

# Housing Options for Older People in Aotearoa New Zealand: Trends and Challenges

## ***PIE Pension Briefing 2024-1***

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This Pension Briefing surveys housing options currently available to older people in Aotearoa New Zealand. Those who own their homes mortgage-free have multiple choices and opportunities to improve their wellbeing and comfort, including home-sharing, or selling their home in order to downsize or purchase in a retirement village. Older people who are not home-owners are often in a more precarious situation. Their rental choices are limited by cost, availability and suitability. They may not have access to affordable accommodation in their community. At every 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. For the old and the young, these positive or negative impacts can be life-changing.

Retirement Villages are not included in this analysis. The cost of this accommodation is high, and thus excludes many seniors: just over 6% of people aged 65+ are residents. Aotearoa New Zealand currently has 470 retirement villages which contain 41,111 units and about 53,444 residents. According to Stats NZ, while the rate of growth in the 75+ age bracket population is slowing (but increasing in absolute terms) 112,624 people are expected to want Retirement Village accommodation by 2048,<sup>2</sup> but the terms and conditions of residence are complex and sometimes contentious, and the Review of the Retirement Villages Act 2003, begun in 2023, is not yet completed.

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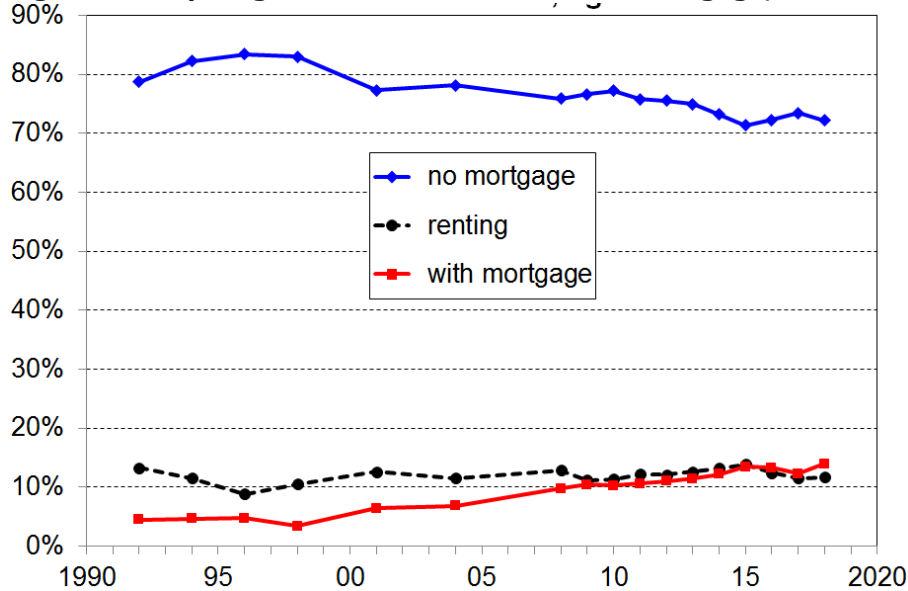
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<sup>2</sup> See <https://www.rnz.co.nz/news/business/526801/retirement-village-development-still-not-enough-to-meet-demand>, 2024.

## 1. Introduction

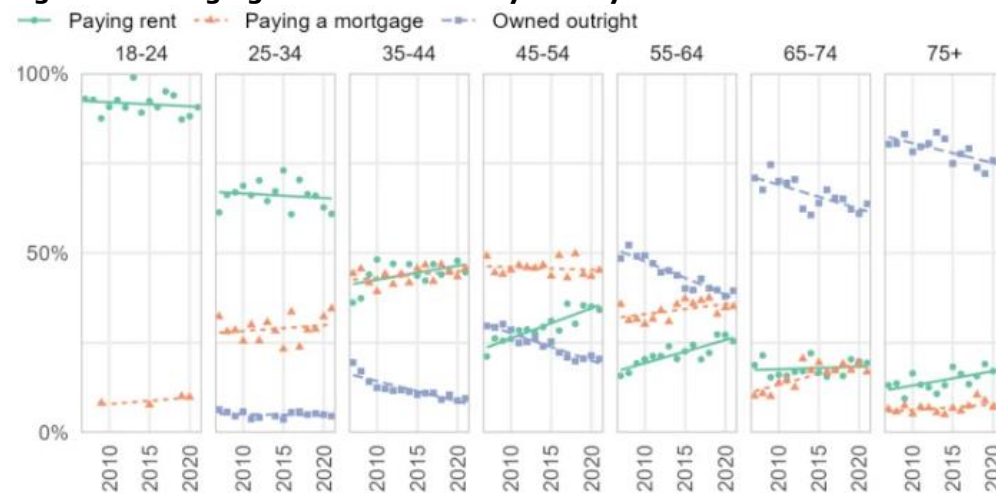
Accessible, appropriate and secure housing is a key to older people’s ability to live independently. Unfortunately, such housing is not affordable for everyone who needs it. Growing numbers of Kiwis are reaching retirement age without owning a home (Figure 1) and continue to be confronted by high rental costs. This increases the likelihood of there being more older people with inadequate after-housing-costs incomes.

**Figure 1. People aged 65+ with and without a mortgage, and renting<sup>3</sup>**



Local and Central Government are shedding much of their public and senior housing to reduce outgoings and realise their assets. As house prices have escalated in recent years, it is increasingly difficult for younger cohorts to purchase a home, indicating that this housing problem will worsen over time. As shown in the Retirement Commission’s figure below, the future appears increasingly bleak for our ageing population.

**Figure 2. Changing forms of tenure by birth-year cohort<sup>4</sup>**



There is universal financial support for almost all older people. When a person reaches the qualifying age of 65 years, they can apply for New Zealand Superannuation (NZS),

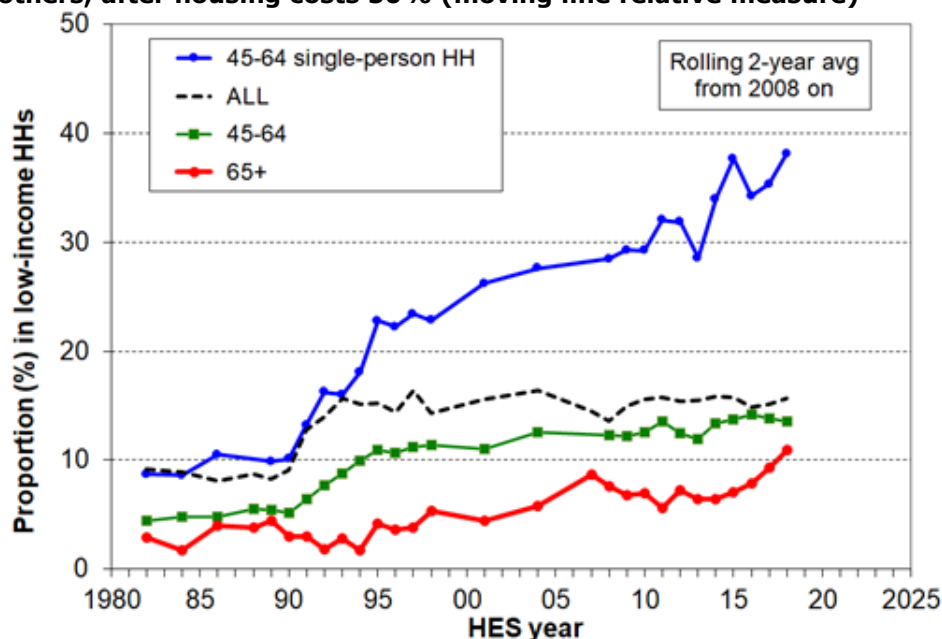
<sup>3</sup> Perry, 2019, *Household Incomes in New Zealand: trends in indicators of inequality and hardship 1982 to 2018*. Wellington: Ministry of Social Development, p.192, Fig I.13.

<sup>4</sup> See [https://assets.retirement.govt.nz/public/Uploads/Retirement-Income-Policy-Review/2022-RRIP/RRIP\\_2022.pdf](https://assets.retirement.govt.nz/public/Uploads/Retirement-Income-Policy-Review/2022-RRIP/RRIP_2022.pdf), 2022 Review of Retirement Income Policies p. 69.

currently \$519.47 per week after tax ('M') for a single person living alone.<sup>5</sup> But the sufficiency of NZS is predicated on owning a home rather than renting. Home ownership, mortgage-free, means effectively living rent free, with only rates and maintenance as regular necessary expenses in addition to food, power and phone. Those people renting in 2024 are confronted by a national median weekly rental for a small house or apartment of \$550 per week.<sup>6</sup>

As shown in Figure 3, while not as dramatic as the increasing proportion of younger people in single person, low-income households, the proportion of older people in low-income households was already starting to climb by 2001.

**Figure 3. Low-income trends for single-person households (45-64 yrs) compared with others, after housing costs 50% (moving line relative measure)<sup>7</sup>**



While renters over 65 may also be able to access the Accommodation Supplement (AS) and Temporary Additional Support (TAS) to assist with costs, a new threat has emerged in the form of inflation. Stats NZ has shown:

*The cost of living for the average New Zealand household has increased 5.4% in the last 12 months to the June 2024 quarter, ... The increase, measured by household living-costs price indexes (HLPis), follows a 6.2% increase in the 12 months to the March 2024 quarter. It comes as inflation, measured by the consumers price index (CPI), was 3.3% in the 12 months to the June 2024 quarter... Stats NZ said other contributors to increased living costs were private transport supplies (such as petrol), insurance and rent. For the majority of households, private transport supplies increased by 13%. For non-home owners, rent increased by roughly 5%.<sup>8</sup>*

In early 2021, MSD partnered with the Social Welfare Agency (SWA) and the Ministry of Health (MOH) and used the Integrated Data Infrastructure (IDI) to support the Government's 'Better Later Life Strategy Action Plan 2021-2024 – He Mahere Hohenga', building an evidence base demonstrating the size, scale and characteristics of older people

<sup>5</sup> See <https://www.workandincome.govt.nz/products/benefit-rates/benefit-rates-april-2024.html>. These are slightly higher from July 1 to reflect tax threshold changes.

