

## **Government handing first home buyers in Auckland a wet bus ticket with the latest changes**

This morning the Government announced that the income caps for the First Home Buyer Grant and First Home Loan will move from \$85,000 to \$95,000 for single buyers and from \$130,000 to \$150,000 for two or more buyers.

At the same time, the property price caps would also raise to \$700,000 in Auckland, \$650,000 in Wellington and Queenstown, \$600,000 in Nelson, Tauranga, Hamilton, and Napier, \$550,000 in Christchurch and Dunedin, and \$500,000 in the rest of New Zealand.

CEO of FirstHomeCoach, Matt Taylor said these changes are too little, too late for first home buyers in Auckland with the market having already moved well past the new price cap. "It looks as if this was just a token gesture with the facade of progress."

FirstHomeCoach is a digital platform that helps first home buyers plan and helps users make the giant step of getting their foot on the property ladder. Exclusive data of the first home buyers' market from those using the platform shows that the income caps were never the problem with 79% of couples already meeting the previous \$130,000 income cap. With the increase to \$150,000 this will mean 92% of couples using the platform will now meet the income criteria.

"The big problem is the Government has continually set house price caps well below where the market is priced. The previous cap of \$650,000 for Auckland was set in 2016, five years later the Government has today increased the cap by only 8%, or \$50,000 to \$700,000. Meanwhile median house prices in New Zealand's largest city have increased 31% over that same period to \$1.1 million."

When the changes to income and property price caps are taken together for Auckland, we have only seen an 8 percentage point increase in eligibility from 35% to 43% for the First Home Grant and First Home Loan.

It's no secret that deposits are the hardest part for first home buyers, so the Government is using the right set of tools this time. However, to make any real impact the house price cap needed to increase to \$900,000 for Auckland. That would have seen over 88% of first home buyers becoming eligible.

Unfortunately, it's back to the drawing board if the Government is serious about solving this first home buyer crisis.