

For immediate release
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HomeStart's strong result opens doors for more SA homebuyers

HomeStart Finance will undertake a push to make its innovative products accessible to more South Australian homebuyers on the back of solid financial performance in 2013-14.

HomeStart's Chair Jim Kouts, who took up the position in December, 2013, said that despite a subdued property market and restrained levels of consumer confidence, HomeStart had delivered a profit before tax of \$17 million, up from \$16.4 million last year, and a return on equity of 10.21%.

"Other key highlights included making a record financial contribution to the South Australian Government of more than \$40 million for 2013-14 and seeing the number of households it has helped into home ownership in 25 years pass the 65,000 milestone," Mr Kouts said.

HomeStart Chief Executive John Oliver said the results provided a strong platform to support the organisation's plans to increase the accessibility of its innovative home loans, enabling more homebuyers to own their home sooner.

This would include greater investment in the broker channel with a view to originating 50% of new lending through mortgage brokers by 2016 and expanding its physical access points.

"Our role in South Australia's housing landscape is becoming increasingly important with first homebuyers finding it as hard as ever to get a foot in the door to home ownership," Mr Oliver said.

"Helping first homebuyers has always been an important part of our business but we are for anyone wanting to buy a home and we're able to get people started sooner than many of the banks.

"We've seen steadily increasing demand, particularly through the broker network, for our innovative products which are designed to overcome many of the barriers first homebuyers face, including our low deposit loans where homebuyers can get started with as little as 3% deposit.

"In the past 12 months, business generated through brokers accounted for 30% of our new lending, up 21% on the previous year and reflecting the significant investment we have made in this channel."

Mr Oliver said part of that investment had been the introduction of Tracker, which enables brokers to lodge and track loan applications electronically.

"Brokers provide us with a cost effective channel to broaden our geographical footprint and we have invested in this channel in the past 12 months to ensure we are a strong partner," he 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 63,000 households into home ownership.

“We have a unique position in the market in that we accept lower deposits, have an innovative product range, recognise non-employment income and offer a higher loan to value ratio than most other lenders.

“This provides brokers with a strong alternative solution for customers who are struggling to meet the financial requirements of mainstream lenders, but don’t want to give up on their home ownership dream.”

The past 12 months also saw the launch of a new loan system, Lendfast, which represented HomeStart’s largest ever investment in Information Technology and will help cut loan file touch time by at least 50% once fully operational.

Mr Oliver said the organisation would celebrate its 25th year in 2014-15 and its objective of helping more people own a home sooner was as strong as ever.

“Ultimately, we measure our success by the number of people we help get a foot in the door to home ownership,” he said.

“In the past 12 months, we’ve helped more than 1,300 households achieve that goal taking the total number of families we’ve helped realise home ownership past 65,000. More than 80% of these wouldn’t have been able to source finance through a mainstream lender, so it highlights the important role we play.”

Results at a glance

Key Performance Indicators	2013- 2014	2012-13
Total number of new households helped into home ownership	1,344	1,297
Total number of households helped into homeownership since HomeStart’s inception (cumulative) * More than 65,000 after 25 years of operation in Sept 2014	64,850*	63,553
Financial contributions to the state government (\$m)	41.3	38.9
Return on equity (%)	10.21	10.26
Profit before tax (\$m)	17	16.4
Lending portfolio (\$m)	1,906	1,960

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