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## **Submission to the Productivity Commission into First Home Ownership**

Dear Commissioners

The problems with home affordability are not just limited to first homebuyers, but to a growing and larger section of our population.

What I would like to propose is that homebuyers be allowed to have their mortgage repayments deducted direct from their salary before tax.

The benefits of this would be substantial to all parties and the cost to the government minimal. The government could put in place any restrictions such as salary cap or a limit on the value of a property. The salary cap would work best it would give a ceiling on how much can be borrowed which in turn would control the price and reduce the risk of inflating home values.

The banks would be better protected from bad debts, the homebuyer would be receiving a tax break and their repayments would be guaranteed this would relieve a lot of stress for many buyers.

If the banks are protected from these bad debts that must form some savings to them, these savings could then be passed on in lower fees or help to keep interests rates down or at least stable.

The cost to the government would be offset not only now but also more importantly in the future.

For now this proposal would allow more people into the market and would not push prices up because of the ceiling on income would govern the amount that people could borrow.

Naturally as our population gets older the strain on government resources increases, especially in the area of housing, so the more people that own there own home the less reliance on government help in the future.

The main idea is to actually **own** your own home, not just buy a house. The more protection people have in making their repayments the better off they will be.

The First Home Owners Grant now and in the past really all it has done in many cases is put people into homes that either they can't afford or it has pushed prices up.

If you consult with any of the banks or mortgage consultants you find that there are a very large number of people right on the edge, if the interest rates rise 1 or 2 % it could spell the ruin of many that have got into the housing market with very little of there own money so there borrowings are very high.

I firmly believe that we need to protect our future, when rates do rise the last thing we need is to see many people loose their homes the only way you can safe guard this is to assure that their repayments are made, As you can see this proposal is not just related to first homebuyers but to all homebuyers.

There is no easy or quick fix to this problem, the problem it self is complicated and varies from state to state and from individual to individual but as with any problem it is much better to and more cost effective to be proactive rather than reactive.

I thank you for your time and consideration and wish you well with your endeavours

Regards

Steve Ellis