

# Affordable Homes



# Assist

## Increase your purchasing power, not your repayments

Affordable Homes Assist is a home purchase initiative under the Affordable Homes Program; backed by the Government of South Australia; that reduces the initial cost of buying a home and the monthly costs of owning one.

SA Housing Authority covers a portion of the initial investment of select house and land packages, so you can increase your purchasing power without increasing your mortgage repayments.

When a home buyer purchases an Assist property, you enter into an agreement with SA Housing Authority (the Authority) to reduce the initial investment cost, while still gaining full ownership of the property and title. The portion owed to the Authority is repaid when the property ceases to be the principal place of residence, refinancing, sale, or settlement of an estate – whichever comes first.

## How Assist works

In order to purchase a home through Assist, you will contribute the deposit and a portion of the value of the home through a primary home loan, and the Authority will contribute a portion.



The amount the Authority will contribute toward the purchase of an Assist home depends on the value of the house and land package that you choose, and in some circumstances, how much you are able to contribute to the purchase.

When you buy an Assist home, you will sign a normal mortgage agreement with HomeStart Finance and a second agreement (the Assist Deed) with the Government of South Australia (SA Housing Authority), which is registered on the property's title as a 'second mortgage'.



The Assist Deed secures the shared equity component. You do not have to pay any mortgage loan repayments or interest on the second mortgage until you refinance or sell your property. The amount payable back to the Authority is at the same percentage of the property value that it was originally provided.

## Eligibility

Assist home buyers must meet the eligibility criteria for the Affordable Homes Program, in that you:

- Are a South Australian resident aged 18 or older
- Do not own or have an interest in any other real property (land or residential dwelling)
- Live in the house you buy while SA Housing Authority maintains a share in the equity (you cannot rent it out)
- Are single and earn less than \$85,000 per annum gross (or \$1,643.61 per week before tax) and assets less than \$465,500, or
- Are a couple/family household and earn less than \$110,000 per annum gross (or \$2,115.38 per week before tax), and assets less than \$594,500

In addition, before you can place an 'offer to purchase' on an Assist Property, you will need to have in-principle finance approved by HomeStart Finance.

To access more information about what assets are counted, please visit [affordablehomes.sa.gov.au/eligibility](https://affordablehomes.sa.gov.au/eligibility).

SA Housing Authority may also require additional eligibility criteria for certain Assist properties, such as lower income and asset thresholds, or gender and age. This will be communicated on the property listings and advertisements.

[affordablehomes.sa.gov.au/assist](https://affordablehomes.sa.gov.au/assist)

## How to buy

**Step 1:** [Subscribe](https://affordablehomes.sa.gov.au) to receive email updates at [affordablehomes.sa.gov.au](https://affordablehomes.sa.gov.au) to be the first to know when new Assist properties are listed.

**Step 2:** When you find a property you want to buy, contact Harcourts on **(08) 8345 5500** or email [enquiries@harcourtsproperty.com.au](mailto:enquiries@harcourtsproperty.com.au).

**Step 3:** If you are first in line to contact Harcourts, are eligible, and have your letter of financial pre-approval, sign the paperwork to secure your new home.

## Assist homes

Assist is not available to all Affordable Homes Program properties. When Assist properties are released, they will be sold to eligible buyers with a finance pre-approval letter and on a first-in-line basis.

Assist will be limited and linked to specific homes that have been designed to match the lot size and orientation that they will be built on. You will be only be able to buy the home that is advertised and will not be able to choose another home design.

Assist homes will be advertised through the Affordable Homes Program, and listed on [affordablehomes.sa.gov.au/forsale](https://affordablehomes.sa.gov.au/forsale).

## Benefits for Assist home buyers

Affordable Homes Assist is a shared equity loan. Shared equity loans can significantly increase purchasing power without the need to increase mortgage repayments. Eligible home buyers can access a home that best suits their needs at an affordable price in certain locations across metropolitan Adelaide.

The main benefit of a shared equity loan is that it enables home buyers to get into the property they want sooner, to enable buyers to realise all the social and financial benefits that go along with home ownership.