<sup>6</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.

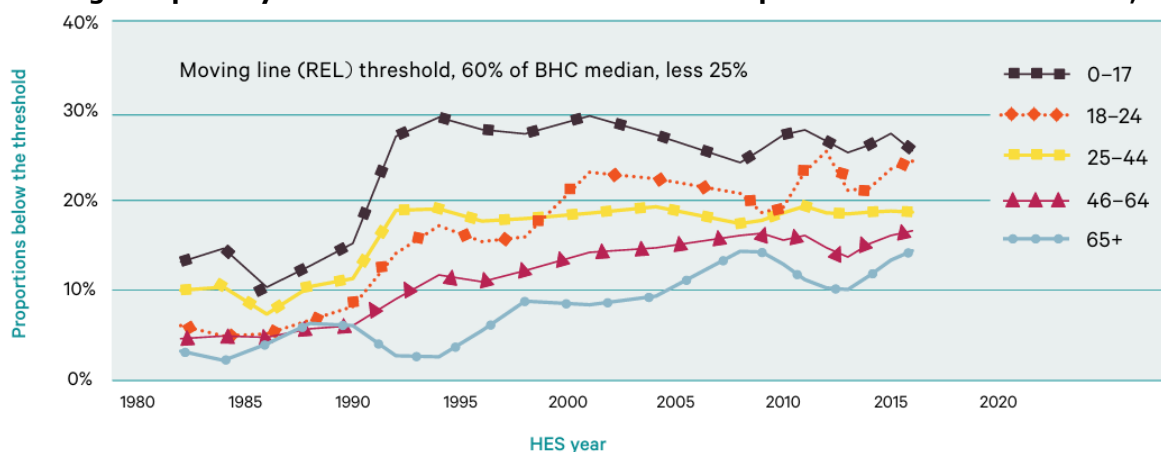
<sup>7</sup> See Perry, B. 'Household incomes in New Zealand: Trends in indicators of inequality and hardship, 1982 to 2018' MSD Wellington November 2019, p.163.

<sup>8</sup> See <https://www.1news.co.nz/2024/07/26/cost-of-living-up-54-in-past-year-stats-nz/>. 2024.

experiencing vulnerability in health, housing, finance, social connection and access.<sup>9</sup> The initial report presented the first phase of work and demonstrated where compounding hardship is occurring across different older communities in Aotearoa New Zealand. The 2023 report found many older people are doing well: 54% of older people are healthy, have liveable housing, are financially secure, and have good social connections and access. However, another 2023 multi-agency report, *Older people experiencing vulnerability and multiple disadvantage in New Zealand*,<sup>10</sup> shows that at least 33% of older people experience vulnerability, and 13% experience multiple disadvantage. Māori and Pacific peoples experience particularly inequitable and adverse outcomes.

Multiple disadvantage in three of the five domains is mostly due to vulnerability in health, housing, and finance: 18% experience housing vulnerability, living in poor quality or/and overcrowded houses. Older renters experience higher proportions of housing vulnerability compared to those with a mortgage or those with no mortgage or no rent. While European older people experience the highest proportion of social connection vulnerability, 27% of older Pacific peoples experience the highest proportions of housing vulnerability compared to all other ethnicities, and they were more likely to experience multiple disadvantage. Asian, Middle Eastern, Latin American, and African older people experience the highest proportions of financial vulnerability. Māori older people experience the highest proportion of health vulnerability. Auckland, Gisborne, and the West Coast have the highest proportion of older people experiencing multiple disadvantage.<sup>11</sup>

**Figure 4. Proportion of all individuals in low-income households by age, based on a moving line poverty threshold set at 60% of median disposable household incomes, AHC<sup>12</sup>**



Unsurprising then that many in the 50-65 age group approach retirement with apprehension.<sup>13</sup> The situation is particularly grim for those older people who are not homeowners and whose only source of income is NZS. Public housing, whether state- or council-provided, is more affordable, but it is in scarce supply. The housing situation is worse for women than men, as poverty in older age increasingly has a woman's face. The

<sup>9</sup> See <https://officeforseniors.govt.nz/assets/documents/our-work/better-later-life/Action-Plan/Better-Later-Life-Action-Plan-2021-to-2024.pdf>, 2021.

<sup>10</sup> <https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/research/older-people-experiencing-vulnerability-and-multiple-disadvantage-in-new-zealand/older-people-vulnerability-and-multiple-disadvantage-june.pdf>, 2023.

<sup>11</sup> Ibid.

<sup>12</sup> See Perry, B. (2017, p. 125) HES refers to the Household Economic Survey, BHC refers to 'before housing costs', AHC refers to 'after housing costs'.

<sup>13</sup> See <https://www.stuff.co.nz/national/300553744/the-coming-storm-for-future-retirees-still-renting-and-not-enough-savings-to-avoid-poverty>, 2022.

United Nations reported in 2022 women suffer from higher levels of relative poverty than men at all ages, but the estimated gap is largest among older people.<sup>14</sup>

The gender pay gap contributes to the poverty of older women: StatsNZ figures show that for every \$1.00 a Pākehā man earns, a Pākehā woman earns \$0.89. Then, largely as a consequence of wage discrimination, on average, Māori and Pasifika earn even less and are less likely to be home-owners. For every \$1.00 a Pākehā man earns, Māori and Asian men earn \$0.86, an Asian woman earns \$0.83, a Pasifika man and a Māori woman earn \$0.81, and a Pasifika woman earns \$0.75.<sup>15</sup> As a consequence, as the Ministry of Pacific Peoples reports, Pacific people are disproportionately affected by the housing crisis, experiencing some of the worst housing outcomes of any population in the country.<sup>16</sup>

*Successive population censuses have shown that there are housing inequalities in quality and tenure, which in turn drive inequalities in health.*<sup>17</sup>

A note to challenge the idea that poverty is largely self-inflicted, and therefore deserved:

*The available empirical evidence suggests that poverty is due to multiple factors, many of which are beyond a person's control. These include a person's genetic endowment, their family circumstances, and the educational and other opportunities available during childhood. Further, a wide range of broader socio-cultural, economic, structural, and policy factors also affect a person's life course and outcomes.*<sup>18</sup>

A question posed in this paper is: will recent developments of Kainga Ora's multi-level projects, whanau and aiga community housing, the surge in 'build-to-rent' projects, and the Office for Seniors house-sharing model, provide viable, desirable and enduring solutions to the housing crisis for older citizens? After section 2. *The right to a decent home*, the following sections explore housing from the perspectives of 3. *Home ownership*, 4. *Renting*, 5. *Accommodation Supplement*, 6. *Ministry of Social Development's public housing policy*, 7. *Public Housing*, 8. *Regional issues*, 9. *Shared ownership* and 10. *Home-sharing*. A short conclusion is provided at 11.

## **2. The Right to a Decent Home<sup>19</sup>**

New Zealand has the highest level of homelessness per capita in the OECD. In 2018, based on 2018 Census data, there were 102,123 people living on the streets, in emergency housing, or in sub-standard shelter.<sup>20</sup> This is despite the aspiration:

*Everyone has the right to a decent home... which is safe, warm, dry, affordable, accessible and culturally adequate. A place to come back to, for quiet and rest, a place to experience joy with friends and family, a place to feel grounded in community. When people have stable, healthy and truly affordable homes they are able to build strong roots in a community, which creates flourishing and connected communities, towns and cities.*<sup>21</sup>

The report from the recent Human Rights Commission's (HRC) inquiry *The Housing Inquiry Final Report: Implementing the right to a decent home in Aotearoa: Fairness and dignity for all* states that no future generation should face a housing crisis, and calls for MPs and

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<sup>14</sup> See <https://www.un.org/development/desa/dspd/2022/11/old-age-poverty/>.

<sup>15</sup> See <https://www.rnz.co.nz/news/business/464724/new-study-shows-gender-wage-gap-persists-into-retirement-2022>.

<sup>16</sup> See <https://www.stuff.co.nz/national/130614482/new-zealands-first-multigenerational-state-homes-a-pasifika-gamechanger-2023>.

<sup>17</sup> Howden-Chapman, P., Viggers, H., Keall, M., Bierre, S., Grimes, A., Piers, N. "Research-informed Public Policy: a case study of housing", Policy Quarterly – Volume 19, Issue 4 – November 2023 – Page 4

<sup>18</sup> See <https://www.royalsociety.org.nz/assets/Spotlight-on-poverty-digital-v2.pdf>, 2021, p. 14.

<sup>19</sup> See <https://acnzonresearch.wordpress.com/2023/05/04/aotearoas-fractured-housing-continuum/>.

<sup>20</sup> See <https://www.hud.govt.nz/stats-and-insights/homelessness-outlook/homelessness-indicators-2024>.

