



## Policy Changes Would Improve Rental Housing Options for Older People

### **PIE Commentary 2025-1**

**Dr M.Claire Dale<sup>1</sup>**

**25 February 2025**

This PensionCommentary outlines 3 critical policy changes that would improve rental affordability for older people.<sup>2</sup> The 2025 Review of Retirement Income Policies provides an ideal opportunity to make those necessary changes. First: update the Ministry of Social Development's (MSD) income and asset policy on access to the Accommodation Supplement (AS). Second, reform Central Government's policy around the Income Related Rent Subsidy (IRRS) that is forcing Local Governments to shed their public and senior housing; and third: remove the recently imposed cap on IRRS subsidies.

People who are renting have choices limited by cost, availability and suitability. We all need stability and security in our housing to maintain health, wellbeing, independence, community, and to avoid isolation. Whatever a person's age, appropriate housing has strong, positive impacts on mental and physical wellbeing. The reverse also holds: inappropriate housing has strong negative impacts on mental and physical wellbeing. Whether old or young, these positive or negative impacts can be life-changing.

Seniors often need specific features to make a home functional, such as those included in universal design. The housing options available for seniors, as for all citizens, are determined largely by their abilities, income, assets and location. There are no simple solutions to the shortage of appropriate, affordable housing. As NZCCSS reported in late 2024, "Older people in Aotearoa are struggling with housing insecurity, with significant disparities in access to emergency housing and public housing".<sup>3</sup> The rise in poverty among older people is not specific to Aotearoa. A new report by the Grattan Institute finds that, in Australia, two-thirds of all renting retirees live in poverty, while three in four single women retirees who live alone, live in poverty. Also more than half of all retirees who rent have a net worth less than \$25,000, so a very small buffer against unforeseen expenses like car or appliance repairs. The report emphasises that the numbers of retirees in poverty is only going to grow.<sup>4</sup> So too here.

While accessible, appropriate and secure housing is key to older people's ability to live independently, such housing is not affordable or available for everyone who needs it.

---

<sup>1</sup> Dr M. Claire Dale, Honorary Research Fellow at the PIE Hub at University of Auckland's Economic Policy Centre.

<sup>2</sup> For a full discussion of seniors' housing issues, see [PensionBriefing 24-1 Housing Options for Older People in Aotearoa New Zealand: Trends and Challenges](#). Note that here, alternative housing is discussed, including Tiny Homes, Granny Flats, Studio apartments and co-housing.

<sup>3</sup> See [Addressing Housing Insecurity For Older People In Aotearoa: NZCCSS Report Calls For Action | Scoop News](#).

<sup>4</sup> See [Most retirees who rent live in poverty. Here's how boosting rent assistance could help lift them out of it](#).

Increasing numbers of Kiwis are reaching retirement age without owning a home and are competing for suitable rental accommodation. Renters in 2024 were confronted by a national median weekly rental for a small house or apartment of \$550 per week.<sup>5</sup> The net weekly, single, living alone rate for New Zealand Superannuation (NZS) is \$521.62.<sup>6</sup> As a consequence, more older people are experiencing poverty, with inadequate after-housing-costs incomes to ensure adequate nutritious food or occasional low-cost outings.

Bryan Perry's 2021 Ministry of Social Development (MSD) report "Housing Affordability for Renters and Owners: International comparisons"<sup>7</sup> reveals the harsh rental environment:

*New Zealand has the highest housing affordability stress in the OECD for low-income households renting privately, with 61% of individuals living in households spending more than 40% of their income on rent. This places New Zealand clearly at the 'top' of the OECD league table with a rate double the OECD median of around 30%.<sup>8</sup>*

A 2022 Retirement Commission report focusses more specifically on seniors and suggests that in 25 years, 40% of over 65-year-olds will be renters (versus 19% in 2021),<sup>9</sup> and over half the 65+ cohort will be financially fragile.<sup>10</sup> The Office for Seniors' "Better Later Life He Oranga Kaumātua 2019 to 2034" strategy acknowledges NZS is already insufficient for some retirees to live in dignity in retirement:

*As our population continues to age and numbers of older people increase, central government will need to spend more on NZS and health care costs. We also expect to see increased numbers of financially vulnerable older people needing extra support, including housing support.<sup>11</sup>*

This Government could initiate 3 policy changes that would have a profound positive impact, reducing the scarcity and/or unaffordability of housing for older people. They are:

1. Increase MSD's low limit on income and assets preventing access to the Accommodation Supplement (AS) and reduce the severity of the income test.
2. Reinstate Local Government access to the Income Related Rent Subsidy (IRRS) so they can continue to own, maintain and provide affordable housing for seniors.
3. Remove the recently introduced cap on IRRS funding and encourage Community Housing Providers (CHPs) to ensure there is enough safe, warm, appropriate, affordable housing to meet the needs of the older population.

