



Australian Government



Help to Buy - Building a New Home Guide

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Help to Buy – Building a New Home Guide

Background

The Australian Government's Help to Buy Scheme (Help to Buy) helps eligible buyers purchase a property by way of an interest-free loan for a percentage of the purchase price. In exchange, the Australian Government takes a corresponding equity share in the home. You own and live in the home, while the Commonwealth Government holds a financial interest that changes with the property's value. There are no monthly repayments, rent, or interest on the Commonwealth Government's share, and you can buy back the share over time or when you sell the property.

Eligible buyers can purchase or build a home with as little as a 2% deposit, and benefit from a contribution from the Commonwealth Government of up to 40% for new homes or 30% for existing homes.



Refer to the **Help to Buy Fact Sheet** and **Help to Buy Customer Guide** for full eligibility criteria.

Who is this guide for? Those entering a Help to Buy arrangement with the Commonwealth who are:

- purchasing a house and land package with a developer or builder; or
- building a new home under a purchase of land but separate building contract with a builder.

Eligibility requirements for construction of a new home

To be eligible for Help to Buy for construction of a new home, you must meet requirements that include:

- the general eligibility criteria, including citizenship, age, and income requirements
- secure a loan from a Participating Lender. Check **firsthomebuyers.gov.au** for the list of Participating Lenders under Help to Buy
- purchase vacant land in a participating Australian State or Territory
- enter into an eligible building contract
- ensure your home purchase price (land purchase price plus total construction costs) does not exceed the price cap for your area.

Where an application is made by joint applicants, eligibility criteria must be met by both applicants. References to 'you' in this document should be taken as references to both applicants/participants in joint applications.

Important dates for new builds

	House and land package	Land with separate build contract
Final approval application	Signed land and build contract	Signed contract of sale for land
Before settlement		Signed construction contract for the build
Within 12 months of settlement	Start building	Start building
Within 36 months of settlement	Finish building	Finish building
Within 3 months of occupancy certificate being issued	Move into your new home	Move into your new home



Important: For vacant land purchases, the land must be titled before settlement. Check with your Lender about their requirements for final finance approval when you are purchasing unregistered vacant land. **You must settle on the land purchase within 90 days of your final application being approved.**

What do you contribute to the purchase of your home?

You'll need to contribute the maximum amount you can afford, starting with at least a 2% deposit of your home's purchase price – which is the combined cost of the land and build contract price. In addition, you'll cover the usual costs of buying and building a home, including:

- stamp duty – check if you are eligible for any stamp duty concessions
- legal & conveyancing fees – for transferring property title and legal services
- inspection & valuation fees – as required by the Commonwealth, your Participating Lender or you in certain circumstances
- fees and charges related to obtaining build approval for your home - review your builder's contract to understand what is included and what costs you may need to cover separately e.g. council lodgement fees, consultant reports and other approval-related charges
- other costs – such as mortgage registration, settlement fees, and building insurance.

These costs are not covered by the Commonwealth Government.



Tip: Each home build is different and there can often be unforeseen extra costs that you may need to cover during the construction phase. To help manage this, it is recommended you keep an extra 5% of the cost of construction in available savings.



Important: Entering into a building contract is a significant financial decision. Before signing a contract, you should consider your personal circumstances, conduct your own enquiries, and obtain legal and/or financial advice. The below information is general guidance only and should not be taken to be comprehensive.



Before entering a build contract

Plans approved and council permits in place

Planning and building approvals are necessary before any construction begins.

If you're buying a house and land package, planning and building approvals are usually arranged by the builder or developer.

If you are buying land and then entering a separate contract for the building of your home, check with your engaged builder on the planning and building approvals required and who is responsible for obtaining and paying for the approvals, including any specialist consultant fees (e.g. engineer, surveyor etc). These approvals ensure the building of your home complies with local council rules and building codes.

Entering a contract before securing these approvals may mean complications with your building contract, including changes to the contract price and delays in building works to commence.



Tip: Ask for written confirmation that all required approvals are in place or a plan for when they are expected to be in place before paying the deposit or signing the building contract.

