

Fact Sheet

ISSUED 24 JUNE 2011

\$10,000 Queensland Building Boost Grant

As part of its 2011-12 Budget, the Queensland Government announced that it would introduce a Building Boost Grant of \$10,000.

In response to numerous enquiries from members about the grant, Master Builders has developed a summary of the key aspects of the grant, including the eligibility requirements (provided below).

The requirements for the grant will be clearer when the government releases its updated 'Frequently Asked Questions' fact sheet next week.

Eligibility

In terms of eligibility for the grant, a potential buyer (person/investor over 18, a company or a trustee) will need to meet the following requirements:

1. Between 1 August 2011 and 31 January 2012, do any of the following:
 - a. Enter into a contract to purchase a new home;
 - b. Enter into a comprehensive building contract to have a new home built; or
 - c. Commence building a new home as an owner builder.
2. The unencumbered value or consideration paid for the property must be less than \$600,000.

3. The building work:

- a. For a comprehensive building contract commences within 26 weeks of the date of the contract and is completed within 18 months of the work starting;
- b. For a contract to purchase a new dwelling off the plan must be completed by 31 July 2013.

4. A person (does not have to be the buyer) must occupy the residence within 12 months of the buyer owning the property.

The \$600,000 threshold is inclusive of GST. It is also inclusive of the unencumbered value of the land on which the house is built, irrespective of whether that land was purchased at the time the building contract was entered into or bought separately at some point in time beforehand.

This means that people building a home on land that they bought a few years ago will have the value of that land included in value of the property for the purposes of the \$600,000 threshold. The government is still working through the details of how this land will be valued for the purposes of the grant, but Master Builders thinks that it is likely that land valuations issued by the Valuer-General will be one of the methods for determining the unencumbered value of the land.

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FOR FURTHER INFORMATION PLEASE CONTACT MASTER BUILDERS ON (07) 3225 6431.

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Contracts signed before 1 August

The government's information clearly indicates that that buyers who have already entered into contract to purchase a new home or a comprehensive building contract to build a new home will not be eligible for the grant if they cancel the contract and get a replacement contract issued, which is executed on or after 1 August.

The grant is also not payable on a new home (including an owner builder home) if the applicant for the grant carries on the business of building homes and the home was constructed for sale in the course of the business.

In response to concerns raised by members, Master Builders has called on the Treasurer to allow people who sign new contracts from 1 July to be eligible for the boost (but still apply for the grant from 1 August). We believe that there is a strong case for people signing a contract from 1 July to also be eligible for the grant and we hope that by doing so the government will help ensure there is no painful void in the market.

Preliminary agreements

On the issue of preliminary agreements, we are confident that a consumer will still be eligible for the Building Boost Grant if they enter into a Master Builders preliminary agreement (assuming that the Master Builders agreement has not been altered or amended by the builder) prior to 1 August and then sign a comprehensive building contract on or after 1 August.

Our strong view is that the Master Builders preliminary agreement is not binding comprehensive building contract or an option to enter into a comprehensive building contract. The government's position on this issue will be clarified in their 'Frequently Asked Questions' fact sheet that will be released next week.

Building Boost Grant vs. Home transfer duty concession

It is also important to note that some potential buyers (i.e. those that are not first home buyers) will need to weigh up the value of the \$10,000 grant (which applies from 1 August) against the loss of the home transfer duty concession (which ends on 31 July 2011) when deciding the best time to enter into a contract to buy a new home. This is an issue on which the buyer ultimately needs to seek their own advice.

Apply for the grant

At this stage, application forms for the grant will be available on the Office of State Revenue website at www.osr.qld.gov.au on or before 1 August 2011.

The Building Boost Grant will be paid to the applicant in the same way as the existing First Home Owner Grant is paid – that is the consumer applies to their financier or the Office of State Revenue depending on the circumstances. The Office of State Revenue will process most applications within 10 working days of receiving all required information.

For more information, please call Master Builders on (07) 3225 6431.