



Housing solutions for low to moderate income households

Research Update 3: New Zealand industry perspectives

June 2025

Livingston and Associates Ltd
BRANZ Funded by the Building Research Levy





1. Context

The number of low to moderate-income households with limited equity is on the rise. Those households are often in housing that is precarious or does not meet their changing needs. Their limited assets or equity means they are excluded from public and council housing because they do not meet the very low income or other eligibility criteria. Consequently they are trapped in a housing market that is increasingly unable to deliver secure, affordable housing. Young working households, Māori whanau, seniors in retirement, and households with disabled people are particularly vulnerable to these conditions and their long-term secure housing outlook is poor. These households do not have sufficient capital to access sustainable affordable housing, whether through owner-occupation or renting. Finding secure housing solutions for these households by leveraging their limited but useful assets would relieve pressure on the current rental market as well as public housing. Previous research indicates there are a growing number of households that would benefit from low to limited equity housing models, including forms of ownership, secure rental, or other alternative tenure forms.

The focus of this research project *“Housing solutions for low to moderate income households with limited equity”*, funded by BRANZ from the Building Research Levy, is to build our understanding of how other comparable countries provide housing for these households, including the housing tenure models and the policy and funding settings needed for the success of these models. The research was undertaken by Ian Mitchell from Livingston and Associates limited, Dr Bev James (Public Policy Research), Dr Fiona Cram (Katoa Ltd) and Chris Glaudel (Community Housing Solutions Ltd). In the New Zealand context, we will establish the size, characteristics and locations of these submarkets, test economic feasibility and the level of housing subsidy required, and adopt a systems-based approach to build on our understanding of the opportunities to grow these models in New Zealand. Our focus will be to use the systems analysis to develop potential housing solutions.

This is the third in a series of research updates providing an update on the project’s initial findings. This research update provides a summary of New Zealand industry perspective identified from our survey of organisations active in the affordable housing sector. Other research updates include:

- Housing affordability outcomes;
- Solutions identified in overseas research; and
- Housing systems analysis and potential housing solutions in a New Zealand context.

2. Industry perspectives

Industry interviews provided insight into both current practices and housing innovations in New Zealand's affordable housing sector. A total of 27 interviews were completed with housing providers, developers, industry organisations, public sector organisations and funders.

Providers are experiencing unsatisfiable demand for their services. Housing affordability appears to have deteriorated such that significant numbers of low to moderate income working households cannot affordably pay market housing costs (even after receiving Government support including the Accommodation Supplement and Working for Families payments). Owner occupation has slipped well beyond their reach even with support programmes such as shared equity and subsidised land lease developments. These households face a limited number of choices: they can remain in place paying ever higher proportions of their incomes in housing costs; relocate to cheaper housing somewhere else within their housing market (if they can find it); they can crowd, grouping more income earners into the same dwelling to share the housing costs; or relocate and try and reestablish themselves in another lower cost housing market/region.

A range of organisations provide housing to households that are increasingly unable to cope with the prices the current market system settings have delivered. The dwellings they have provided have been life changing for those that can access them. Their ability to expand has been limited by access to affordable capital required to fund projects, due in part to the low yields generated by affordable housing developments and a lack of sustainable funding from government and/or other sources.

The affordable housing sector is dominated by a large number of small to medium sized organisations with fewer than 250 homes struggling to attract sufficient low cost/subsidised equity to be able to cope with the demand for their services. The sector has demonstrated significant innovation in terms of design and solutions offered. The majority have adopted a place-based strategy focusing on the needs of their individual communities and housing markets with an emphasis on their targeted subgroups (including older residents, people/households with disabilities and including specialised Māori focused providers).

There are a number of organisations that have played a significant role in funding the affordable housing sector. These have included philanthropists (key in providing funding to demonstrate how different solutions operate within a housing market), Community Trusts (these have provided equity and debt funding to housing providers but have limited funds available to allocate to the housing sector), social investors and financiers (these have raised significant funding, however are limited due to the low returns generated by affordable housing projects) and Government grants and subsidises (which provide opportunities for investment when they are available but have lacked the scale required to have a significant impact on market outcomes).