<sup>21</sup> See [A Peoples Review of Kāinga Ora: In Defence of Public Housing V1 \(squarespace.com\), 2024](#).



policy makers to treat housing as a human right,<sup>22</sup> meaning access to warm, dry, safe and affordable housing for everyone. Yet as the then Human Rights Commissioner Hunt says:

*Young people, refugee and migrant families, Māori, Pasifika, single parents, elderly and disabled people continue to struggle. The twin hardships of inflation and interest rate increases are adding further stress for many.*<sup>23</sup>

The right to a decent home is based on Aotearoa New Zealand being a signatory to the International Bill of Human Rights, the Convention on the Rights of the Child, the Convention on the Rights of Persons with Disabilities, and the Declaration on the Rights of Indigenous Peoples. Seven key principles determine if a home is “decent”: Affordability; Habitability; Accessibility; Security of Tenure; Proximity to Education, Employment and Healthcare; Access to Core Services; and Cultural Adequacy. These pacts and the breadth of international law around the Right to a Decent Home have determined that a “home” is more than just sufficient shelter. This reflects the mātauranga (knowledge & wisdom) of Te Ao (the world) that values whenua (the soil, rocks, plants, animals & people inhabiting the land) and kāinga (home) on an individual’s hauora (physical and spiritual health).

Living in unsuitable housing is related to increased health risks.<sup>24</sup> Decent housing improves health and wellbeing and provides a sense of safety and belonging. The research participants in *Pacific Housing Design Guide: Guidelines for Designing Pacific Housing Solutions* 2002, said a “home” is situated in an existing community, ideally has a yard with good soil to grow a food garden, is designed with 4/5 bedrooms, and has accessible bathrooms at ground level for elderly or disabled family members. Such culturally appropriate housing ideas, including *Ki te Hau Kāinga: new perspectives on Maori Housing solutions*, also published in 2002, were available on the Kāinga Ora website until 2022.<sup>25</sup>

*Housing in Aotearoa is a key environmental and social determinant of health and wellbeing, but addressing housing inequity involves more than building more houses, and a home is more than a roof and four walls.*<sup>26</sup>

The previous Labour Government increased investment in housing, but it failed to deliver on accessible homes. Since implementing its Accessibility Policy in 2020,<sup>27</sup> between July 2020 and December 2022 Kāinga Ora has delivered only 70 new homes that meet full universal design standards.<sup>28</sup> The total number of state homes built over that time is 4,775, suggesting only 1.5% of new state houses met the universal design standards.<sup>29</sup> Yet the 2013 Disability Survey<sup>30</sup> reported around 24% of the population have disabilities. While 21% of adults under age 65 report having disabilities, that increased to 59% of those aged 65 or older. A disability impacts housing requirements.

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<sup>22</sup> See [Inquiry into the Right to a Decent Home \(tikatangata.org.nz\)](https://www.tikatangata.org.nz/), 2023.

<sup>23</sup> See [Housing Inquiry final report: no future generation should face a housing crisis - A Decent Home is a Human Right \(hrc.co.nz\)](https://www.hrc.co.nz/), 2023.

<sup>24</sup> See

[https://www.health.govt.nz/system/files/documents/publications/health\\_and\\_independence\\_report\\_2022\\_online\\_version.pdf](https://www.health.govt.nz/system/files/documents/publications/health_and_independence_report_2022_online_version.pdf).

<sup>25</sup> See [Yes to more social housing, but housing quality would be even better \(newsroom.co.nz\)](https://www.newsroom.co.nz/), 2023.

<sup>26</sup> Ibid.

<sup>27</sup> See [Kainga-Ora-Accessibility-Policy-PDF-FINAL-15.11.2019.pdf \(kaingaora.govt.nz\)](https://www.kaingaora.govt.nz/).

<sup>28</sup> Universal design is about making buildings accessible to all people of all abilities at any stage of life.

<sup>29</sup> See <https://www.stuff.co.nz/pou-tiaki/131392512/appalled-kinga-ora-achieves-only-10-of-target-for-accessible-new-homes>, 2023.

<sup>30</sup> See <https://www.stats.govt.nz/information-releases/disability-survey-2013>.

The HRC called on all Members of Parliament to treat housing as a human right, and to use all its available resources to alleviate the housing crisis. The HRC's Housing Inquiry Final Report provides tools for communities, individuals and housing organisations to hold government and the private sector accountable for the right to a decent home, in the context of Te Tiriti o Waitangi human rights.

*The centre of our social, emotional and sometimes economic lives, a home should be a sanctuary—a place to live in peace, security and dignity, and a critical determinant of the health and wellbeing of individuals and communities.*<sup>31</sup>

### 3. Home ownership

It is vital to factor in the reality that homeownership underpins our asset-based welfare system. In New Zealand, as in Australia and other homeownership-dominated societies, older people commonly rely on their housing asset for their well-being. As Kay Saville-Smith 2019 warns, aged care and retirement incomes policies assume older people are mortgage-free homeowners, able to liquidate that asset to underwrite future housing and residential care needs, as well as maintain living standards.<sup>32</sup> The Office for Seniors' "Better Later Life He Oranga Kaumātua 2019 to 2034" strategy acknowledges NZS is no longer sufficient 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>33</sup>

#### a) Kiwisaver

When KiwiSaver (KS) was set up in 2007 to lift New Zealand's low national savings rate, to promote retirement saving and facilitate first home ownership, Kiwis aged 50 to 64 were already adults and mid-career. In the low-wage economy,<sup>34</sup> they are likely to have contributed only 3% of wages to their KS accounts in addition to the employer's 3%. While some will have used their KS account plus the government subsidy to put a deposit on a home, few will have saved a significant retirement nest egg. The 2023 Financial Markets Authority KS Report<sup>35</sup> showed average balances of only \$27,379. In May 2024, the Coalition Government discontinued the First Home Grant that gave up to \$20,000 for a couple building a new house, provided they had contributed to KS for at least 3 years, and met other income criteria. The First Home Loan, allowing a lower deposit beside the KiwiSaver balance, is Government guaranteed, and is still in place.<sup>36</sup>

While KiwiSaver may have a significant effect on home ownership rates in the future, it is unlikely to have an impact on the middle-aged. The 2018 Census showed around one in four people between 50 and 65 years don't own the home they live in (as shown in Figure 1). In 2020, StatsNZ reported home ownership had fallen to the lowest rate in 70 years, with just 65% of people living in houses they own, down from the peak of 74% in the 1990s.<sup>37</sup> This reduction in home ownership implies that a mixed group of baby boomers and generation X (almost 500,000 people) may be unable to financially manage retirement.

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<sup>31</sup> See [https://mcusercontent.com/5a3df368f92b8fb23ac07652e/files/3df249c9-3a14-f2af-0ca7-d64448f546bc/Housing\\_Inquiry\\_final\\_report\\_Implementing\\_the\\_right\\_to\\_a\\_decent\\_home\\_in\\_Aotearoa\\_Fairness\\_and\\_dignity\\_for\\_all.pdf](https://mcusercontent.com/5a3df368f92b8fb23ac07652e/files/3df249c9-3a14-f2af-0ca7-d64448f546bc/Housing_Inquiry_final_report_Implementing_the_right_to_a_decent_home_in_Aotearoa_Fairness_and_dignity_for_all.pdf), 2023.

<sup>32</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), 2021.

<sup>33</sup> See <https://officeforseniors.govt.nz/better-later-life-strategy/>, 2023.

<sup>34</sup> See [Higher wages: If not now, when? \(newsroom.co.nz\)](https://newsroom.co.nz/news/higher-wages-if-not-now-when/), 2020.

<sup>35</sup> See <https://retirement.govt.nz/news/latest-news/new-data-reveals-gender-gaps-widening-in-kiwisaver-balances-across-all-ages/>, 2021.

<sup>36</sup> See <https://www.mymortgage.co.nz/blog/post/128705/government-announcement-first-home-grant-changes-may-2024/>.

<sup>37</sup> See [Homeownership rate lowest in almost 70 years | Stats NZ](https://www.stats.govt.nz/news/homeownership-rate-lowest-in-almost-70-years), 2020.

*New Zealanders have traditionally relied on owning a home to support themselves during their retirement years. But many of the New Zealanders now aged between 50 and 65 – will go into retirement as renters after skyrocketing house prices over the last three decades put home ownership out of reach.<sup>38</sup>*

### **b) Lower incomes**

The housing affordability issue disproportionately affects those who have remained on low incomes through most of their working life, and particularly impacts Māori and Pacific peoples. Between 1986 and 2013 the proportion of Māori and Pacific peoples living in owner-occupied housing decreased by 34.8%, compared to a 20% decrease for the overall population.<sup>39</sup> The 2023 Census revealed that:

*Homeownership rates among Māori had fallen to just 50% in 2018,.. lower than the overall national rate of 65%. This disparity highlights the urgent need for targeted interventions to improve housing outcomes for Māori communities.<sup>40</sup>*

At the 'Unlocking Local' community housing conference, Ōtautahi Christchurch 2023,<sup>41</sup> housing researcher Saville-Smith timed the housing crisis from the early 1990s when government support of first home ownership with large-scale concessionary mortgage lending was removed. That led to a collapse in the construction of modest bottom-quartile homes, and the provision of affordable rental housing for low-income households became a social welfare matter through the Accommodation Supplement (AS). Saville-Smith calculates that between 1986 and 2018 the housing stock held by the private rental market increased from 14% to 27%. Over the same period, the annual cost of the AS taking about 13,000 households out of housing stress, spiralled to around \$2 billion.