## **1. Update MSD's income and asset limits for access to Accommodation Supplement<sup>12</sup>**

The AS is a weekly payment to assist people who are not in public housing with their rent, mortgage or board.<sup>13</sup> A person does not have to be on a benefit to qualify for AS, but it is income and asset tested. Currently, for a single person living in Auckland, the annual income limit is \$67,756, or \$116,844 per annum for a couple with children. How much AS

---

<sup>5</sup> See <https://www.newshub.co.nz/home/new-zealand/2024/03/rental-prices-up-for-third-month-in-a-row-some-properties-reach-record-highs.html>, 2024.

<sup>6</sup> See <https://www.workandincome.govt.nz/map/deskfile/nz-superannuation-and-veterans-pension-tables/new-zealand-superannuation-and-veterans-pension-ra.html>.

<sup>7</sup> See Bryan Perry, November 2021. "Housing affordability for renters and owners: International comparisons", Ministry of Social Development, Wellington. <https://www.msd.govt.nz>. p. 18 > documents > monitoring.

<sup>8</sup> The New Zealand Q1 private rental figure (61% from HES 2017-18) is in line with the HES 2016-17 figure (60%), and with 75% figure for Q1 under 65 year olds published by MSD in the 2019 Household Incomes Report using a slightly different methodology (Perry, 2019: Figure C.16).

<sup>9</sup> See [https://population.org.nz/wp-content/uploads/2021/08/James\\_etal\\_Older\\_Renters.pdf](https://population.org.nz/wp-content/uploads/2021/08/James_etal_Older_Renters.pdf).

<sup>10</sup> See <https://retirement.govt.nz/policy-and-research/2022-review-of-retirement-income-policies/housing/>.

<sup>11</sup> See <https://officeforseniors.govt.nz/better-later-life-strategy/>, 2023.

<sup>12</sup> See <https://www.moneyhub.co.nz/accommodation-supplement.html#benefit>.

<sup>13</sup> People in Kāinga Ora (was Housing New Zealand until 2019) or public housing generally can't receive AS because their accommodation costs are already government-subsidised (income-related rents at 25% income). Work and Income (W&I) expect occupants to pay the "Entry Threshold" amount (updated annually but currently threshold for Rent/Board for a single person is around \$84 per week).

is provided depends on income, assets, accommodation costs, family circumstances and location. For example, as average rents in Auckland are higher than most of the rest of New Zealand, the AS grant is higher.<sup>14</sup> At 30 June 2022, 344,742 people were receiving AS,<sup>15</sup> and just over one in 20 people on NZS were also receiving AS (44,757 people).<sup>16</sup>

A hardship-causing flaw in the design of the AS is the severe limitation on assets to access and retain entitlement. Grey Power regularly lobbies Government to increase the AS asset level and the maximum AS payments (no increase since 2018<sup>17</sup>) to provide relief for seniors in rental accommodation.<sup>18</sup> Retirement Commissioner Jane Wrightson emphasised the need for an increased asset cap in 2022 as part of the three-yearly review of the retirement income policy. Wrightson noted that the cap has neither been increased or inflation-adjusted for 30 years.<sup>19</sup> The asset limit to qualify for the AS for people receiving NZS and renting is \$8,100 for a single person, and \$16,200 for a sole parent or a married, civil union or de facto couple.<sup>20</sup> That asset limit is bluntly applied: \$1 over the limit means zero entitlement to AS.

The ruling that assets in excess of these amounts mean a person is not eligible for an AS has harsh consequences. It means the recipient is unable to save in order to improve their situation, and it ensures the recipient is captured in financial precarity. If their laptop and their car both break down, they may struggle to meet the repair costs. Older people are particularly vulnerable to high health costs, including dental costs. Increasing longevity requires that limited amount of funds to last longer. The \$8,100 limit would not cover many extra expenses, and once it was depleted, it would be difficult if not impossible to accumulate a new emergency buffer.