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## Upfront and ongoing fees and costs

In order to buy an Assist home you will need to:

- meet HomeStart Finance's lending and eligibility criteria, including:
  - acceptable sources of income
  - not be an un-discharged bankrupt or discharged bankruptcy within three years before the date of application
- have savings to meet the costs of purchasing, including:
  - legal fees such as conveyancing, and stamp duty (up to \$10,000)
  - Minimum deposits may apply given your personal circumstances (i.e. if eligible for First Home Owners Grant or the Starter Loan)
- have income to cover the ongoing costs of owning a home, including:
  - maintenance
  - mortgage repayments
  - utility bills (water, power)
  - Rates and Emergency Services Levy
- not owe any money to the South Australian Housing Trust.

For some properties you will need to work with HomeStart Finance to see how much government assistance you are able to receive and what your monthly repayments will be.

If a home buyer's financial position improves with time, they have the option to 'buy back' some or the entire shared appreciation loan at any stage, allowing them to keep more of the appreciation gains when the property is eventually sold.

Responsibilities you will have as a home owner include making all of your mortgage repayments, paying Council and SA Water rates, Emergency Services Levy, maintaining the property, maintaining home building insurance and any utilities.

Typically, no interest or loan repayments are required on the shared equity portion until your home is sold.

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## Other financial assistance

You may be eligible for a First Home Owner's Grant or the \$10,000 Starter Loan. HomeStart Finance will be able to advise you if you can access this assistance.

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## Mortgage restrictions

The Assist Deed and Mortgage should not limit your ability to secure finance from HomeStart Finance.

As the share of equity grows in the property, the home buyer will be able to access the equity in their share of the property but will not be able to access equity in the Authority's share.

If you change to a new finance provider, you will need to pay out the Authority's equity share.

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## Initial upgrades and selections

You may be able to make a number of choices or selections being offered, such as colours or tiles, however you will have a cap on the total value of the home. Significant changes will not be reflected in the equity share being paid by SA Housing Authority which will be set at the time of contract execution.

Once your home is built, you may choose to upgrade your home at any time, as long as it's in accordance with the Assist Deed. It's important to note that whilst upgrades and improvements can be a big investment, this doesn't always mean the value of your home will increase.

Any future renovations that improve the capital value of your home after you have moved in will not change the amount of equity that you or the Government have in the property. If you want to make major capital improvements that increase the value of your home, we recommend that you pay out the Government's share first.

## Living in your Assist home

Under the terms of the Agreement (Deed) with the Authority and the mortgage, you must live in the Assist home that you buy – that is, it has to be your main residence.

You cannot rent out or lease the home. If you have to leave the property (i.e. for transfer of employment or illness), you must contact SA Housing Authority to discuss your circumstances.

As long as you are still living in the Assist home, you are able to rent out a room to a friend or as an Airbnb. However, you must still live in the home as your permanent place of residence.

## Superannuation

If you are under Age Pension age, your superannuation investments don't count in the income and assets tests for eligibility. This is the same for your partner receives an Age Pension age.

If you are of the Age Pension age, your superannuation payments and investments will count in the income and assets tests. This is whether you receive an Age Pension or another [payment](#).

## Recaptured funds

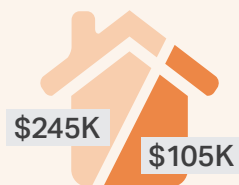
When the shared equity component is paid back to the Government of South Australia, the proceeds will be used to assist another eligible purchaser access affordable and secure homeownership.

## Case study

The following is an example of an Affordable Homes Assist and explains the impact of any capital growth that may occur.

The home buyer purchases the property and has two mortgages – one with HomeStart Finance and one with SA Housing Authority.

**\$350K =**

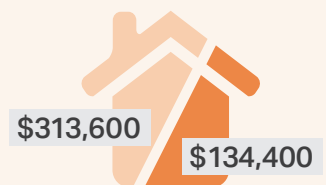


- The original assessed market value of the property is \$350,000
- The purchaser contributes \$245,000 (deposit and loan amount), or 70%, at purchase
- The Affordable Home Assist would be \$105,000 (30%)

As the property value increases over time the two equity contributions remain the same and their value increases at an equal rate.

**If property prices increase by 2.5% per annum, after 10 years:**

**\$448K =**



- The assessed market value of the property is \$448,000
- The home owner's share of 70% is now worth \$313,600 (minus the amount still owed to the lender)
- The Affordable Homes Assist share of 30% is now worth \$134,400.

When the home owner chooses to sell or pay out SA Housing Authority's share, they will need to pay the Authority 30% of the value of the home (i.e. \$134,400), and will retain 70% of the value of the home.

The home owner is fully responsible for resale costs, including agent fees, and valuation fees as required by the Authority or finance institution, from their 70% share.