



STANDING COMMITTEE ON PLANNING, TRANSPORT AND CITY SERVICES  
Jo Clay MLA (Chair), Suzanne Orr MLA (Deputy), Mark Parton MLA

**Inquiry into Annual and Financial Reports 2020-2021**  
**ANSWER TO QUESTION ON NOTICE**

Asked by Mark Parton MLA

Ref: Annual Report Hearing Affordable Home Purchase Thresholds – EPSDD- SLA

In relation to: The current threshold for affordable home purchases

1. Can you please provide the specific calculation to reach the affordable home purchase thresholds for 2017-18, 2018-19, 2019-20 and 2020-21;
2. Can you please advise why the price did not increase during 2017-18, 2018-19, 2019-20;
3. What caused the price increase in 2020-21;
4. What methodology was used to arrive at the 1.7% increase?

Minister Berry: The answer to the Member's question is as follows:–

1. The price thresholds are based on the Australian Bureau of Statistics definition of housing affordability for the target cohort of income quintile two, that is, homes are assessed to be affordable when the household spends no more than 30 per cent of their gross income on mortgage payments (including both interest and capital repayments). The methodology used to calculate what is affordable is based on mortgage payments at the standard monthly variable interest rate series published by the Reserve Bank of Australia, averaged over the year; assuming a ten per cent deposit on the full purchase price; and repayments over a 25-year loan contract.

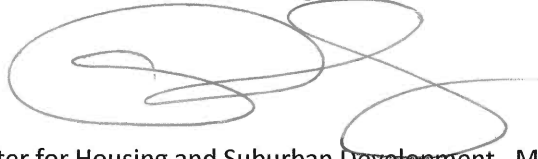
In 2017, the ACT Government agreed to introduce new sale price thresholds for dedicated affordable home purchase properties. The new thresholds took effect from 2017-18 and were determined by re-basing the 2016-17 thresholds factoring in current household incomes, market conditions and to provide a reasonable range of housing products for the majority of the second income quintile while also maintaining the overall definition of affordability for income quintile two as outlined above.

2. The price thresholds are generally indexed each year based on the Wage Price Index (WPI), unless circumstances arise where an increase is not recommended. For example, the price thresholds were not increased from 2019-20 to 2020-21 as an affordable housing measure, to provide assistance to low to moderate income households during the public health emergency.

3. The price thresholds were increased from 2020-21 to 2021-22 based on the WPI of 1.7 per cent for the June quarter 2021.
4. Refer to the answer to question three.

Approved for circulation to the Standing Committee on Planning, Transport and City Services

Signature:



Date: 11/04/22

By the Minister for Housing and Suburban Development, Minister Berry MLA