An additional barrier to accumulating or maintaining an emergency buffer is the annual before-tax income limit of \$67,756 for a single person living in Auckland and receiving NZS. Out of the Kiwis aged 65-69, 44% still have jobs. Many of them are working and earning out of necessity, and to ensure they have a financial buffer when they are no longer able to earn. A single person's NZS before tax weekly is \$607 (annually \$31,564), and the gross weekly income amount to qualify for AS is \$702.85,<sup>21</sup> so a person can only earn another \$96 gross weekly before their AS is impacted. This does not allow for much accumulation, given current expenses are likely to exceed net NZS.

**Recommendation 1.** Adjust the AS asset limits to reflect the reality and the duration of living costs. To retain equivalence with the 1995 value, the top limit for assets for people renting and receiving NZS and the AS needs to be increased from \$8,100 for a single person to at least \$18,000, and from \$16,200 to at least \$36,000 for a sole parent or a couple. In addition, the asset limit needs to be less bluntly applied, allowing a 5% excess before entitlement is withdrawn. Also, increase the annual before-tax income limit from

---

<sup>14</sup> See <https://www.studylink.govt.nz/products/a-z-products/accommodation-supplement.html>.

<sup>15</sup> See <https://www.hud.govt.nz/assets/Uploads/Documents/HQR-June-2022.pdf>. By January 2024, the number receiving AS had increased slightly to 364,000 and cost Government \$2.34 billion. See <https://theconversation.com/364-000-new-zealanders-rely-on-an-accommodation-supplement-but-these-3-flaws-need-fixing-227667>.

<sup>16</sup> See <https://www.stuff.co.nz/business/money/122400764/state-helps-nearly-45000-retirees-struggling-to-pay-their-rent, 2020>.

<sup>17</sup> See <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/evaluation/family-packages/2021/2021-findings-on-accommodation-supplement.pdf>.

<sup>18</sup> See [Renting In Retirement – A Growing Challenge For Older People | Scoop News, 2023](https://www.scoop.co.nz/stories/230201/st020101001.htm).

<sup>19</sup> See [https://www.nzherald.co.nz/business/companies/aged-care/clearly-inadequate-retirement-commissioner-calls-for-asset-cap-on-accommodation-supplement-to-rise-from-8100-to-42700/3PAOQWG6GJBIRJOLP7BUG2GHTA/#google\\_vignette](https://www.nzherald.co.nz/business/companies/aged-care/clearly-inadequate-retirement-commissioner-calls-for-asset-cap-on-accommodation-supplement-to-rise-from-8100-to-42700/3PAOQWG6GJBIRJOLP7BUG2GHTA/#google_vignette).

<sup>20</sup> See <https://www.workandincome.govt.nz/products/a-z-benefits/accommodation-supplement.html, 2024>.

<sup>21</sup> See [Income limits for New Zealand Superannuation and Veterans Pension \(current\) - Map](https://www.income.govt.nz/products/a-z-benefits/accommodation-supplement.html).

\$67,756 to at least \$80,000 (including NZS), to assist in preventing poverty and hardship at older ages.

## **2. Change Central Government's policy on Income Related Rent Subsidy (IRRS) so Local Government can again provide public housing**

Aotearoa New Zealand has the lowest level of public housing in the OECD with public housing stock just 3.4% of all housing, half the OECD average of 7%.<sup>22</sup> Public housing provides stable, secure, affordable homes so people on low incomes can remain in a community and participate more fully.<sup>23</sup> People with complex needs or low income are likely to miss out on private rentals when landlords have other people to choose from. This increases the demand for public housing. At the same time, globally, the fastest rate of increasing homelessness is among older people.<sup>24</sup>

In New Zealand, social housing is now often referred to as public housing.<sup>25</sup> MSD determines the amount of income-related rent paid by the majority of public housing tenants. The rent amount is usually set at 25% of the tenant's net income. Te Tūāpapa Kura Kāinga the Ministry of Housing and Urban Development (HUD) pays the income-related rent subsidy (IRRS) to Kāinga Ora Homes and Communities and registered Community Housing Providers (CHPs) to cover the balance between the tenant's rental payment and the market rent for the property.<sup>26</sup>

However, territorial authorities like Local Councils can no longer get Community Housing Provider status, so they cannot get Government operational assistance, so generally they cannot afford to continue providing senior housing.

