

For immediate release  
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## SA housing model leading the way

Addressing the Senate Inquiry on Affordable Housing today, HomeStart CEO John Oliver has suggested that the state lender be replicated nationwide as a way of improving access to affordable home finance.

“Whenever I or my colleagues are interstate introducing HomeStart amongst industry partners, they always ask, why don’t we have a HomeStart too?”

“The housing debate often focuses on supply and demand but our experience has shown that access to finance is just as important.”

One of the ideas presented in HomeStart’s submission to the Inquiry is for first home buyers to access superannuation savings to contribute to the deposit for their new home.

“A typical HomeStart household purchasing a \$300,000 property needs a minimum \$9,000 deposit plus \$11,330 in stamp duty. That is a major challenge in savings for households still renting.

“We are aware of the Canadian Home Buyers Plan which allows borrowers to use up to \$25,000 of their superannuation for a deposit and then repay the funds later,” he said.

Mr Oliver gave an example for a person earning around \$40,000 per year with minimum contributions to super could expect to have over \$20,000 after five years. He also highlighted that many people’s goals for retirement include having enough superannuation to live comfortably while also owning their own home.

“It is ironic that a household in difficulty with their mortgage has the option to access superannuation to clear arrears, whereas a household in otherwise good financial condition cannot temporarily access their super for a deposit.”

Differing from traditional banks, HomeStart accepts lower deposits, considers a wider range of income sources for loan servicing and provides alternatives for paying Lender’s Mortgage Insurance.

“What HomeStart has shown over the last 25 years is that our model works very well in addressing housing affordability. Other states could readily replicate the HomeStart model as a revenue-positive way of delivering affordable home ownership assistance,” said Mr Oliver.

The South Australian government established HomeStart in 1989 to help more people into home ownership. Close to 65,000 households have now achieved their home ownership aspirations, generating over \$400 million in returns to government.

“Lifting home ownership rates not only boosts the economy but also has a social impact on the stability of families and the educational and health outcomes of children,” Mr Oliver said.

*HomeStart makes home ownership a reality for more South Australians in more ways. We are a statutory authority that reports to the Minister for Housing and Urban Development. We were created in 1989 and since then have helped over 64,800 households into home ownership.*

## Media release

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“The sort of people we help are those who have trouble saving full deposit and costs, perhaps have borrowing power or affordability issues but are otherwise in our experience, a good credit risk.

“We address their challenges through the loan products we offer by providing subsidised loans to help lift borrowing power, or providing lower deposit loans to specific customer groups who meet our credit criteria.

“Notwithstanding our customer group’s general lack of access to loans from a bank, HomeStart’s underlying belief is that many of these people deserve a hand up, rather than just a hand out, and we give them the chance to ‘prove’ themselves as a good credit risk.

“This means that after a few years repaying their loan with HomeStart, they are in a better position to refinance with a bank that may have a better interest rate and go on their way.”

Another idea for exploration within HomeStart’s submission was a repayment scheme to help first home buyers meet their stamp duty costs, similar to the HECS-HELP scheme for university fees.

The results of the Inquiry into Affordable Housing will be released in November 2014.

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