Māori were impacted particularly badly by the withdrawal of state support for first time buyers 30 years ago, just as they were starting to close the gap in home ownership rates with Pākeha. Charles Waldegrave, analysing this issue for the Waitangi Tribunal's inquiry into Māori housing, found the state provided 86% of Māori mortgages in the 1980s, and home ownership reached 57.4% by 1991. Withdrawal of state mortgage lending and \$2.4 billion privatisation of those loans also hit Pasifika home ownership rates hard. There was a 25% fall in Māori home ownership rates between 1991 and 2013, widening the gap between Māori and Pākeha rates. Opportunities to build an asset base through housing, and housing security and stability, diminished as home ownership rates declined.<sup>42</sup>

### **c) Property as a source of wealth, not a home**

Concurrent with diminishing rates of home ownership was a growing preference for property ownership as a means to increase wealth. That preference appears to have increased in strength over time:

*Residential Property Investment is embedded in the kiwi mindset as a trusted means to create wealth and secure a financial future. With recent favourable changes to tax rules there are many reasons why residential property continues to be an incredibly appealing investment choice. ... Rental income and capital growth are provided by property over time. Property is bankable – banks can be willing to finance property purchases up to 100%.<sup>43</sup>*

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<sup>38</sup> See 'PensionCommentary 2022-01 A Looming Crisis for Retirees' at <https://cdn.auckland.ac.nz/assets/business/about/our-research/research-institutes-and-centres/RPRC/publications/PC%202022-1%20Looming%20Crisis%20for%20Retirees.pdf>.

<sup>39</sup> See 'Pensioner reliant on temporary support to make rent as housing market shuts out retirees', 4 March 2021, at <https://www.stuff.co.nz/life-style/homed/housing-affordability/300236562/pensioner-reliant-on-temporary-support-to-make-rent-as-housing-market-shuts-out-retirees>.

<sup>40</sup> See [What the Kāinga Ora review means for Māori housing | The Spinoff, 2024](#).

<sup>41</sup> See [https://www.newsroom.co.nz/housing-a-public-policy-disaster-for-30-years?utm\\_source=Newsroom&utm\\_campaign=b8847b7f7d-Daily\\_Briefing+29.05.2023&utm\\_medium=email&utm\\_term=0\\_71de5c4b35-b8847b7f7d-97840303](https://www.newsroom.co.nz/housing-a-public-policy-disaster-for-30-years?utm_source=Newsroom&utm_campaign=b8847b7f7d-Daily_Briefing+29.05.2023&utm_medium=email&utm_term=0_71de5c4b35-b8847b7f7d-97840303).

<sup>42</sup> Ibid.

<sup>43</sup> See <https://properli.co.nz/property-investment/>, 2024.



Interest costs can once again be claimed as an expense for any residential investment property, irrespective of when the rental property was purchased or when the loan was drawn down. The changes happen in two phases: from 1 April 2024, a deduction for 80% of the interest on funds borrowed for the residential property can be claimed, and from 1 April 2025, that claim increases to 100% of the interest.<sup>44</sup>

The combined value of New Zealand residential property increased by \$1.5 trillion in 33 years. Calculating the gains using the Reserve Bank's estimated value of housing stock adjusted by Stats NZ's home ownership rates, an economist estimated New Zealand property investors have made \$511 billion since 1991.<sup>45</sup>

#### **d) Tiny home**

One increasingly popular response to soaring house prices is to build or buy a tiny home. Some tiny homes are award-winning design solutions, privately owned and family-enhancing.<sup>46</sup> Others are driven by charities' awareness of the housing crisis for older people. The desperation of many retirees and older people struggling to afford rent and groceries on NZS has prompted Age Concern Rotorua (ACR) to commission the building of three tiny homes on land the organisation owns. The numbers of elderly people in dire need of an affordable home vastly exceed the supply. ACR Manager Rory O'Rourke says: "Some people are spending long spells staying with whanau in crowded homes, or living in emergency housing, and in the more extreme cases living in cars and vans".<sup>47</sup>

The possibility of owning a tiny home can be attractive in part because of the relatively lower costs involved: the land and home may cost under \$200,000 to \$300,000, and small size means lower maintenance costs. But some councils only allow tiny homes in specific zones and some prohibit them altogether,<sup>48</sup> leading to difficulties in finding suitable land, or parking spaces for mobile tiny homes. And if a tiny home violates zoning regulations, there may be legal consequences. Other issues limiting the functionality of tiny homes include securing land, as many subdivisions have restrictive covenants that prohibit tiny homes; and expensive, time-consuming consents are required for connecting services such as power, water, wastewater, stormwater and kitchen. Off-grid living may require a chemical toilet, tanked water, and solar power. Rural land may be affordable, but may mean a longer commute for facilities and provisioning with consequent high fuel costs.

#### **d) "Granny flat"**

A recent development on this front is this Coalition Government's plans to make it easier to build small, self-contained and detached houses on a property that already has an existing home on it. The move would force councils to allow buildings, now called "granny flats" not 'tiny homes", up to 60 square metres in certain areas, without requiring a consent or even an engineer's report. The justification for waiving permits and making it easy to build granny flats is to "increase the supply of affordable homes for all New Zealanders".<sup>49</sup>

Such minor dwellings might provide a stream of income for an older person who owns the primary dwelling, or may provide an affordable rental home for an older relative.<sup>50</sup> Such

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<sup>44</sup> See <https://www.anz.co.nz/personal/home-loans-mortgages/investment-property/tax-changes/#:~:text=Changes%20to%20interest%20deductibility%20rules&text=From%201%20April%202024%20C%20you,interest%20deduction%20instead%20of%2080%25,2024>.

<sup>45</sup> See <https://www.rnz.co.nz/news/business/522526/property-investors-rake-in-500-billion-over-30-years-2024>.

<sup>46</sup> See [Tiny home for 'Poppa' squeezed into Grey Lynn site is Here's Best House | Stuff.co.nz, 2023](https://www.stuff.co.nz/rotorua/news/522526/property-investors-rake-in-500-billion-over-30-years-2024).

<sup>47</sup> See [Rotorua's acute housing crisis hits elderly renters hard - are tiny homes the answer? | RNZ, 2023](https://www.rnz.co.nz/news/business/522526/property-investors-rake-in-500-billion-over-30-years-2024).

<sup>48</sup> See [https://www.moneyhub.co.nz/tiny-homes.html, 2024](https://www.moneyhub.co.nz/tiny-homes.html).

<sup>49</sup> See [Government seeks feedback on no-consent 'granny flat' policy | RNZ News, 2024](https://www.rnz.co.nz/news/business/522526/property-investors-rake-in-500-billion-over-30-years-2024).

<sup>50</sup> See [Granny Flats: Do They Pay Off? Investors Run The Numbers | Scoop News, 2024](https://www.scoop.co.nz/stories/2401/01/2401010001.htm).

waiving of all protections and standards does not bode well. We are still suffering the consequences of deregulation with high cost repairs to leaky buildings.

#### **e) Studio apartment**

Possibly a studio apartment is the best tiny home because it is likely to be located close to shops and transport and have a resale value.<sup>51</sup> The body corporate costs are based either on the sale value or the square metre area, so smaller apartments cost less to buy and to occupy. Over time, banks have accepted the value of small apartments and will provide a mortgage if one is required provided the apartment is at least the minimum of 38 square metres. While a studio apartment can be a realistic financial option, it also needs to meet universal design criteria to work for many older people.

### **4. Renting**

#### **a) Security of tenure**

While data released by the HRC's housing inquiry showed renters are having to move less frequently than previously (the proportion living in a home for less than a year dropped from 24.2% in 2006 to 19.8% in 2018),<sup>52</sup> security of tenure for too many renters remains much lower than for homeowners. Hunt says:

*Security of tenure ... is a crucial dimension of the right to a decent home.... Having security of tenure gives a household a sense of control over its current and future housing circumstances. Aotearoa New Zealand historically has a poor record on tenure security, with few regulations protecting tenants and few opportunities for long-term tenancies. Weak security of tenure can also have a terrible impact on children who in some cases have to move school each time they move rental property. This creates stress for children and prevents them from settling in.*<sup>53</sup>

Generally older people need smaller, single-level, low-maintenance housing. The increasing numbers of older renters exacerbates the shortage of this type of housing: *From 1986 to 2013, New Zealand saw a 44% growth in renting among those aged 65 and older, and by 2013, almost 19% of this age group lived in rented accommodation (James et al., 2020).*

According to a 2022 Retirement Commission's report, in 25 years 40% of over 65-year-olds will be renters (versus 19% now),<sup>54</sup> and over half the 65+ cohort will be financially fragile.<sup>55</sup> Against this alarming backdrop, the retirement village sector is reducing its rental provision in favour of the 'licence to occupy' model. Because older renters are unlikely to access a rental unit in a retirement village, most will end up in private rental accommodation, despite their lack of affordability. Data released in November 2022 by the HRC's housing inquiry showed that although renters are having to move less frequently, security of tenure for many remains much lower than for homeowners.

*Data shows that renters are less likely to find their housing affordable than homeowners and have significantly worse housing quality – both key elements of the right to a decent home.*<sup>56</sup>

#### **b) Accessibility**

Another major issue for older people is that only 5% of rental housing in New Zealand is accessible, and those with fragile health need homes that are also warm, dry, mould-free and located near medical services. Suitable affordable properties are rare, and often only offer short term tenancies resulting in uncertainty and stress.<sup>57</sup>

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<sup>51</sup> See [Buying an Apartment in New Zealand - MoneyHub NZ, 2024.](#)

<sup>52</sup> Ibid.