*Local government has historically been New Zealand's second biggest provider of social housing. Councils in New Zealand have been providing social housing - that is, housing at less than market rents - for almost a century, and from the 1940s to 1991 were involved in a highly successful housing partnership with central government. Yet despite this track record, councils have largely been ignored as a viable option for addressing the current social housing crisis. Councils are unable to become community housing providers (CHPs) (and therefore offer tenants income related rent subsidies (IRRS)) even though eligibility to receive the subsidy exists for both for-profit and not-for-profit organisations, and even international firms. Given the urgency of New Zealand's social housing crisis it is difficult to understand why local government is not being enabled to play a bigger role.<sup>27</sup>*

People on the social housing register are given a "needs score" out of 20 (20 being the highest need) and either "A" category for high priority or "B" for lower priority. This is intended to ensure that people with the greatest need are housed as quickly as possible.<sup>28</sup> The Government's Affordable Housing Fund's Affordable Rental Pathway, and Progressive Home Ownership Fund, are administered by HUD. Affordable rents can be no more than 79% of the average market rent for a comparable home in the same suburb.

---

<sup>22</sup> See Bryan Perry, November 2021. "Housing affordability for renters and owners: International comparisons", Ministry of Social Development, Wellington. <https://www.msd.govt.nz>. p. 18 > documents > monitoring.

<sup>23</sup> See [Public Housing Advocates Warn Government's Review Of Kāinga Ora Must Not Usher In New Era Of Privatisation By Stealth | Scoop News, 2024](#).

<sup>24</sup> See [New Chair For Specialist Older Persons' Rental Housing Provider, Haumarū Housing, Comes At A Critical Time | Scoop News, 2024](#).

<sup>25</sup> See Bryan Perry, November 2021. "Housing affordability for renters and owners: International comparisons", Ministry of Social Development, Wellington. <https://www.msd.govt.nz>. p. 18 > documents > monitoring.

<sup>26</sup> See <https://www.hud.govt.nz/funding-and-support/income-related-rent-subsidy#:~:text=The%20Income%2DRelated%20Rent%20Subsidy,market%20rent%20for%20the%20property,2024>.

<sup>27</sup> See <https://d1pepq1a2249p5.cloudfront.net/media/documents/The-case-for-councils-being-community-housing-providers.pdf, 2022>.

<sup>28</sup> See <https://oag.parliament.nz/2017/social-housing/part2.htm#:~:text=People%20on%20the%20social%20housing%20register%20are%20given%20a%200%22need,housed%20as%20quickly%20as%20possible..>

Kāinga Ora is the primary provider of public housing in New Zealand.<sup>29</sup> The six desired outcomes of Kāinga Ora's activity are:

*Sustainable, inclusive, thriving communities; Good quality, affordable housing choices; Partnering with Māori; Customers live well in their homes; Environmental footprint is light; Use our scale and expertise to make change within the construction sector.*<sup>30</sup>

Public housing, where Government pays a portion of the rental accommodation for people who can't afford a private rental, may be owned or run by a CHP, or by Kāinga Ora - Homes and Communities. Kāinga Ora leases properties for Community Group Housing (CGH) and Transitional Housing (for either the HUD or Corrections), so Supported Housing Providers can deliver their services.<sup>31</sup> In 2022, Kāinga Ora owned and managed 64,870 homes across the country, accommodating more than 180,000 people, and there were an additional 11,401 registered Community Housing Provider (CHP) properties. The Housing First Programme accepted 4,804 homeless households and of these 2,725 were placed in housing.<sup>32</sup> To qualify, an applicant must generally have a serious housing need and income under \$782.43 a week (\$40,686.36 annually after tax) if single with no children, or income under \$1,205.22 a week (\$62,671.44 annually after tax) if they have a partner or children, and they must have cash assets worth less than \$42,700. Depending on their situation, however, if they have income or assets worth more than this they may still qualify. There were 22,923 applicants on the Housing Register as at 30 June 2024.<sup>33</sup>

**Recommendation 2.** Reinstate Local Government's access to IRRS so they can continue to own, maintain and provide affordable housing for seniors.

### **3. Remove the cap on Income Related Rent Subsidies (IRRS)**

A recent issue that has emerged is MSD's choice to cap the amount of IRRS they provide to any organisation, as happened in October 2024 with Haumarū Housing, a partnership between Auckland Council and Selwyn Foundation. Haumarū has 1,475 units (all meeting Healthy Homes standards) over 62 villages.<sup>34</sup> The contract with HUD for 60 villages is an "open term agreement", refreshed in January 2024. Tenants on the MSD social housing register or in emergency housing who are over 65yrs can apply to Haumarū Housing.

