

Responses to supplementary questions – Mr Michael Regan

Question

1. At the hearing, you noted that the house-price caps in the Federal and state shared equity schemes were too restrictive for essential workers living in the Northern Beaches (uncorrected transcript, p 29). What eligibility and/or price criteria would be required to ensure Northern Beaches based essential workers can access shared equity schemes?

Answer

The point I was making was that the previous state government scheme – the NSW Shared Equity Home Buyer Helper Scheme – Salary caps were approx. \$125k for couples and \$95k for singles. The maximum property price was \$950,000. You could count on one hand how many properties are in that range and how many people earn that. This made it very difficult for people in areas like the Northern Beaches to qualify.

Property price eligibility needs to reflect the market prices on the Northern Beaches. Median house price is \$2.6m, median unit price is \$1.5m. Income eligibility needs to reflect single or dual income essential worker salaries, which are included below.

Occupation	Annual income		
	Minimum	Maximum	Average
Public school teacher	\$85,000	\$129,948	\$107,474
Early childhood educator	\$60,000	\$70,000	\$63,000
Bus driver (Keolis Downer and CDC)	\$70,000	\$105,000	\$87,500
Nurse (HealthScope Northern Beaches Hospital)	\$75,000	\$95,000	\$79,999
Paramedic	\$69,102	\$107,075	\$88,089
Police officer	\$81,517	\$92,281	\$86,899
Cleaner	\$55,000	\$65,000	\$55,000

My opinion is to create a new model. Scrap any salary cap. Replace it with a new model with a set of basic standards. That are reflective of the local situation. Example:

- Northern Beaches has a shortage of teachers, police and bus drivers. Can be easily measured via the vacancies. All the wages vary within these professions. Hence get rid of salary cap being a qualification. That way a first year teacher or a teacher of 20 years for example, could be considered for a property.
- A local panel such as a community board perhaps run out of the local Council, on behalf of the State govt (think Local Traffic Committee) would determine the applications based on the assessment criteria set by the State. A committee could have as an example, State rep from

Homes NSW; Council staffer (economic development officer); Mayor or delegate; Local Housing provider (Link, Bridge etc)

- The Government could own up to a maximum of 70% of the property. Remember the example I gave of a unit at Frenchs Forest is expected to cost \$1.2 million and up to \$2.5 million or higher.

Shared equity needs less rules to ensure more people qualify. Simple. And that the right people are targeted – ie local vacancies such as teachers and bus drivers, Police and nurses. So that would be determined by figures supplied by the State, or locally via the key services directly (which can be verified by the State Depts). I know how many teacher vacancies there are locally as I do re Drivers and Police. So no excuses.

I am not a fan of rent - even if capped to 30% of ones wage. I think being able to have equity into a property you live in gives you security, helps you build wealth for the future, flexibility to move when you need to, live and work in the area, and build community. So many positives.

I would welcome the opportunity to have this recommended as part of the new Frenchs Forest high school site adjacent the Hospital. So much opportunity. The old ways don't work. And the shared equity is a great model to help turn around the crisis that the current models have created. It also in a way creates a new public housing model as the govt will have an active financial stake in it, and shared with a key worker. We need to view public housing differently as it once was. Shared equity does that.