<sup>53</sup> See [Tenants Staying In Homes Longer But Gap Remains | Scoop News, 2022.](#)

<sup>54</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>55</sup> See <https://retirement.govt.nz/policy-and-research/2022-review-of-retirement-income-policies/housing/>.

<sup>56</sup> See <https://housing.hrc.co.nz/>, 2023.

<sup>57</sup> See [The worrying rise of retired renters | The Spinoff, 2023.](#)

Research released in 2024 by the Retirement Commission suggests the private rental sector is unlikely to provide sufficient accessible housing to meet the growing demand, or to support older renters to 'age in place', despite the main findings of the report showing:

- 74% of landlords believe it is important for ageing tenants to remain in a property as they age even if modifications are necessary.
- Landlords see older tenants as reliable, respectful, and low-maintenance, but 60% agree older tenants' accessibility needs may require modifications to a property.
- However, almost half of landlords have never had a tenant over 65 years of age.
- Only 15% of landlords have made or considered making modifications to their properties to address the needs of older tenants.
- And only 57% of those modifications were funded by the landlord themselves.
- Only 24% of landlords were aware of potential government funding, and only 5% of landlords have accessed it.<sup>58</sup>

In a positive response to this Retirement Commission report, the Auckland Property Investors Association (APIA) urged the private rental sector to address the growing need for age-related modifications in rental properties. APIA suggests there could be increased awareness of government and other funding options. Landlords can access funding and support from several government and non-government organisations, including:

- Ministry of Social Development offers assistance for housing and vehicle modifications to help older tenants live safely at home.
- Work and Income provides various payments and services for seniors, including assistance for housing modifications.
- Age Concern New Zealand provides resources and guidance on how older adults can remain in their homes safely.
- Senior Line offers information and advice for older people to live independently in their own homes.<sup>59</sup>

### **c) Affordability**

Another report released in 2024 by the Retirement Commission showed 40% of seniors are solely dependent on NZS, and another 20% only have a little more from savings or income, so more than half of the 65+ cohort are financially fragile.<sup>60</sup> For retirees with limited financial resources, managing on the NZS, rental payments can easily exceed 60% of their income. Basics like food, electricity and transport quickly become unaffordable. Since 2018, although NZS has increased by 29%, rents nationwide have risen 28% across all property types and regions. In addition to exacerbating weekly financial pressure, the rapidly increasing rental costs have reduced the ability of people to save for their own home. In February 1993, median rent was \$150 a week,<sup>61</sup> but as of July 2024, median rent was \$640 a week.<sup>62</sup> Yet in Auckland, the 50% of those aged 15+ who are renting is expected to increase to 60% by 2044.<sup>63</sup> As Bryan Perry's 2021 MSD report "Housing Affordability for Renters and Owners: International comparisons"<sup>64</sup> states:

*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*

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<sup>58</sup> See [How Ready Are New Zealand Landlords For Growing Numbers Of Ageing Tenants? | Scoop News.](#)

<sup>59</sup> See [Call To Prioritise Age-Related Solutions In The Private Rental Sector | Scoop News.](#)

<sup>60</sup> See <https://retirement.govt.nz/policy-and-research/nz-super#:~:text=NZ%20Super%20is%20critical%20to,having%20only%20a%20little%20more>, 2024.

<sup>61</sup> See <https://www.opespartners.co.nz/property-management/historical-rent-increases>, 2024.

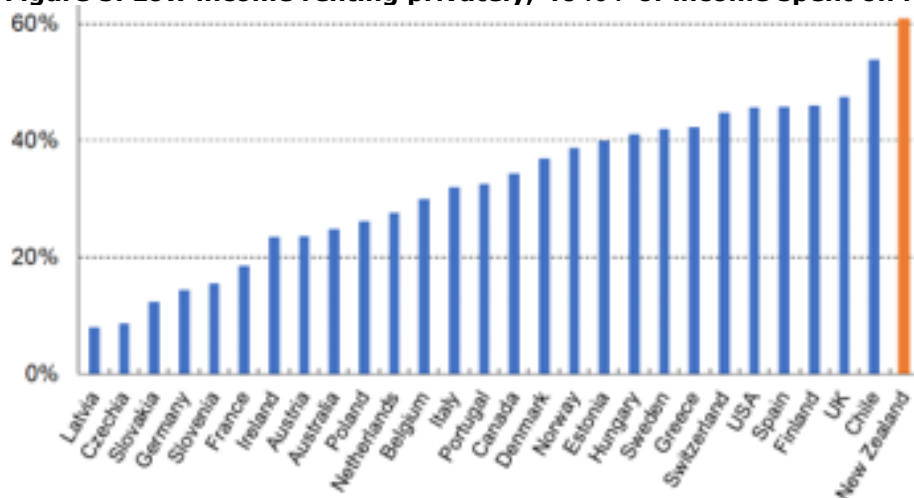
<sup>62</sup> See [Rental Listings Skyrocket As Prices Fall, Again | Scoop News, 2024.](#)

<sup>63</sup> See <https://www.nzherald.co.nz/nz/housing-shortage-crisis-build-to-rent-has-the-potential-to-play-an-important-role-in-new-zealands-housing-equation-clive-mckenzie/5QFOTTSQBNDOLKQ374W6U5JBX4/>, 2024.

<sup>64</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.

at the 'top' of the OECD league table with a rate double the OECD median of around 30%.<sup>65</sup>

**Figure 5. Low income renting privately, 40%+ of income spent on rent c.2018 (OECD)**



## 5. Accommodation Supplement<sup>66</sup>

The state provides a range of products to assist people in achieving or sustaining accommodation, including Bond Grants, Moving assistance, Rent arrears, Rent in advance and Tenancy costs. Temporary Additional Support (TAS) replaced the Special Benefit in April 2006. At 30 June 2022, 85,120 people were receiving TAS and 344,742 people were receiving the Accommodation Supplement (AS).<sup>67</sup> The AS is a weekly payment to assist people who are not in public housing with their rent, board or mortgage. 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 income limit is \$67,756 per annum or just under \$116,844 per annum for a couple with children. Just over one in 20 people receiving NZS are also getting help with the rent or their mortgage costs. At the end of June 2020, there were 44,757 people receiving NZS who were also receiving the AS.<sup>68</sup>

A curious flaw in the design of the AS is the severe limitations on assets to retain entitlement. Grey Power regularly lobbies Government to increase the AS asset level and the maximum payments (no increase for 5 years) to provide relief for seniors in rental accommodation who are unable to live in dignity.<sup>69</sup> A renter or homeowner with a mortgage who is not on a main benefit may be able to receive the full rate of AS if their assets are less than \$2,700 for a single person, and \$5,400 for a sole parent or a married, civil union or de facto couple.<sup>70</sup> The top limit for assets for people renting and receiving NZS and the AS is \$8,100 for a single person, and \$16,200 for a sole parent or a married, civil union or de facto couple.<sup>71</sup> The asset limit is bluntly applied: \$1 over the limit means zero entitlement to AS.

<sup>65</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>66</sup> See <https://www.moneyhub.co.nz/accommodation-supplement.html#benefit>.

<sup>67</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>68</sup> See <https://www.stuff.co.nz/business/money/122400764/state-helps-nearly-45000-retirees-struggling-to-pay-their-rent-2020>.

<sup>69</sup> See [Renting In Retirement – A Growing Challenge For Older People | Scoop News, 2023](#).

<sup>70</sup> See [Accommodation Supplement 2023 & 2024 - Rates and Guidance - MoneyHub NZ, 2024](#).

<sup>71</sup> See <https://www.workandincome.govt.nz/products/a-z-benefits/accommodation-supplement.html, 2024>.

The ruling that assets in excess of these amounts mean a person is not eligible for an AS<sup>72</sup> has a number of harsh consequences. It means the recipient is unable to save in order to improve their situation, and it ensures the recipient is captured in a precarious financial situation. If their laptop and their car both break down, they may struggle to meet the repair costs. Also, a person solely dependent on NZS is particularly vulnerable to high health costs including dental costs.

People dwelling 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 meaning they pay income related rents at 25% of their income. Work and Income (W&I) expect occupants to pay the "Entry Threshold" amount (updated annually). The amount depends on individual circumstances, but currently the entry threshold for a single person for Rent/Board is around \$84 per week. A married couple with children and a mortgage pay around \$223 per week.<sup>73</sup> If the applicant is a homeowner, rent received is counted as income, although W&I generally ignore income from the first 2 boarders as they are usually family members or whānau.

## 6. The Ministry of Social Development's public housing policy

Note that in New Zealand, social housing is now referred to as public housing.<sup>74</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 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>75</sup>

It does seem counterintuitive that territorial authorities like councils cannot 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>76</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. This means Community Housing Providers can reactivate projects put on hold waiting for additional budget authority. It will also help to address the high and growing levels of

<sup>72</sup> See <https://www.moneyhub.co.nz/accommodation-supplement.html#benefit, 2024>.

<sup>73</sup> See <https://www.moneyhub.co.nz/accommodation-supplement.html#:~:text=Someone%20not%20receiving%20a%20main,union%20or%20de%20facto%20couple, 2024>.

<sup>74</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>75</sup> See <https://www.hud.govt.nz/funding-and-support/income-related-rent-subsidy#:~:text=The%20Income%20Related%20Rent%20Subsidy,market%20rent%20for%20the%20property, 2024>.

<sup>76</sup> See <https://d1pepg1a2249p5.cloudfront.net/media/documents/The-case-for-councils-being-community-housing-providers.pdf, 2022>.



