

For immediate release  
Friday, 2 September 2016

## **Government backed home loans hold the key to housing affordability crisis**

The housing affordability crisis plaguing Australia, particularly the eastern states, could be solved through the broader implementation of government backed home loan programs, according to the Chief Executive Officer of one of only two state-owned home loan organisations.

John Oliver, Chief Executive Officer of South Australia's HomeStart Finance, has called on either the Federal or State Governments to consider replicating successful government-owned home loan models already in operation in South Australia and Western Australia to ease the burden for young home buyers.

The call comes on the back of figures released this week showing the two states where government backed home loan programs are in place – South Australia and Western Australia – have the highest owner occupier rates in the nation.

The figures were released as part of the [HILDA survey by the Melbourne Institute](#), and showed that fewer than half of Australians would own a home by next year.

Mr Oliver said HomeStart Finance has assisted 1 in 8 first home buyers into home ownership in South Australia in the last 27 years, and in the last 12 months, it has seen a 20% rise in home loans, with almost 50% of loans being to first home buyers.

It has also returned more than \$500 million in dividends to the South Australian Government in its 27 years of operation.

“Since HomeStart was established in 1989, it has helped almost 70,000 South Australians into ownership,” he said.

“Many of these households wouldn't have been in a position to obtain finance from a mainstream home loan provider at the time of buying a home. Whether through a lack of savings to put towards upfront costs such as the deposit, or not being able to borrow a sufficient amount of money, HomeStart has been able to offer solutions to these barriers.

“This ensures there is a healthy home buyer cycle has a good balance of first home buyers and ‘upgraders’, who transition from their first home to their next home within a few years, clearing a pathway for first home buyers to enter the market. In many Australian markets, this home buyer cycle is broken.

“HomeStart fills a space in the market that isn't being addressed by mainstream lenders, who have in place lending criteria targeted at a very specific segment of the market.

Mr Oliver said in many Australian markets, home buyers are struggling not only with market forces, such a rising house prices, but also overcoming the finance hurdles involved in buying a home.

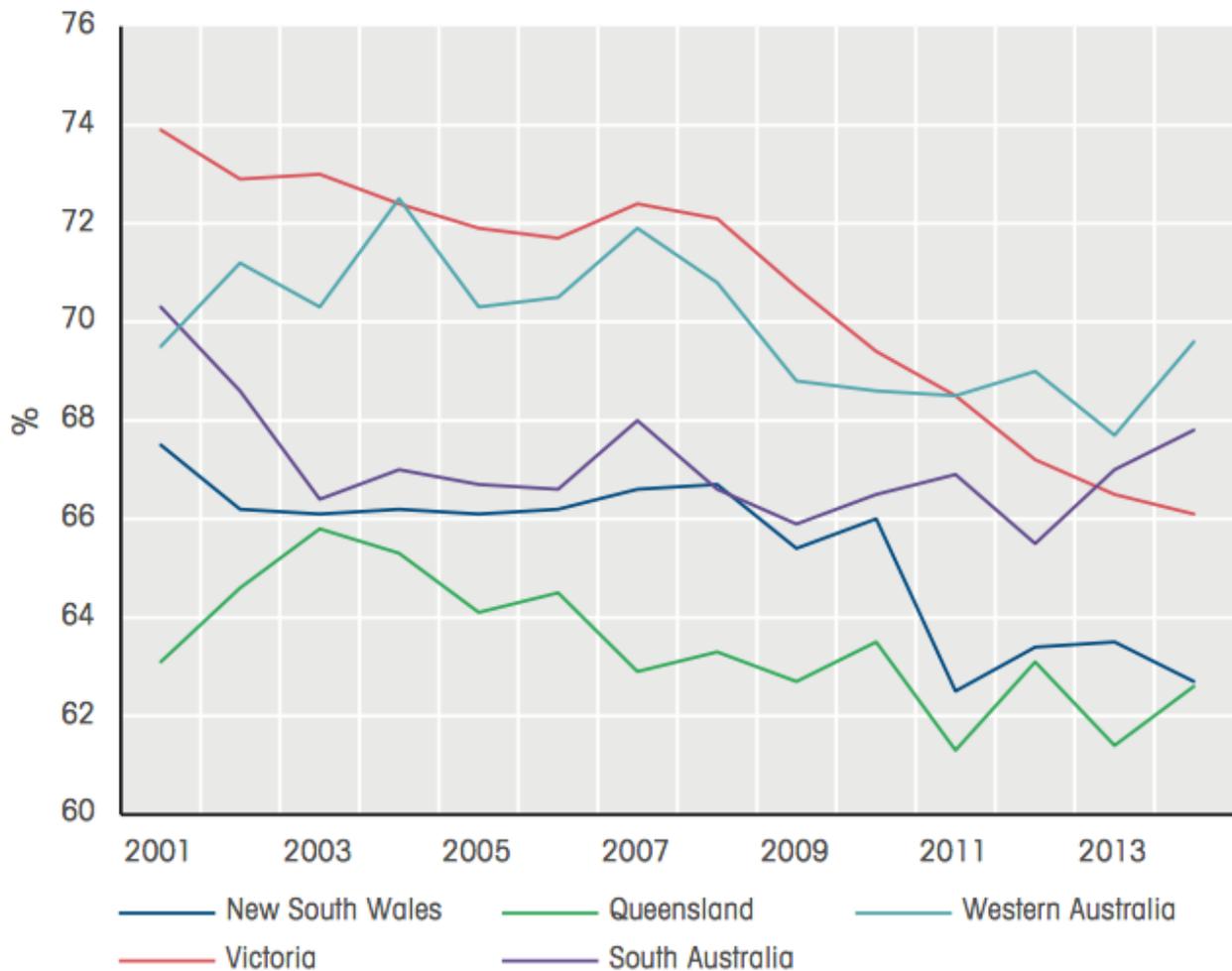
*HomeStart makes home ownership a reality for more South Australians in more ways. We are a statutory authority that reports to the Minister for Housing and Urban Development. We were created in 1989 and since then have helped over 66,000 households into home ownership.*

“The upfront costs of buying a home, such as the deposit and other taxes and fees, are significant and can run into many tens of thousands of dollars,” he said.

“For young home buyers on moderate incomes, overcoming these barriers can be extremely difficult particularly if they are renting. Government backed home loans have the ability to bridge the divide between income, savings and the rising costs of housing.”

Figures from the [HILDA survey by the Melbourne Institute](#)

**Figure 6.1: Proportion of households that are home-owner households, by state**



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.