

# KiwiBuild Eligibility Criteria

## Applying for Eligibility

If you would like to purchase a KiwiBuild home, you need to complete a **KiwiBuild Eligibility Application** to confirm your eligibility.

This needs to be completed by everyone who will be purchasing the KiwiBuild home. This includes spouses, civil union partners or de-facto partners who will be named on the purchase agreement.

You can only be part of one application, whether that application is made on your own OR with other people. You cannot apply more than once, even if your second application is made with a different person.

Eligibility is not transferrable and there can be no additions, substitutions or changes to those listed on the application or any subsequent Sale and Purchase Agreement. If you wish to make any additions, substitutions or changes to the application, you will need to resubmit your application for approval.

One person will need to be identified as the Point of Contact for all communications relating to your application.

Purchasers must be at least 18 years old to be eligible to purchase a KiwiBuild home.

If you have dependents (such as children under 18) or intend to have flatmates, these people do not need to be named on your application.

To be considered eligible, everyone named on your application must be either:

- A. a **first home buyer** with no current or previous legal or beneficial interest in a home in New Zealand or overseas

OR

- B. a **previous home owner** with no current legal or beneficial interest in a home in New Zealand or overseas, who is deemed to be in the same financial position as someone who has never owned an interest in a home (a 'second chancer'). More information about what it means to be a 'second chancer' can be found on our website.

In addition, you must:

- be a New Zealand citizen, permanent resident, or a resident visa holder who is 'ordinarily resident in New Zealand'; or
- you must be applying with someone who meets the citizenship or residency requirements and you are married to or in a civil union or de facto partnership with that person; and
- have a total income before tax of no more than:
  - \$120,000 for a single applicant; or
  - \$180,000 where there is more than one applicant; and
- intend to own the home for at least three years from the settlement date of your purchase; and
- intend to live in the home as your main place of residence for at least three years from the settlement date of your purchase.

## Clarifications on Eligibility Requirements

### New Zealand citizenship or residency

To be eligible to buy a KiwiBuild home you must be a New Zealand citizen, a permanent resident, or a resident visa holder who is “ordinarily resident in New Zealand”. If you are applying with a spouse, civil union partner or de facto partner only one of you will need to meet these requirements.

Other visa types are not eligible, even if you normally reside in New Zealand.

### Income

The total income before tax (i.e. gross income) means the combined income of everyone named on the Application who will share ownership of the home. This includes anyone who will be named on the Sale and Purchase agreement, even if they are not contributing any money to pay for the home. It does not include the income of any children, flatmates or boarders who will live with you in the KiwiBuild home after you purchase it.

Income includes money from any source, such as wages, salary, overtime pay, pensions, rental income or investments.

- If you are on a salary, benefit or pension, you will need to provide proof of your income from the IRD for the past 12 months immediately prior to the date of application in order to determine your eligibility.
- If you do not earn any income at all, you will need to provide proof of no income from the IRD.
- Irregular and secondary sources of income are not considered part of your earnings and will not count towards the income cap. These might be:
  - secondary benefits, such as Accommodation Supplements
  - tax credits, such as Working for Families
  - certain types of investment income, such as KiwiSaver investments
  - non-taxable income, such as allowances and scholarships.
- If you are self-employed, you must provide your earnings documents for the most current tax year, including:
  - your personal IR3 statement
  - Notice of Assessment
  - Return Acknowledgement.

You must also provide up-to-date interims if the last financial year ended more than six months ago.

### Ownership and Occupancy

In order to be eligible to buy a KiwiBuild home, you must intend to own it for at least three years from the settlement date. You must also intend to live in it as your primary place of residence for at least three years from the settlement date. You may have other people live with you, either for free, as paid guests or flatmates, but you cannot completely rent out the property while you live somewhere else.

You will need to sign a statutory declaration to confirm that you agree to these requirements.

There may be situations where you will need to move or sell your house before the end of the three years. This might include a sudden change in your financial situation (such as losing your job), the need to move for a job, or an unexpected change in family circumstances. In these situations, you must seek prior approval from KiwiBuild to sell the KiwiBuild home before the three year period is complete.

