retirement through regular contributions made from members' earnings, employer contributions and the government. Members choose to pay 3%, 4%, 8% or a custom amount of their salary or wages, and their employer is required to pay 3%. The scheme name will include the word KiwiSaver.

Complying fund: A registered employer-sponsored superannuation fund that allows members to lock in a percentage of their earnings in an account and may be accessed on the same terms as a KiwiSaver scheme.

Exempt employer scheme: An employer-sponsored superannuation scheme that does not require a member to lock in any member contributions. New employees will be offered this scheme instead of KiwiSaver when they join the employer. They do not receive the government annual members' tax credits.

Here's a helping hand
↳ kaingaora.govt.nz



Disclaimer

The material contained in this brochure is intended to help you understand the First Home Grant and is for informational purposes only. Its content is intended to be of a general nature and does not take into account specific circumstances of any particular individual or entity. All reasonable steps have been taken to ensure the quality and accuracy of the information presented. The eligibility criteria or other policies applicable to the First Home Grant or any home ownership product administered by Kāinga Ora may be changed, deleted, added to or otherwise amended without notice. It is recommended you seek independent professional advice before applying for or acquiring any financial product or service.

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Kāinga Ora – Homes and Communities.**

This booklet is also available at
kaingaora.govt.nz/home-ownership.