

For  
the  
Future

First homes

South  
Australian  
**Labor**





#### Acknowledgment of country.

We acknowledge and respect the Traditional Custodians whose ancestral lands we live and work upon and we pay our respects to their Elders past and present. We acknowledge and respect their deep spiritual connection and the relationship that Aboriginal and Torres Strait Islander people have to Country. We also pay our respects to the cultural authority of Aboriginal and Torres Strait Islander people and their nations in South Australia, as well as those across Australia.

# Foreword

House price inflation is far outstripping wage inflation making homes increasingly unaffordable for first time buyers.

For example, in March 2006 average earnings were \$50,507 p.a. and the average house price in metropolitan Adelaide was \$280,000.

According to the most recent statistics average earnings gained just over \$30,000 to be \$82,752 p.a., an increase of 61%.

Meanwhile the average price of a house in metropolitan Adelaide had more than doubled to \$593,883.

House price inflation shows no sign of easing while the Federal Government has warned that real wages growth is unlikely for some time, so that gap is only set to widen further. While mortgage rates are currently being offered at record lows, historic trends would suggest they are unlikely to be maintained at these levels.

One of the toughest challenges for people setting out to get on the property ladder is saving for a deposit large enough to be accepted by a lender while also paying high rents.

It has never been more challenging for first home buyers to enter the market.

While rising property values have been great news for homeowners, so many South Australians have

seen their dream of home ownership slipping away. Not every first homebuyer can rely on the bank of mum and dad.

I have a plan to help more first home buyers enter the market, while also providing support for the construction sector. A Labor Government will make it easier for more first homebuyers to get into homes through a new Government-backed low interest deposit Homestart product.

If more South Australians can enter the property market now, it sets them up for the future.



Peter Malinauskas MP  
SA Labor Leader



# GETTING A STEP UP

# ON THE PROPERTY LADDER

## We recognise the challenge many people face in getting on to the property ladder.

House prices are rising at rates not seen for many years.

Over the past year they increased by 25.8% alone.

According to CoreLogic's national Home Value index the median price of an Adelaide home is \$593,883, while average wage in Adelaide is \$82,752.

That's means an average house price is now more than seven times the average wage.

Homebuyers are also often trapped in a cycle of increasing private rents, thus limiting their ability to save deposits to buy their own home.

A Malinauskas Labor Government will introduce a specific home loan product for first home buyers to help them enter the market, while also supporting the construction of new homes in South Australia.

In an increasingly competitive housing market, Labor will work with Government-backed lender HomeStart to develop a low-deposit home loan specifically tailored for first home buyers.

The loans would only require a 3 per cent deposit.

To be eligible, first homebuyers must be South Australian residents and purchasing a newly-constructed home or building a new home, and must satisfy existing HomeStart lending criteria, including income, credit rating and repayment capacity.

**While Homestart currently offers a range of loan products with reduced deposits, none are tailored towards first homebuyers building a new home and that require only a 3 per cent deposit.**

Existing lending and eligibility criteria for Homestart products will apply to this loan.

These first home buyers will also be entitled to the existing First Home Buyer grant of up to \$15,000.

This initiative will also provide additional support for the local construction industry.

The federal Homebuilder scheme has seen a huge "pull-forward" of building activity into 2020- 21 and 2021-22.

The Department of Treasury and Finance expect a corresponding slump in the following two years in the number of first homebuyers.

Homestart does not charge borrowers lenders mortgage insurance for low deposit loans.

Existing Homestart low-deposit home loans include:

### Graduate Loan:

- ▶ 3% deposit only available for existing homes;
- ▶ 6% deposit to build a new home
- ▶ Requires Certificate III/IV or above in tertiary qualifications

### Low Deposit Loan:

- ▶ 3% deposit available only for existing homes.
- ▶ Not available for building



#### Homestart Home loan:

- ▶ 5% deposit only available for existing homes
- ▶ 8% deposit to build a new home

Eligible first homebuyers would also be eligible for Homestart's Starter Loan, a secondary loan of \$10,000 in addition to the principal loan to help cover up-front costs with building a new home. It requires no repayment and no interest is charged for five years.

Borrowers must earn less than \$65,000 per year (\$90,000 for couples) to qualify for Homestart's Starter Loan.

The policy is cost-neutral to the state budget.

Additional loans would generate additional stamp duty, nearly all of which is paid out in additional first homebuyer grants to buyers.

Net revenue to Government will be provided back to Homestart to provision for any additional costs incurred in producing, advertising and managing the loan products.

Currently, Homestart has approximately \$200m available within its existing lending limits, with loan discharges of \$20m-\$30m a month.