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 homes nationally for nearly 35,000 kiwis across 19,300 homes, and work to meet the needs of the people of Aotearoa New Zealand. Their kaupapa is that all New Zealanders have the right to a decent home that is affordable, secure, habitable, near schools, transport and services, and is culturally adequate. CHA will work with Te Matapihi and Pacific organisations to use this \$140 million allocation to deliver 1,500 new, sustainable, affordable houses in priority areas with the greatest persistent unmet housing needs.<sup>77</sup> Providers are ready to build.<sup>78</sup>

## 7. Public Housing

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. However, Aotearoa New Zealand has the lowest level of public housing in the OECD with public housing stock just 3.4% of all housing.<sup>79</sup> The OECD average is 7%, and the level in the Netherlands 34.1%. Public housing provides stable, secure, affordable homes so people can remain in a community and participate more fully,<sup>80</sup> despite low income.

To qualify for government-subsidised public housing from Kāinga Ora or a community housing provider, a person must be at least 16 years, be a New Zealand citizen or permanent resident, and have New Zealand as their usual home. People on the social housing register are given a "needs score" out of 20 (20 being the highest need) and either "A" priority 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>81</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.

Kāinga Ora is the primary provider of public housing in New Zealand. 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>82</sup>

Kāinga Ora leases properties for Community Group Housing (CGH) and Transitional Housing (for either the Ministry of Housing and Urban Development (HUD) or Corrections), so Supported Housing Providers can deliver their services.<sup>83</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>84</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

<sup>77</sup> See [Government Invests In 1,500 More Social Homes | Scoop News, 2024](#).

<sup>78</sup> 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>79</sup> Local council provision of 'Pensioner Flats' is discussed in the 'Regional Issues' section.

<sup>80</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>81</sup> See <https://oag.parliament.nz/2017/social-housing/part2.htm#:~:text=People%20on%20the%20social%20housing%20register%20are%20given%20a%20%22need,housed%20as%20quickly%20as%20possible..>

<sup>82</sup> Presentation to Auckland Council Seniors Advisory Panel, June 2024.

<sup>83</sup> Ibid.

<sup>84</sup> See <https://www.hud.govt.nz/assets/Uploads/Documents/HQR-June-2022.pdf>.

Ora - Homes and Communities. To qualify, an applicant must generally have a serious housing need and income under \$782.43 a week (after tax) if single with no children, or income under \$1,205.22 a week (after tax) if they have a partner or children, and they must have cash assets worth less than \$42,700. However, depending on their situation, if they have income or assets worth more than this they may still qualify for public housing. There were 22,923 applicants on the Housing Register as at 30 June 2024.<sup>85</sup>

#### **a) The Abbeyfield offering**

In Aotearoa New Zealand and overseas, for older people wanting to rent, Abbeyfield is a small contributor to affordable and appropriate housing. For people aged over 65, with modest assets, willing to live flexibly with others, an Abbeyfield house can provide a secure, safe, 'home' solution.

*Abbeyfield is an innovative housing model for older people wanting to retain their independence but enjoy the company of others. At an Abbeyfield house you live like a big whānau or family, sharing meals prepared by a housekeeper. Our houses are purpose-built for 11-14 people, providing a comfortable and homely environment.*<sup>86</sup>

Abbeyfield New Zealand currently has a network of 14 family-style homes, each accommodating from 11 to 14 residents. Every home is located close to local transport and amenities. The design and philosophy of Abbeyfield is supportive and empowering. Residents connect with others at mealtimes and in the shared living areas (including laundry and storage) and gardens, while enjoying the privacy and comfort in their own studio with ensuite.

There is no capital entry charge, and rent is set at a level related to NZS. The rent covers the house's maintenance and overhead costs, power, and food (self-service breakfast, 2 main meals are provided in the shared dining room). A housekeeper keeps the home running smoothly, shopping, cooking meals, and ensuring high standards of health, hygiene and safety in the communal living areas. New residents are accepted on the basis of need and suitability, including being able to live independently.<sup>87</sup>

#### **b) Affordable Rental Homes**

In consideration of all lower-income Kiwis, not just those aged over 65 years, in October 2023, then Housing Minister Megan Woods announced that almost 200 affordable rental homes would be built across New Zealand with the help of Government funding from the \$350 million Residential Development Response Fund.<sup>88</sup> Round Two of the then Government's Affordable Rental Pathway had been launched in February 2023 with \$100 million available and applications open to not-for-profit entities nationwide. The new rental homes were for low-to-moderate income families and whānau. Nine projects were selected for early progression as part of the shortlisting process, while the remaining shortlisted projects were in the final stages of assessment. With \$57 million in funding allocated to the approved projects, the expectation was that they would deliver the 174 affordable rental homes. The balance of the \$100 million remaining for Round Two was to support the construction of homes in Hawke's Bay, Bay of Plenty, Rotorua, Northland, Christchurch and Blenheim. While some of these homes have been built, it seems many of them remain untenanted, and few if any were designed for a sole, older or disabled tenant.<sup>89</sup> The change of Government in October 2023 signalled the end of this aspiration.

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<sup>85</sup> See <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/housing-register.html>, 2024.

<sup>86</sup> See <https://www.abbeyfield.co.nz/>, 2024.

<sup>87</sup> See <https://www.abbeyfield.co.nz/living-at-abbeyfield/>, 2024.

<sup>88</sup> See [100m funding round to build 174 affordable rental homes - Inside Government NZ, 2023](https://www.insidegovernment.co.nz/news/affordable-housing/2023/10/17/100m-funding-round-to-build-174-affordable-rental-homes).

<sup>89</sup> See <https://www.rnz.co.nz/programmes/the-detail/story/2018926006/the-investment-fund-aiming-to-fix-the-housing-crisis>, 2024.

### **c) Build to Rent (BTR)**

The new Coalition Government of National, Act and New Zealand First, elected in October 2023, have different visions and priorities to the previous Government. New Associate Finance Ministers, David Seymour and Chris Bishop, say overseas investment in Build To Rent (BTR) housing will be welcomed under a new directive letter they have issued to Land Information New Zealand (LINZ), the regulator for the Overseas Investment Act. BTR is a type of medium to high-density residential development, specifically built for long-term rental housing. This directive recognises that BTR has the potential to boost the supply of good quality and secure housing in New Zealand and could benefit from overseas capital to build at large-scale. Minister Bishop said:

*The letter will give BTR developers confidence by setting out the government's policy approach to overseas investment in BTR and clarifying the existing pathways available to investors.<sup>90</sup>*

But not all BTR is motivated by philanthropy. Resido, New Zealand's largest BTR apartment project has arrived with the NZX-listed Kiwi Property Group advertising tours of its 295 units in Mt Wellington, with move-in in May 2024. Studio units (43sqm) start at \$625 rent a week, 2-bed 2-bath in a 76-80sqm place is \$889 per week.<sup>91</sup> As advertised in June 2024, a 3 bed, 2 bath 111sqm apartment is \$1,235 pw. No apartments have garages or parking. This development is not contributing to the pool of affordable accommodation.

In contrast, the first Simplicity Living BTR residence, Kupenga in Point England, opened in May 2022 with 69 apartments. It was almost immediately home to over 150 residents across all age groups and 24 nationalities, 20% of whom took up the optional 10-year rental terms, with rents fixed for two years and increases after that linked at or below inflation. There was an almost immediate waiting list for the 42 apartments in Stage 2. The second Simplicity Living residence with 48 apartments in Onehunga was completed in July 2023.<sup>92</sup> In August 2023, Simplicity Living purchased 1.4 hectares in Remuera for a planned 330 BTR homes. The site is a five-minute walk from Greenlane's train station and retail shops.<sup>93</sup>

Simplicity's third BTR development opened in Mt Albert in at the end of May 2024. These 51 homes, fully equipped with appliances, are on average 15% bigger than equivalent apartments, and were built in 12 months for at least 30% below average build costs. Simplicity ensures greenspace is about a third of each development,<sup>94</sup> and long-term rental options are available.<sup>95</sup> Two years since inception, Simplicity Living has completed 210 homes for long-term rent, with another 878 in 'build and development'. Apartments are all built to Homestar 7 standards, located next to major transport and amenity hubs, are at reasonable rents, and offer long-term security for renters. Although long-term security in rental accommodation is a new concept in New Zealand, lifelong tenancies are the norm in many other countries: the majority of the 42% of Europeans living in apartments are renters.<sup>96</sup>

## **8. Regional issues**

Compounding the looming housing crisis for older Kiwis, in addition to small KiwiSaver pots, increasing rents, rising interest rates and inflation, many local governments and

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<sup>90</sup> See [NZ Build To Rent 'open for business' - Inside Government NZ, 2024](#).

<sup>91</sup> See NZHerald, April 24 2024, p. A22: 'NZ's biggest build-to-rent scheme live'.

<sup>92</sup> See [Simplicity Living Begins Third Build To Rent Residence In Auckland | Scoop News, 2023](#).

<sup>93</sup> See [Simplicity Living Buys Ellerslie Racecourse Land For 330 'Build To Rent' Homes | Scoop News, 2023](#).

<sup>94</sup> See 'Revolutionary Rentals' by Vanessa Tretheway in AA Directions, Autumn 2024, pages 72-3: Not so relevant here, it is of interest that Simplicity is also offering 10,000 lower-cost, first-home mortgages, and funding 5,000 community homes, all while providing investors with competitive returns.

<sup>95</sup> See [Simplicity Living Opens Third Built To Rent Development-On Time And Under Budget | Scoop News, 2024](#).

