

STATE BUDGET

2019-20

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Housing stimulus package to boost construction industry, grow local jobs and help more South Australians break into property market

The Marshall Liberal Government has announced a sweeping \$104.5 million housing stimulus package in the 2019-20 State Budget that will grow local jobs, support the local construction industry and assist more South Australians, particularly first-home buyers, break into the property market.

The centerpiece of the Government's stimulus package is \$21.4 million for the South Australian Housing Authority to undertake a housing construction program in 2019-20 and 2020-21 to build about 90 new homes, of which the majority will be sold as affordable housing. This will provide a steady pipeline of building (and other trades) work over the next two years across the state.

The Government's housing package also includes:

- \$21.1 million for a preventative maintenance and upgrade program in 2019-20 by the South Australian Housing Authority to improve up to 450 ageing Housing SA homes, including upgrading walk-up flats; and
- The creation of a new time-limited interest-free deposit gap loan of up to \$10,000 for five years, funded via a new Affordable Housing Fund to be administered by HomeStart Finance for low-income borrowers, to help cover upfront 'costs' of buying a home, such as the deposit, fees and charges. The scheme, which will be available for two years, is expected to assist up to 200 homebuyers.

In total, up to 170 new homes will be created and about 290 households will have been assisted in some way by the stimulus package.

Treasurer Rob Lucas said the Government was delighted to be able to help provide a 'significant and immediate boost' for the local housing industry, which had suffered in recent times from a modest softening in the market and several local building companies recently entering receivership.

"This is a deliberate and targeted response to the well-documented challenges faced by the local construction industry and the many South Australians who may be finding it difficult to break into the housing market," said Mr Lucas.

"Notwithstanding a relatively strong pipeline of residential construction work remaining for the short-to-medium term, dwelling approvals have declined by 18% over the past 12 months and the sector is becoming increasingly concerned about the future.

"This will also help ensure the great Australian dream of home ownership is a reality for more South Australians."

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Minister for Human Services Michelle Lensink said about 60 per cent of South Australian households are on low-to-moderate incomes and many hardworking people want to enter the housing market but simply can't afford it.

"Affordable housing is important to our state's economy, in terms of attracting and retaining people to live and work in South Australia," said Minister Lensink.

"Affordable housing also gives people the stability they need to participate in the community, and so underpins the state's economy and population growth."

Minister Lensink said a \$21.1 million injection towards maintenance and upgrades to existing public housing stock would benefit public housing tenants. The works will include replacement of roofing, gutters and downpipes, flooring, hot water units as well as upgrades to kitchens, bathrooms and laundries, and painting.

"The Marshall Liberal Government inherited around 35,000 public housing homes, many of which are run-down and in chronic condition," said Minister Lensink.

"Under the former Labor government, roof and gutters were left to rot, painting left to peel, floors in need of retiling and mould left to grow on walls and in all this – tenants were the forgotten victims.

"Not only will our tenants benefit from this maintenance work, but the work will provide a boost for our local trades – so it's a win-win."

"The Government is committed to turning our public housing system around but after 16 years of mismanagement in this portfolio under Labor, the system will not be fixed overnight."

Treasurer Lucas said the \$2 million Affordable Housing Fund was expected to attract first homebuyers and others who were re-entering the housing market after a relationship breakdown.

The program, which will commence on 1 September 2019, will be taken in conjunction with a HomeStart Finance loan and, while eligibility criteria are still being finalised, it's anticipated it will require:

- The purchase must be for owner-occupation
- The borrower's net household income must not exceed \$60,000 per annum for couples (\$52,000 per annum for singles); and
- In the absence of the deposit gap loan, the prospective borrower is not expected to be able to purchase a home.

"Our interest free deposit initiative is invaluable for South Australians on low incomes with upfront costs associated with buying a home," said Mr Lucas.

It is estimated that these loans will leverage around \$60 million in new lending, which includes millions of dollars in new construction lending to build new homes, providing a huge boost to the South Australian construction industry.

This year, the Marshall Liberal Government is committed to developing a new Housing and Homelessness Strategy for SA, which will be launched by the end of the year.

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“The Authority is currently seeking input from our service providers, stakeholders and the community about how we are currently meeting housing needs, as well as planning for future housing and homelessness outcomes together,” said Minister Lensink.

“The development of our new Housing and Homelessness Strategy will be a genuine partnership between government and the housing sector, to find shared solutions to shared challenges.”