Older households

The growing housing needs of low to moderate income older people are inadequately addressed in policy or funding settings. There are significant gaps in housing provision for older tenants in the private sector, where most older tenants live. Older owner-occupiers with a mortgage also face challenges in servicing mortgage payments in retirement.

Most of the organisations' current and proposed activity is focused on older private sector tenants who need affordable rentals with secure tenure. This is seen as a critical housing need that is not currently met. There is very little focus on assisting older owner-occupiers with mortgages to retain homeownership, or helping older people with some equity to enter homeownership. In the experience of those interviewed, existing shared ownership/shared equity options do not appear to be structured to work easily for the older age group. Current products focus on working households and likely include a goal of the occupier achieving 100% ownership at some stage in the future. This is impractical for lower income retired households unless they have a large deposit. No organisation commented on options to assist older owner-occupiers (with or without a mortgage) to downsize to a small property, although this may be a way of freeing up existing stock and enabling the older person to move to more suitable and affordable housing.

The challenges to, and enablers for, creating suitable housing for an ageing population are similar to the challenges and enablers organisations encounter in housing provision for all ages. Organisations made few suggestions for improving the production of housing for older people, except to continue growing the stock of affordable secure rentals, the inclusion of accessible/universal design and tailoring a shared ownership product specifically for older households.

Iwi/hapū organisations

The iwi/hapū organisations provided a range of housing solutions for whānau, including housing for first-home buyers, Māori households with existing debt burdens, whānau wanting to return to their whenua tūpuna, renters and social housing tenants. Between them, the organisations have developed social housing and are building housing on general land, returned Treaty settlement land and Māori land. All were working in different ways with Kāinga Ora. The organisations were also committed to housing design that embraced warmth, beauty and cultural pride. Their housing solutions included social housing, affordable rental housing, rent to buy and rent to own schemes; and shared equity programmes.

Iwi/hapū organisations each faced a range of challenges delivering housing solutions that worked for Māori. These included the difficulties of navigating the legal, regulatory, environmental and cultural considerations of developing housing on tribal land, which impact timelines and can cumulatively result in significant delays in housing delivery. These issues included those related to land tenure and ownership. Māori housing solutions can therefore take longer to come to fruition than those led by mainstream developers. The iwi/hapū organisations recognise that government partnerships are essential but they often face challenges with slow funding approvals and policy barriers. To reduce delays and overcome barriers, iwi/hapū organisations advocate for streamlined resource consent processes, better access to funding, and increased collaboration with local and central government agencies to create more sustainable, culturally responsive housing solutions.

Summary

- Council planning rules and regulations can hinder innovative design impacting on density, and ability to provide communal space. This is particularly true for projects focused on providing affordable rent for older people and people with disabilities;
- Government support for Māori organisations have assisted in providing infrastructure funding enabling development on multiply owned land, facilitated the repair to existing buildings, and provided grants for affordable rental and shared equity. Unfortunately these programmes are no longer available;
- Affordable housing developers/providers lack sufficient equity and the current suite of affordable solutions offered for low to moderate income households provide returns which do not meet investors' required rates of return needed to attract private sector capital without significant subsidy; and
- Financiers also noted that the standardisation of housing solution documentation would assist in reducing costs and time frames associated with funding approval. Their view was the large number of small providers has hindered the sector's growth and there was also a lack of financial and development expertise within the sector.

In summary, the sector has a large range of providers providing housing to households which are increasing unable to cope with the prices the current market system settings have delivered. The services they have provided have been life changing for those that can access them. Their ability to expand their services has been limited by access to affordable capital required to fund projects due in part to the low yields generated by affordable housing developments and a lack of sustainable government funding.

3. Contact details

Ian Mitchell

Livingston and Associates Ltd

Mobile: 021 389 335

Email: ian.mitchell@livingstonassociates.co.nz