<sup>96</sup> See <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20170412-1, 2017>.

charitable organisations are again selling off their pensioner and public housing, acknowledging the cost of maintenance and subsidised rent is more than they can finance. As of 30 June 2022, there were 76,271 public homes in New Zealand,<sup>97</sup> but a National-led Government is unlikely to favour public housing: in 1999, the then National Government approved the sale of 541 public homes in Wairarapa.<sup>98</sup> MSD's public housing policy, as discussed in section 5, compounds the difficulties for local and regional government. But there is some good news as well as bad in the regions, as shown by this short survey. Note that retirement villages are excluded as they do not offer 'affordable' options.

### **a) Housing developments in Kaitiāia**

Claud Switzer Memorial Trust in Kaitiāia is proposing the Western Village development. It will provide 28 one-bedroom units to house one or two people a unit, or new homes for up to 56 community members aged 50+ years, plus an eight-unit retirement living village.<sup>99</sup> To deliver the project, which fits with a Far North District Council (FNDC) housing initiative,<sup>100</sup> the trust became a registered Community Housing Provider (CHP). The large number of properties that are either empty or used as AirBnBs are a concern to FNDC as 15.5% of all residents live in overcrowded conditions, and overcrowding for Māori is 27.6%. The FNDC is developing a housing strategy to remove barriers to building new homes.

### **b) Haumarū Housing in Auckland**

Many older people are spending up to 95% of their super on rent. Globally, the fastest rate of homelessness is among older people.<sup>101</sup> 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 older people in Auckland. Auckland Council committed to funding 10 years of fixed capex renewal projects based on forecast requirements.

The villages and rental units are located across Auckland: Manukau has 17 villages and 515 units; Franklin/ Papakura has 14 villages and 171 units; West Auckland has 11 villages, 177 units; and North Auckland has 22 villages with 549 units. Auckland Council's Housing for Older People (HfOP) rental units continue to be managed by Haumarū Housing. The villages are being systematically upgraded to meet the health, social, and community needs of older people. Prioritising and managing refurbishments is key as the average age of the housing stock is around 50 years, with many 1960s brick-and-tile units. The homes need to meet the Government's Healthy Homes standards for heating, insulation, ventilation, moisture, and drainage to meet legal requirements and to qualify for an income related rental subsidy from MSD, an important source of funding. Haumarū Housing is also obliged to undertake tenancy checks every 6 months to maintain its status as a community housing provider (CHP) with MSD.

Haumarū Housing is also combining with Kāinga Ora and the Ministry of Housing and Urban Development to purpose-build new apartment housing for seniors. A 41-unit, 6-

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<sup>97</sup> See [Public housing milestone for Labour - Inside Government NZ, 2022](#).

<sup>98</sup> See [https://insidegovernment.co.nz/public-housing-rebuild-for-wairarapa-and-tararua-regions/?utm\\_medium=email&utm\\_campaign=Inside-Government-NZ-12092022&utm\\_content=insidegovernment.co.nz%2Fpublic-housing-rebuild-for-wairarapa-and-tararua-regions%2F&utm\\_source=email.jslmedia.com.au](https://insidegovernment.co.nz/public-housing-rebuild-for-wairarapa-and-tararua-regions/?utm_medium=email&utm_campaign=Inside-Government-NZ-12092022&utm_content=insidegovernment.co.nz%2Fpublic-housing-rebuild-for-wairarapa-and-tararua-regions%2F&utm_source=email.jslmedia.com.au).

<sup>99</sup> See [Kaitiāia's Switzer Trust to build homes for the elderly to ease housing crisis - NZ Herald, 2024](#).

<sup>100</sup> See [Far North District Council housing strategy to making building homes easier - NZ Herald, 2024](#).

<sup>101</sup> See [New Chair For Specialist Older Persons' Rental Housing Provider, Haumarū Housing, Comes At A Critical Time | Scoop News, 2024](#).

level, affordable rental apartment development in the heart of Glen Eden has a shared common room with outdoor patio area for socialising and is close to local shops and other public amenities. Designed by the Ministry of Architecture and Interiors to meet senior's needs, the complex is built to universal design standards with a Homestar 7 rating, with garaging and charging for electric mobility scooters. It was fully tenanted by late 2022, with all tenants qualifying for the Income Related Rent Subsidy. The complex was leased to Haumarū Housing to manage the tenancies and the building for an initial 25-year term.

*Haumarū Housing is New Zealand's fourth largest provider of social housing and the largest Community Housing Provider that uniquely specialises in providing affordable rental homes for older people. .... With 1,475 units across 62 villages in Auckland, it provides secure, long-term tenancies in age-friendly communities and works to support older people's general wellbeing and connectedness, so they can continue to live independently and safely in the comfort of their homes.<sup>102</sup>*

### **c) Rotorua**

The effects of MSD's public housing policy (see section 6.) are clear in Rotorua, where the Council is removing itself as landlord of its 152 subsidised pensioner housing units (24 are vacant awaiting refurbishment).<sup>103</sup> The demand for these units is evident in the waitlist. But ratepayers subsidise the rent for tenants who meet the criteria to stay in the units: rent collected by Rotorua Lakes Council for the year was only \$800,000 but upkeep costs were \$2.1 million. During the Long-Term Plan process, submissions overwhelmingly supported leasing the council's pensioner housing stock to a community housing provider. Leasing was expected to provide opportunities to grow the portfolio, ensure it was financially sustainable, provide greater support services for vulnerable tenants and ensure ongoing housing security for existing tenants. Leasing would also remove the burden of subsidising rents and maintenance from local ratepayers. In the interim, the council agreed to invest \$2.2m over the next two years in the vacant units so they could be tenanted.

Councillors unanimously voted to seek expressions of interest from community housing providers keen to take the portfolio on. Community housing providers had access to Government funding the council did not. The success of this option relied on an income-related rent subsidy from MSD being approved for tenants. Council landlords could not access this subsidy but community housing providers could.

### **d) Western Bay of Plenty seeking solutions**

Western Bay of Plenty District Council (WBPDC) recognises that affordable housing for older people is a key area of concern in the District.<sup>104</sup> The Council knows the need is increasing, supply is very limited, and the existing housing stock of mostly 3 and 4 bedroom homes doesn't suit the older population who typically want to downsize. The Council currently owns only a total of 59 one-bedroom units that on average measure around 36 square meters, and contain a kitchen with a stove, a bathroom, a bedroom and a living area suitable for a single person or a couple. The units are located across the district: 34 in Te Puke, 13 in Katikati and 12 in Waihi Beach.

Eligibility requirements include being New Zealand residents, aged 65 or older, qualifying for NZS, and able to demonstrate the ability to live independently. Financial criteria for access to a unit includes the ability to demonstrate total assets worth \$40,000 or less for a single person, and \$50,000 or less for a couple.

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<sup>102</sup> See <https://www.scoop.co.nz/stories/AK2210/S00201/haumaru-housing-celebrates-new-affordable-rental-homes-for-older-people-in-glen-eden.htm>, 2022.

<sup>103</sup> See <https://www.rnz.co.nz/news/national/525223/community-housing-provider-sought-to-take-on-pensioner-flats>, 2024.

<sup>104</sup> See <https://www.westernbay.govt.nz/community/elder-housing>.



The good news is WBPDC is to more than double its elder housing stocks in Katikati thanks to a \$5.8 million injection from the Ministry of Housing and Urban Development's Affordable Housing Fund. The Council will build modern rental homes with that funding coupled with \$4.6m the Council has set aside from its Better Off Funding. Once finished, as well as replacing eleven 40-year-old units that have been removed from the site, an additional 15 units will complete the 26-unit development. The mix of one and two-bedroom units that also cater for those with mobility issues comes without ongoing costs to ratepayers.<sup>105</sup>

#### **e) Napier's social housing crisis**

Napier has the highest social housing waitlist per capita in the country.<sup>106</sup> The council is in discussion with Kāinga Ora, who are very aware of Napier's pressing need for social housing. Too many people living in motels for too long is not a good situation, particularly for families with children. Although Kāinga Ora is currently building 60 homes in the city, that will not solve all Napier's problems. Napier City Council has a portfolio of 377 homes: 340 retirement flats and 37 for low-income households. Maxine Boag, the councillor with the housing portfolio, said the new healthy homes standards had piled up costs.<sup>107</sup>

*It's left us in a situation where, because we don't charge full market rent, it's subsidised rent,... our tenants spend no more than 30% of their income on their rent, we've got a shortfall in terms of making this sustainable. I think there's a limited amount that we can do, we are very concerned about the housing crisis. We don't have large tracts of land that we can build on or get other people to build on.*

Although Napier City Council has traditionally provided retirement housing for locals in need, in 2022, the Council proposed selling the Arthur Richards Village flats.<sup>108</sup> Residents were concerned that Kāinga Ora purchase the flats and they become a mix of retirement and social housing. In preference to that, residents suggest the Village could be run by a trust such as Presbyterian Support East Coast (PSEC). Although central government initially gave the Council money to set up social housing, there is a lack of clarity around the Council's contractual obligation. For example, \$2.4 million a year since 2018 from council flat rents has been ringfenced for maintenance of social housing, yet the Village units have only been updated to current requirements when a new tenant was moving in.

#### **f) Hastings' crisis**

A different issue is distressing residents in the 220 flats owned by Hastings District Council in Hastings, Havelock North and Flaxmere. The one-bedroom homes are all occupied and there is a lengthy waitlist, as until now the Council has been providing an affordable housing option for seniors, with rents set between \$117 and \$178 a week. Residents were informed in early November 2023 that their rent would be increased up to \$260 a week for all flats at the end of January 2024 - an increase of at least 45%. In addition, the eligibility age was also increasing from 55 years to 65 years or older. A rent hike will increase hardship for pensioners already struggling to pay their bills.

