



# Alternative housing tenures – the opportunity for New Zealand

Research Update 7:  
Enabling the growth of affordable  
alternative housing tenure models

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Livingston and Associates Ltd  
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## 1. Context

“Housing is fundamental to our economic and social wellbeing and plays a central role in individual and community health outcomes, family stability, and social cohesion. A responsive housing market facilitates labour market mobility, allowing people to move to take up job opportunities and enhancing the productivity of the economy.”<sup>1</sup> Unfortunately, housing markets around the world, including in New Zealand, have struggled to provide adequate, good quality affordable housing with long term security of tenure to meet their populations’ needs. Some housing markets have responded to pressures within their housing systems to provide a range of alternative tenure structures and these responses have varied between countries. New Zealand is also a signatory to a number of United Nations conventions that state households’ ability to access good quality housing at an affordable price is considered a human right.

This research update is the seventh in a series which presents the initial results of our research project “Alternative housing tenures – the opportunity for New Zealand”. Previously published research updates from this research project summarised the results from our analysis of housing market outcomes including trends in the intermediate housing market, renter housing stress, and renter housing need and unmet need. The most recent research update focused on a housing systems level analysis of the barriers and enablers of affordable alternative housing tenures in New Zealand.

This research update presents our conclusions how to enable affordable alternative housing tenure models in New Zealand.

## 2. Enabling the growth of affordable alternative tenure housing models

The ability to grow affordable alternative housing models to scale requires housing system interventions at all levels. Our analysis of the enablers for affordable alternative tenure housing to grow focuses on four interdependent system wide levels:

- Sociohistorical barriers and enablers;
- Governmental barriers and enablers;
- Industry and organisational barriers and enablers; and
- Barriers and enablers at the household or end-user level.

It is important to note that the above segmentation of the housing system is specific to the alternative tenure component of the much larger and complex housing system or ‘ecosystem’.

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<sup>1</sup> New Zealand Productivity Commission (2015) Using land for housing. Page 1.



## 2.1 Sociohistorical barriers and enablers

Sociohistorical level barriers and enablers reflect the historical, social, and cultural context or environment that gave rise to the current housing landscape. Change at this level is fundamental to the long term ability to turn around the declining housing outcomes experienced by low and moderate income households. Current trends and opportunities to enable alternative tenures relate to:

- Tangata whenua and Te Tiriti o Waitangi;
- The social norms and values regarding housing in New Zealand; and
- The economic development framework underpinning housing policy in New Zealand.

### ***Tangata whenua and Te Tiriti o Waitangi***

A new approach to enabling housing by, for and with Māori is already underway. A Māori and Iwi Housing Innovation (MAIHI) Framework for Action is being implemented by the dedicated Māori Housing Unit, Te Kāhui Kāinga Ora, within the Ministry of Housing and Urban Development. The MAIHI Ka Ora – National Māori Housing Strategy and the MAIHI Ka Ora Implementation Plan - provides the necessary strategic direction to guide action. Beyond the framework and strategy, the four year \$730 million investment in the Whai Kāinga Whai Oranga funding programme is a step change in the level of investment in for Māori by Māori housing. This new approach explicitly embeds identifying and changing the housing system, but a continued commitment to the approach and on-going funding will be necessary to deliver the required system change in Māori housing.

### ***Social norms and values regarding housing***

The social norms and values embedded in New Zealand culture and permeating our approach to housing are also showing signs of change. The traditional idealised notion of a ‘home on a quarter acre section’ is increasingly under pressure from multiple sides. Trends impacting on the preference for fee simple title homeownership include: affordability challenges; climate change; cost of infrastructure; trends toward living in cities; and broader acceptance of denser housing and Unit Title developments. While tax policy continues to favour investment in homes, the tide seems to be slowly moving to change the view of homes as an investment opportunity to a place to live and raise a family in a community. Concerns about the rising number of people paying rent or a mortgage entering retirement are being raised. The cumulative force of these trends may cause a shift in social norms and values which reduce barriers to alternative tenure housing models.

### ***The economic development framework underpinning housing policy in New Zealand***

New Zealand’s economic development framework also shows signals of a change in thinking. The Government Policy Statement – Housing and Urban Development (GPS – HUD) identifies outcomes of: Thriving and Resilient Communities; Wellbeing through housing; Māori housing through partnership; and an adaptive and responsive system. The last National-led Government recognised that some households are not well supported through government programmes and experimented with a Social Investment approach. The current Labour-led Government has adopted a wellbeing approach. These trends signal a reframing of economic thinking to value outcomes that go beyond simple a narrow fiscal cost/benefit economic analysis to encompass social and cultural benefits.



## 2.2 Governmental barriers and enablers

Central government is the most influential actor in the housing system. From a systems perspective, there are policy, legislative, and fiscal responses required to ensure that equitable outcomes in the housing market are achieved. Based on our analysis we identified the following foundational requirements at the governmental level:

- A National Housing Act;
- An enabling legislative framework; and
- An investment framework.

As a package, these set the foundation for a coordinated and strategic approach to enable affordable alternative tenure housing models. The proposed National Housing Act will provide a clear end goal for other legislation and all stakeholders. The legislative and investment frameworks will address the legal and fiscal barriers currently limiting alternative tenures. Identified enablers include:

- Establishing effective systems for estimating housing needs and demands, and the consequential resources required for new supply and improving existing stock;
- Identifying the roles of central and local government and conferring appropriate powers and resources to fulfil those roles;
- Identifying the roles of other stakeholders including private developers, community housing providers including iwi and Māori organisations, private capital and philanthropists;
- Identifying the range of fiscal and other tools government will utilise or support others to utilise to meet housing goals;
- Adopting legislation which: removes existing planning and zoning constraints; provides access to finance on whenua Māori; enables value capture and inclusionary housing; codifies cooperative housing as a distinct tenure; and broadens the ability of registered Charities to end rather than simply ameliorate the harshest impacts of poverty through alternative tenure models;
- Providing sustainable, consistent and coordinated access to debt and equity to address the financial viability constraints of affordable alternative tenure models;
- Making permanent for Māori the types of infrastructure and housing funding currently delivered through Whai Kāinga Whai Oranga; and
- Describing the length of governments commitment to provide various types of support to programmes and how its approach may evolve over time as key milestones are achieved.



## 2.3 Industry and organisational enablers

The Industry and organisational level enabling factors flow directly from recommendations in the Sociohistorical and Governmental levels above. Identified enablers include:

- Addressing local government staff and elected officials', the finance sector, and advisors' lack of knowledge of alternative tenure models;
- Standardising documentation for the various affordable alternative tenure models;
- Developing organisational business and financial strategies to work at scale and attract increasing amounts of capital and finance;
- Removing institutional and organisational biases within housing policies and programmes;
- Working in partnership with both central and local government, the private sector and philanthropic organisations; and
- Establishing industry representation at the national level to spearhead the growth of the affordable alternative tenure housing industry.

## 3. Summary

In summary, we have identified actions which can enable the growth of affordable alternative tenure housing models in New Zealand. The larger sociohistorical norms regarding housing have a significant influence on the system settings for enabling alternative tenures. Leadership and action at the governmental level are key to unlocking the potential of alternative tenures to provide ownership like outcomes. Fundamentally, subsidy is required to deliver affordable alternative tenure models. Legislation and investment settings will determine whether the New Zealand housing system is fertile for growing the scale of alternative tenures. If those settings are enabling, then industry and organisational level players can proceed to invest and scale their operations to deliver tenures which provide ownership like outcomes for households.

*Note: a more extensive commentary of the findings will be presented in the full technical report which will be published in mid-2023.*

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