Do your due diligence on the builder

Before entering into a contract with a builder, you should:

- confirm that the builder holds all necessary licences and registrations required by state or territory laws, such as Builder's Licences or Certifications to undertake construction in your local area
- check that they have membership with one or more building industry bodies such as the Master Builders Association or Housing Industry Association. You can look up their details on the respective industry body websites
- where possible, conduct reference checks with previous customers, ask how many years of building experience they have and the number of similar homes the builder has built in the past. Check if any complaints or disputes have been lodged with consumer protection agencies or industry bodies. If possible, visit recent or under construction homes to inspect the quality of work firsthand
- the builder you select must also be on an arm's length basis, ensuring fair and independent dealings. Your family members or your own building company cannot undertake the construction works.

Eligible build contracts

When entering a contract to build a new home, the following key requirements must be met:

- the contract must be a fixed-price agreement, with the total purchase price not exceeding the area's specified price cap (total purchase price = land price + build price)
- appropriate insurance policies must be in place for the construction of the new home, as required by law. Confirm the builder has appropriate insurance, such as public liability, contract works insurance and home warranty insurance, to cover unforeseen problems and building defects
- the builder is required to complete the entire home on the land you have purchased, finishing all work to the point where the home is certified as suitable for occupation.

Help to Buy has specific timeframe requirements for construction projects:

- construction must begin within 12 months from the date you settle and become owner of the land, and
- the build must be completed within 36 months from the date you settle and become owner of the land.

These requirements are designed to protect consumers and ensure transparent, lawful building practices.

Fixed price contracts

A fixed price build contract is a common form of agreement used in the Australian residential construction market. It is an arrangement where the builder agrees to construct the home for a set, agreed-upon price, based on a detailed scope of works. This type of contract provides certainty for homeowners regarding the total cost of building their new home. It will require you to thoroughly check everything that is included to minimise likelihood of cost variations during the build.

Before signing a building contract:

- ask your Participating Lender if they'll handle the builder's deposit or if you must pay it upfront
- we recommend you seek professional legal advice from someone who can review the build contract on your behalf.

Understand what's included and what's not included

Under Help to Buy, your build contract is required to cover all works necessary for the home to be certified for occupation. Every builder and home package is different, so check exactly what's included in your contract. Standard inclusions often cover essentials like a fitted kitchen and bathroom, windows, doors, built-in robes, electrical points, and basic tiling. Extras such as carpets, premium finishes, appliances, driveways, landscaping, and fencing may cost more or be offered as upgrades.



Tip: Ask for a detailed inclusions list or specification sheet from your builder and confirm any upgrades or variations in writing.



Important: 'Out of contract' items are not allowed under a Help to Buy new build arrangement, so discuss with your builder and ensure everything you need, such as driveways and necessary fencing, are included within your build contract as required by your local Council and development approval (DA) conditions. Everything needed to certify your new home fit for occupation must be part of the build contract.

Progress claim schedule

A progress claim schedule in a building contract is a detailed plan that outlines when payments are expected to be made to the builder during the construction process. Instead of paying the full amount of construction upfront, payments are broken into stages that align with key milestones in the build.

A progress claim schedule ensures payments are made only for work that's been completed. It protects you from paying too much to the builder upfront and keeps the project aligned with agreed milestones.

How does Housing Australia make payments during a new build?

Housing Australia manages the Commonwealth Government's agreed contribution from land settlement through to the final progress payment. At land settlement, Housing Australia arranges the Commonwealth Government's share to be contributed through our nominated conveyancer.

During construction, your Participating Lender handles progress payments based on invoices and supporting documents you provide. Housing Australia works with your Participating Lender to contribute its proportionate share for each progress payment.

If your progress payment schedule changes from what's in your signed building contract, you must notify your Participating Lender so future payments can be processed correctly.



Managing your building contract and cost variations

We understand that building a home can come with unexpected changes. Help to Buy allows for some flexibility provided the changes still align with the Help to Buy Scheme's purpose and eligibility criteria.

Any changes to your building contract must be supported by clear and appropriate documentation. This documentation should outline the reason for the change or replacement, revised scope of works and any additional permits or approvals required. The home being built must remain substantially the same as specified in your original contract, and there must be a valid reason for any change.



Important: selecting different fixtures or fittings during construction that result in a higher build cost are generally not permitted unless the change is due to circumstances beyond your control.

Making changes to your building contract

You can make changes to your building contract if:

- the revised contract results in substantially the same home as originally planned
- the new build price remains fixed and the total price of your new home (land plus build costs) stays within the price cap for your area
- you provide at least 21 days' notice to Housing Australia before approving any changes
- the original construction timeframes are still met (unless Housing Australia approves reasonable variations), and
- your builder continues to deliver a fully completed home, certified as ready to live in.

