

For immediate release
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South Australian model leads response to national housing crisis

Strong 2014-15 financial performance from South Australian lender HomeStart Finance has added further weight to the case for government-assisted finance models to lead the response to the nation's growing housing affordability crisis.

The State Government backed lender - one of only two in Australia - recorded a before tax profit of \$15.6 million and a return on equity of 9.09%. It also returned a financial contribution to the South Australian Government of \$40.7 million, with a 23.8% return on investment for the State.

Celebrating its 25th year of operation, the organisation helped more than 1360 South Australians into the housing market, with almost half of them being first homebuyers. In total, it takes the number of people it has helped into home ownership in its 25 years to more than 66,000.

Chair of HomeStart Finance, Jim Kouts, said the organisation's success had positioned South Australia as a national leader and demonstrated the long-term role Federal or State governments could play in the affordability crisis.

"Remarkably, more than 85% of our customers would have been unable to get a loan from a mainstream lender at the time of application," he said.

"Yet in 25 years, we've assisted one in eight South Australian first homebuyers into the market and once they achieve this foothold, they go on to establish equity and continue to move along the housing continuum.

"HomeStart isn't designed to compete with the private finance market. We exist to get homebuyers started sooner and once equity has been built, move along the housing continuum to home ownership financed by a mainstream lender."

Chief Executive Officer of HomeStart Finance, John Oliver, said key highlights for HomeStart in the 2014-15 year included the relaunch of the organisation's graduate loan, which resulted in a 58% increase in the number of loans being taken, as well as the launch of a new lending office in Adelaide's southern suburbs.

He said it also strengthened its retail network through partnership with two new aggregator groups providing access to 90 additional brokers.

"We measure our success in the number of people we assist into home ownership and this year we've helped more than 1300 families achieve that dream," John 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 66,000 households into home ownership.

Media release



“The number of homebuyers seeking our products is clear proof that there is a role for government in providing better access to finance for homebuyers.”

“The success of HomeStart provides a readymade roadmap for governments to create the vehicle, and solve one of Australia’s growing social issues.”

HomeStart assists homebuyers into ownership through a range of innovative products and loan terms, including low deposit loans from 3% deposit, low upfront costs with an alternative to lenders mortgage insurance and accepting unconventional income sources, such as Centrelink benefits.

In its 25 years, HomeStart has been profitable every year and returned more than \$456 million to the State Government.

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