

For immediate release  
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## Strong results reinforce HomeStart's value in tough housing market

Challenging market conditions for home buyers have led to South Australian Government backed lender HomeStart Finance delivering its strongest performance in a decade, with a 18% rise in lending and a net profit of \$17 million.

The organisation also delivered its largest ever annual contribution to the South Australian Government of \$59.8 million, including a \$20 million special dividend, taking the total contribution to Government since inception (in 1989) to more than \$500 million.

During the year, HomeStart helped 1599 South Australian households into home ownership, up from 1360 last year, with almost half (47% ) of its customers being first home buyers and 88% unlikely to secure finance from a mainstream lender at the time of application.

Key figures include:

- Net profit of \$17 million (up by approximately 10% on 2014-15)
- Helped 1599 households into ownership, including 753 first home buyers (up by 18%)
- \$393 million in lending in 2015-16, up by almost 25% on the \$311 million funded in 2014-15
- Return on equity of 10.29%
- Return on invested capital to the State of 36%
- More than 88% of HomeStart's customers would have been unable to secure lending from a mainstream lender at the time of application.

The results have been delivered against a backdrop of a Government commissioned scoping study of HomeStart Finance with a view to commercialising part of its loan book.

HomeStart Chief Executive Officer John Oliver said the results were a clear demonstration of the important role HomeStart Finance plays in the South Australian housing market.

“Recent years have been some of the toughest in decades for home buyers, with rising house prices and tighter lending practices from many financial institutions making it more difficult for home buyers to break into the market,” he said.

“The results clearly highlight that there is an important role for a low deposit lender like HomeStart, which offers options specifically designed to overcome the barriers to home ownership, including our shared equity product, which enables home buyers to borrow up to 30% more, and a loan specifically designed to help graduates into home ownership.

*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 67,000 households into home ownership.*

“The vast majority of home buyers we assist have good incomes and can afford to make home loan repayments, but are being prevented from entering the market because of factors such as not having enough money to meet the upfront costs of a home loan.

“Our success in the last 12 months reinforces that not only are home buyers finding it difficult to break into the market, but also that HomeStart fills a very important gap.”

Chair of HomeStart Finance, Jim Kouts said the results demonstrated the role a HomeStart-style model could play in solving the housing affordability puzzle at a national level.

Recent figures released as part of the [HILDA survey by the Melbourne Institute](#) showed 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.

“It’s interesting that HomeStart’s proven model of success hasn’t been adopted by other governments as part of the solution to declining first home buyer numbers and the challenges associated with housing affordability,” he said.

“Since HomeStart was established in 1989, we have helped more than 67,000 South Australians into ownership, while maintaining very strong performance in terms of credit quality and arrears management.

“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.

“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.”

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