If changes are required to your current contract or you need to enter into a new one, it's important to notify your Participating Lender and Housing Australia within the required notice period. This helps ensure your home remains eligible under Help to Buy and avoids delays in your journey to homeownership.

Replacement contracts

If you need to replace your original building contract, Help to Buy allows for this in certain circumstances.

You may be able to replace your contract if:

- Housing Australia agrees that the change is due to circumstances beyond your control, or that it's appropriate in your situation
- the new contract is for substantially the same home as originally planned
- the combined cost of the land and replacement contract (i.e. total price of your new home) stays within the price cap for your area.

If your builder becomes insolvent or you need to terminate your contract for another valid reason, please notify Housing Australia at least 21 days before ending the original contract, or as soon as possible if the termination was unexpected.

Keep in mind that the original construction timeframes still apply, unless Housing Australia approves an extension.

Managing construction cost variations

Sometimes, construction costs change. If your build goes over the original contract price, Help to Buy may be able to support you. However, there are a few things you should keep in mind:

- any increase in price must be covered by you or your Participating Lender, where possible
- the Commonwealth Government may contribute additional funds, but only up to the maximum 40% contribution limit
- any additional funds cannot be contributed if this brings the total price of your home above the purchase price cap for the area your property is located within – you may need to look at removing items that are not necessary to complete the build to manage and keep costs under the price cap
- if your loan increases to cover the variation, you may become liable for Lenders Mortgage Insurance (LMI).

To help manage this, you can set aside some savings as an optional buffer, in case your construction costs overrun. This optional buffer could cover the cost of overruns without requiring you to increase your loan or the Commonwealth Government's contribution. Speak with your Participating Lender for further guidance.

If extra funding is required to support cost variations or changes to the building contract, whether provided by you, your Participating Lender or the Commonwealth Government, this will require a change in the Commonwealth's Share percentage and therefore the equity you hold in your home. Housing Australia will provide a notice to you if there are any changes to the Commonwealth Share percentage.



Upon completion of your new home

Check the quality of work

You're responsible for making sure the construction meets your expectations. Conduct regular checks on your builder's workmanship or hire a qualified inspector to review the work before approving payments. If you notice poor-quality work or have a dispute, contact your Participating Lender immediately.

Your Participating Lender will likely require inspection of works during the build phase, at least at base stage and then at final stage, to confirm works have been completed.

Independent building inspection

Consider getting an inspection done on your completed home by an independent building inspector who can check that works are done to a satisfactory level and defects have been addressed during the warranty period.

Occupation certificate

Obtain the occupation certificate from your builder or from your state or local authority. Housing Australia will request a copy of this certificate shortly after the final progress payment has been completed.

Building insurance

When your home build is complete you will be required to purchase home building insurance to cover the replacement cost of your home.

You will be asked to provide your certificate of insurance – you must give this to your Participating Lender and to Housing Australia.



Who to contact during the building of your home?

Always notify your Participating Lender about progress payments or any changes to your build contract or home build. They will generally coordinate with Housing Australia for updates, including contract replacements, progress payment schedule changes, or cost variations.

Should you need to contact Housing Australia regarding your Help to Buy arrangement please send an email to helptobuysupport@housingaustralia.gov.au

Other online resources

There are comprehensive resources available and offered by your local or State authorities. Here are some examples (current as at print date of this guide):

National	Buy, build, renovate YourHome
NSW	Building or renovating a home NSW Government
Victoria	Building in Victoria Checklists and resources
Queensland	Building a home - Queensland Government
South Australia	SA.GOV.AU - Building new or buying an existing home
ACT	Build or renovate - ACT Government
Northern Territory	Building and renovating a home NT.GOV.AU
Western Australia	Building or renovating your home

Disclaimer

The information in this document about building a new home is intended as a general guide only and is not comprehensive. The information is not legal or financial advice. While reasonable steps have been taken to ensure that the information is correct, Housing Australia accepts no legal liability arising from or connected to, the accuracy, reliability, currency or completeness of the information.

Housing Australia recommends that you conduct your own research, consider your personal circumstances, and consult your local or State authorities for detailed information. Before signing a building contract, we strongly advise that you seek professional legal and/or financial advice to review the terms and conditions.



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