



Roads to the big dream

First-home buyers are finding shrewd ways to get a mortgage writes Mercedes Maguire.

WHEN the going gets tough, it's time to get creative. Even after eight interest rate rises in three years and with housing affordability close to an all-time low, young Australians are keener than ever to own their own home – and are finding canny ways to do it.

Finance for owner-occupied housing rose 1.7 per cent in January, according to the Australian Bureau of Statistics, while Wizard Home Loans reports first-home buyer intentions to enter the market before mid-year increased by 70 per cent nationally.

To beat problems with affordability, some first-home buyers invest with friends, others get help from mum and dad. When all else fails they are moving out of Sydney in order to own their own patch.

Jeremy Levitt of PodProperty, a company that facilitates co-ownership agreements, says such products are increasingly popular. "Every interest rate rise spikes interest in co-ownership agreements," Levitt says. "People are looking for practical solutions to enter the housing market."

Your Place spoke to three groups who have sought interesting ways to become property owners.

CO-OWNERSHIP AGREEMENT

LIKE many young people, Josh Murphy was no stranger to share housing, but he never imagined buying his first home would be much the same. Unable to afford an inner-city home on his own, the 25-year-old journalist joined forces with his mate, Matt Fraser, 35, to buy a Surry Hills apartment. The work friends essentially split their mortgage down the middle.

Co-ownership agreements basically allows two or more unrelated parties to pool their resources to buy a home they would not normally be able to afford.

"It's like share housing but we are paying off our mortgage instead of the rent," Murphy says. "The bank issues the whole mortgage but we are each responsible for half of it."

Murphy says the pair sat down and discussed all the issues involved before they entered into any agreement.

"It's a huge trust thing; you have to be really confident you can trust the person you are doing this with because if they miss a payment it affects you and vice versa,"

Murphy says. "It's all in the contract about what happens if one of us wants to leave or sell. But we have agreed to stay for at least three years."

The pair moved into their \$470,000 two-bedroom apartment in December last year and so far everything is going to plan. In fact, Murphy says he is only paying an extra \$70 a week than when he was renting with friends in Pyrmont.

"If you can find the right person to invest with, it's the perfect solution," he says. "There's no way I could have afforded a place like this on my own."

HEAD FOR THE HILLS

ANDREW Gelao and April Bernard searched for a home in Sydney's inner west for close to a year before realising they could not afford to buy anything bigger than a unit. Disillusioned with the housing market they began to look at homes in the Blue Mountains and were surprised at the value for money they found in Katoomba.

"We had a budget of around \$500,000 and



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we couldn't find anything suitable in the inner west and inner city, where we wanted to live," Gelao says. "We were looking mostly at units but with a little baby [15-month-old Jackson] we didn't want to settle somewhere so small.

"We had rented in Katoomba once before and had really liked it, so we eventually looked there.

"We instantly saw how much further our money went – we were looking at four-bedroom houses with amazing views for less money than a small unit in Camperdown. There was no comparison."

Aided by Gelao's father, the couple bought a three-bedroom house with a sunroom and paved backyard for \$490,000.

Their new home is only a two-minute walk from the centre of Katoomba and 10 minutes from the world-famous Three Sisters look-out and Jamison Valley views.

A sound and video producer for online music channel Virtual Live Australia, Gelao likens the main street of Katoomba to a mini Newtown with a great mix of cafes and restaurants, a lively arts community and several live music venues.

Gelao and Bernard, who has just launched a children's organic clothing range called

Lil Bean, are both able to partly work from home so distance is not an issue for them. "The biggest change is that we are now living on the outskirts of Sydney rather than in it but it's a better lifestyle," he says. "With road upgrades and the M4 we are really not that far from Sydney."

Their agent, Anthony Turnbull of Ray White Leura, says the Blue Mountains offer great bargains for retirees, first-home buyers and young families. "The area signifies much better value for money when compared to Sydney so we often get people coming up here to buy a home."

WITH PARENTAL HELP

MAUREEN and Dino Pelaez bought their first home four years ago with the help of Maureen's parents, who signed on as guarantors on the three-bedroom Blacktown townhouse.

The Pelaezes recently refinanced after Maureen discovered a home loan that allowed her parents to guarantee only 40 per cent of the loan.

Aussie Home Loan's popular Family Advantage loan eliminates the risk of Maureen's parents losing their Kellyville home in the event of a default as often happened with old-style "guarantor" loans. In effect, it allows Maureen's parents to commit to a pre-set mortgage amount, in this case 40 per cent of the mortgage, without placing their own homes and other assets at risk.

"When they originally helped us by going guarantors on the whole mortgage, they were scared because they stood to lose their home, but they didn't tell us back then," says Maureen, a 26-year-old personal assistant. "Now they are a lot more comfortable with the new mortgage because that risk is gone."

The couple claim they could not have afforded to enter the property market without the help of her parents. Now the young couple have a secure foothold in the Sydney housing market and have something to leave their daughter, Ava, who is just about to turn two.

They have doubly made sure of securing their property by leasing it out and adding the rental income they receive to their mortgage repayments and thus reducing their loan – and her parents' liability – even faster.

"It's hard out there at the moment and we were lucky that we have my parents to help us," Maureen says. "Our home has lost value by quite a bit but it's still ours and we are glad to be home owners."



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Moving up:
Andrew Gelao and
April Bernard,
with son Jack
(above), gave up
on hunting for
property in
Sydney and chose
Katoomba with it's
views (top) and
cafe strip (right)
*Pictures Simon
Bullard*





Half price: Josh Murphy and Matt Fraser (left) in their jointly owned apartment in Surry Hills where the fashion trade (below) goes hand in hand with a trendy lifestyle (right)
Picture Anthony Reginato





Helping hand: Dino and Maureen Palaez, with daughter Ava (left), bought their home with security supplied by Maureen's parents. They chose Blacktown for its lifestyle and family friendliness

Picture Warren Clarke