If you sell or rent the KiwiBuild home within three years without KiwiBuild's prior consent, you will be under an obligation to pay the Crown. Before purchasing the KiwiBuild home, you will need to sign a deed enforceable by the Crown which states that you undertake to pay the Crown 30% of:

- any capital gain if you sell your KiwiBuild home within three years of signing the sales and purchase agreement without KiwiBuild's prior consent and/or
- any gross rental income if you rent out your KiwiBuild home without also living in it as your primary residence.

KiwiBuild will take measures to ensure that you comply with your obligations.

### **Legal or beneficial interest in a home**

To be eligible to purchase a KiwiBuild home, you cannot currently hold a legal or beneficial interest in a home. Generally, this means that you cannot be the registered owner of any home. However, even if you are not the registered owner, you will also be ineligible if the home is relationship property (as defined in the Property (Relationships) Act 1976) and you are in a relationship with the person who is the registered owner (e.g. you are married to, or in a civil union or de facto partnership with the person whose name is on the title to a home).

### **Trusts**

Applicants who have a legal or beneficial interest in a home by virtue of a trust (e.g. a family trust that owns the family home) may still be considered to be a first home buyer.

For example, if your parents established a family trust and the trust owns your parents' home, although you are likely to have a beneficial interest in the home under the terms of the family trust, that interest alone will not automatically prevent you from being an eligible KiwiBuild buyer.

You will be considered a first time home buyer if your beneficial interest is one of the following:

- **Discretionary beneficiary:** a beneficiary who is entitled to be considered for an entitlement under the trust, but whose entitlement is not automatic.
- **Contingent beneficiary:** a beneficiary whose entitlement to a benefit under the trust depends on an event (such as reaching a certain age) and that event hasn't happened yet.
- **Vested beneficiary:** a beneficiary who has already received their entitlement who does not reasonably expect to be able to occupy the home to the exclusion of the person who currently occupies the home as their principal place of residence until the death of the occupier or the death of the occupier's survivor.
- **Bare trustee:** a bare trustee holds assets and acts as directed by the beneficiaries, or has no beneficial interest in the trust property.

Any other beneficiary of a trust, where the trust owns a home, will not be eligible.

## Definitions

### Second chancers

If you are a previous home owner but you no longer own a home, you may still be eligible to buy a KiwiBuild home. You must meet all other criteria and the combined total of your New Zealand and Overseas realisable assets cannot add up to more than:

- \$120,000 for all applicants who are buying a KiwiBuild home in Auckland or Queenstown Lakes District;
- \$100,000 for applicants who are buying a KiwiBuild home in Hamilton City, Tauranga City, Western Bay of Plenty District, Kapiti Coast District, Porirua City, Upper Hutt City, Hutt City, Wellington City, Nelson City, Tasman District, Waimakariri District, Christchurch City, or Selwyn District; and
- \$80,000 for applicants who are buying a KiwiBuild home in the rest of New Zealand.

Realisable assets are belongings that you can sell to help buy a home. The following are considered to be realisable assets:

- vacant land or property
- money in bank accounts (including fixed and term deposits)
- shares, stocks and bonds
- investments in banks or financial institutions
- building society shares
- boat or caravan (if the value is over \$5,000)
- other vehicles (such as classic vehicles not being used as your usual method of transport)
- other individual assets valued over \$5,000.

Your KiwiSaver funds do not count as realisable assets, even if you want to use that money to help purchase your KiwiBuild home.

### Ordinarily Resident in New Zealand

If you are a resident visa holder, you are considered to be “ordinarily resident in New Zealand” if you:

- have been living in New Zealand for at least the past 12 months; and
- have been in New Zealand for at least 183 days in total in the past 12 months; and
- are a tax resident in New Zealand, meaning that you meet the criteria above and you have a long-term connection to New Zealand (e.g. you have work or family ties to the country).