Currently 950 units (64% of total) receive IRRS funding due to tenants from the social housing register living in them. The commitment of IRRS funding for these units to house tenants from the social housing register is ongoing. The remaining 525 units occupied by

---

<sup>29</sup> While there is widespread and justifiable concern with Kāinga Ora under severe fire and the First Home Grants policy ended, there is some encouraging news: the announcement on 22 May 2024 to allocate \$140 million to build 1,500 new social housing places, meaning Community Housing Providers can reactivate projects previously put on hold. It will also help to address the growing levels of homelessness and reduce reliance on emergency housing. Community Housing Aotearoa (CHA) is an organisation of 80 provider members who, along with 59 partner members (including developers, consultants, and local councils) own or manage 19,300 homes nationally for nearly 35,000 kiwis. Their kaupapa is that all New Zealanders have the right to a decent home that is affordable, secure, habitable, culturally adequate, and near schools, transport and services. CHA will work with Te Matapihi and Pacific organisations to use this \$140 million allocation to deliver 1,500 new, quality, affordable houses in priority areas with the greatest persistent unmet housing needs (See [Government Invests In 1,500 More Social Homes | Scoop News, 2024](#)). Providers are ready to build (See [Ngā Wharerau O Aotearoa Welcomes The Commitment Of Funding For 1,500 New Social Housing Places From 1 July 2025 | Scoop News, 2024](#)).

<sup>30</sup> Presentation to Auckland Council Seniors Advisory Panel, June 2024.

<sup>31</sup> Ibid.

<sup>32</sup> See <https://www.hud.govt.nz/assets/Uploads/Documents/HQR-June-2022.pdf>.

<sup>33</sup> See <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/housing-register.html>, 2024.

<sup>34</sup> See <https://www.scoop.co.nz/stories/AK2210/S00201/haumarū-housing-celebrates-new-affordable-rental-homes-for-older-people-in-glen-edén.htm>, 2022. Haumarū Housing is the largest community housing provider for older people in Aotearoa. Through the Long-term Plan and a special consultation process, in 2017 Auckland Council transferred management of 64 villages comprising 1,412 rental units for seniors to the joint venture company established by the Council and the Selwyn Foundation, Haumarū Housing, to improve and develop the portfolio and to ensure the long-term provision of affordable housing services for Auckland's older people. The Council committed to funding 10 years of fixed capex renewal projects based on forecast requirements.

legacy tenants don't receive IRRS rent (and Haumaru doesn't receive a top up). Haumaru was given 3 days notice in October 2024 that IRRS funding was capped at 950 places. Natural turnover means Haumaru averages 150- 80 new tenants per year and the cap will force a reduction to only 75-90 new tenants per year.<sup>35</sup> This 'MSD funding cap' comes at a time when the older population in Auckland is quite rapidly increasing.

**Recommendation 3.** Remove the cap on IRRS funding and encourage CHPs to ensure there is enough safe, warm, appropriate, affordable housing to meet the needs of the increasing older population. Ensure Kainga Ora and other CHPs are adequately funded and incentivised to bring the store of public housing to adequacy.

### **In summary**

This Government could initiate 3 policy changes that would have a profound positive impact for older people, reducing the scarcity and unaffordability of housing, and assisting in preventing poverty and hardship:

1. Adjust the Accommodation Supplement (AS) asset and income limits to reflect the reality and the duration of living costs. Increase the AS asset limit from \$8,100 for a single person to at least \$18,000, and from \$16,200 to at least \$36,000 for a sole parent or a couple. Also, apply the asset limit less bluntly, allowing a 5% excess before AS entitlement is withdrawn. The annual before-tax income limit for access to AS needs to be increased from \$67,756 to at least \$80,000 (including NZS).
2. Reinstate Local Government's access to the Income Related Rent Subsidy (IRRS) so they can continue to own, maintain and provide affordable housing for seniors.
3. Remove the cap on IRRS funding and encourage CHPs to ensure there is enough safe, warm, appropriate, affordable housing to meet the needs of the older population.

### **Questions or comments to:**

Dr M.Claire Dale  
Honorary Research Fellow,  
Pensions and Intergenerational Equity Hub  
Economic Policy Centre  
University of Auckland Business School  
[m.dale@auckland.ac.nz](mailto:m.dale@auckland.ac.nz)

---

<sup>35</sup> When a tenant vacates a dwelling, it is refreshed by Haumaru at Haumaru's expense.