The residents were not consoled by information about the Accommodation Supplement and a form to fill in to apply for it. The dilemma for the Council was that the new rate was still well below market value, and it was necessary for fairness that all tenants pay the same rent rather than some paying much less due to the duration of their tenancy. To

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<sup>105</sup> See [Boost for Katikati's elder housing stock at Heron Cres - NZ Herald](#).

<sup>106</sup> See [Napier has highest social housing waitlist per capita | RNZ News](#).

<sup>107</sup> See <https://www.rnz.co.nz/news/national/446987/napier-s-council-owned-housing-may-have-to-be-sold>.

<sup>108</sup> See [HAWKES BAY TODAY](#) 22 April 2022, 'Napier City Council retirement village tenants worried about future' at <https://www.nzherald.co.nz/hawkes-bay-today/news/napier-city-council-retirement-village-tenants-worried-about-future/DZMEQQL4WL4SBITDGIS5UCEPWU/>.

protect rate-payers from the rising costs of insurance and maintenance of this senior housing, all that increased rental income is ring-fenced to be spent on the facilities.<sup>109</sup>

But, there is recent encouraging news: Hastings District Council announced new senior housing is going to be built on a local site for the first time in around four decades. A Resource Consent application has been lodged for 39 new, affordable one and two-bedroom senior housing units on Council-owned land. This is a partnership between Council and HUD, and the development will be funded through the contestable Affordable Housing Fund. Subject to Resource Consent, the development will consist of 12 blocks, each containing two to four well-designed units, and will include a shared public space.

*Council says the development aligns with its medium and long-term housing strategy, providing affordable rental homes for seniors struggling in the private rental market....Council said rents will be set at a percentage of equivalent market rent. In the case of the new homes, that will be 80% of median market rent, meeting the threshold for 'affordable housing' set by HUD. The rent for Council's existing homes is set at 65% of market rent.<sup>110</sup>*

### **g) Kāpiti Coast District Council**

Kāpiti Coast District Council, wanting to ensure the ongoing sustainable delivery of its older persons' housing, began in 2023 the first comprehensive review of its portfolio in 30 years. That portfolio includes 118 units in 10 locations throughout Kāpiti for qualifying older persons. All the units are occupied and there is a current waiting list of about 60 prospective tenants. As home ownership levels in Kāpiti are dropping, the fastest growing demographic of renter over the next 30 years will be those aged 65 and over. Because of the limited suitable accommodation options to meet this need, there is a compelling case for developing affordable housing and services for older persons.

*Council committed to taking a bigger role in improving access to housing through its last Long-term Plan and adopted the Kāpiti Coast District Council Housing Strategy<sup>111</sup> in 2022 which included specific actions to review existing Council land to see if additional housing could be built.<sup>112</sup>*

There is a major challenge with Council's current model of service delivery, as discussed in section 6. Independent community housing providers are able to access an Income Related Rent Subsidy from government and thus set rent at 25% of the tenant's net income. The difference between the tenant's rental payment and the market rent for the property, the Subsidy, is paid by the government. MSD's funding policy means territorial authorities like councils are not eligible for this subsidy.

### **h) Hutt City**

In Hutt City, Urban Plus - the social housing development arm of the Council - has overseen the completion of five housing projects with a total of 124 Homestar-rated homes since 2018. A further 60 homes, including five accessible homes, are currently under construction at five sites, and work on another 67 homes across three sites will start in the coming months. Urban Plus, a property management and development company predominantly focused on social and public housing outcomes, owns and manages a rental housing portfolio of approximately 200 units within various areas of Lower Hutt, aimed at providing housing at below-market rents for the low-income elderly.

A side benefit of boosting the city's housing stock is that apprenticeship opportunities have flourished through an established relationship with Petone-based tertiary institution Whitireia and WelTec School of Construction and Engineering Trades. The 45 apprentices

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<sup>109</sup> See [Pensioners appalled at rental hike for 220 Hastings District Council flats - NZ Herald](#).

<sup>110</sup> See [New senior housing for Flaxmere - Inside Government NZ](#).

<sup>111</sup> See [Our role in housing - Kāpiti Coast District Council \(kapiticoast.govt.nz\)](#).

<sup>112</sup> See [Review Of Older Persons' Housing Aims To Grow Fit-for-future Service | Scoop News](#).

working on Urban Plus projects are undertaking apprenticeships in a range of occupations including electricians, plumbers, builders, painters and plasterers.<sup>113</sup>

### **i) Marlborough District Council**

Like other Councils, Marlborough District Council recognises the importance of older people's affordable housing, but as most of their 185 pensioner homes are more than 50 years old, their repair and maintenance costs are about 26% of the total revenue, and depreciation of the properties is 35%, meaning the portfolio runs at a small loss. The Council-owned and -managed senior housing units are spread across Marlborough, including in Renwick, Picton and Blenheim, with day-to-day management by APL Property. A new 12-unit complex is almost completed but has been challenging due to increased construction costs and supply chain issues. Like all the Council's units, these new dwellings range from bedsit to two-bedroom, with the majority being one bedroom. The Council's policy is to set rent levels at 80% of the market rate and tenant entry criteria is low value asset ownership and NZS eligibility.<sup>114</sup>

### **j) Christchurch's senior housing**

The Charitable Kenneth F. Weaver Trust Inc. owns and operates 29 pensioner units for those aged 60+ in Christchurch.<sup>115</sup> At St Albans are 14 single bedroom units for singles or couples; at Edgware are 10 single bedroom units and 2 two bedroom units. There are also 4 garages on site to rent at an additional cost per fortnight. In the same area are a one bedroom unit and a 2 bedroom unit, both with heat pumps. None of these locations allow pets, and none have off street parking.

The Christchurch Methodist Mission also provides a range of independent, supported and hospital-level care for older people at Wesley Village, in Papanui.<sup>116</sup> The village contains 26 bedsits, 12 one-bedroom villas, and 19 one-bedroom apartments for tenants over age 60. The affordable rental accommodation is set in a village environment on beautiful grounds. Also located on those grounds is Whare Tiaki, a supportive living whare (house) for kaumātua (older people) with eight independent suites. Whare Tiaki is based on a Māori health model of Te Whare Tapa Whā, the four cornerstones of Māori health: taha tinana (physical health), taha wairua (spiritual health), taha whānau (family health) and taha hinengaro (mental health). Importantly:

*From July 2024 you must be on the Ministry of Social Development's (MSD) Public Housing Register<sup>117</sup> to be offered accommodation at Wesley Village. CMM no longer holds a waitlist or takes applications. We are doing this so we can allocate homes to people most in need.*

However, also in Christchurch, the Ōtautahi Community Housing Trust (ŌCHT) intends to close 35 one-bedroom, 60-year-old social housing units in Somerfield by June 2024. The units, close to the Pioneer recreation and sports centre, were originally opened in 1961. Although they meet Healthy Homes standards, they are being knocked down to make way for "modern" homes. The driver for their demolition, according to the ŌCHT, is that "it had become clear they would need significant ongoing maintenance".<sup>118</sup>

### **k) Ashburton**

In Ashburton, the Council has 102 housing units available for people over 65 years of age across six complexes spread throughout Ashburton, Methven, and Rakaia. Of these, 16 units (9 of which are already vacant) are to be demolished and redeveloped at Friendship

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<sup>113</sup> See [Building New Warm Homes Creates Apprenticeship Opportunities In Lower Hutt | Scoop News](#).

<sup>114</sup> See [Marlborough's Pensioner Housing Under Review | Scoop News](#).

<sup>115</sup> See <https://kennethfweavertrust.co.nz/>.

<sup>116</sup> See <https://www.mmsi.org.nz/What-We-Do/Care-for-Older-People/>.

<sup>117</sup> See [Apply for public housing - Work and Income](#).

<sup>118</sup> See [New social housing in south Christchurch to replace 60-year-old units | Stuff](#).

Lane for the tendered price of \$3,073,668 plus GST. Those 16 units are of a design that no longer complies with the recent changes in Healthy Homes Legislation and so are a priority to upgrade. Fortunately the remaining units at Friendship Lane comply with legislation.<sup>119</sup> In addition, the recently established Ashburton Housing and Support Trust (Haven Housing Mid Canterbury) provides 17 affordable rental units for clients aged 60 years and over. There is an application process and an asset cap of \$30,000.<sup>120</sup>

### **l) Queenstown Lakes Community Housing Trust**

Queenstown's newest affordable housing development – Tewa Banks – is being developed by the Queenstown Lakes Community Housing Trust (QLCHT). Construction was set to begin mid-2023, with households expected to move in from January to December 2025. Around 45 homes are expected to be sold into the Trust's award-winning Secure Home programme.<sup>121</sup> The allocation process for the mix of 1, 2, 3 and 4-bed properties was anticipated to start mid-2023. It would include at least 6 units allocated for Senior Housing, a rental programme sitting under either Affordable Rental<sup>122</sup> or Public Housing Rental<sup>123</sup> programmes, depending on a household's financial position. Both programmes allow for an income-tested rent subsidy. Senior Housing tenancies do not have an end date, therefore it is a home for life. While QLCHT isn't equipped to provide assistance around health needs, they do provide wraparound services and connect tenants with the right agencies to provide the required support. To apply for Senior Housing, a person must be aged 65 years or older, meet the general eligibility criteria and an asset test.<sup>124</sup>

At the same site, Secure Home is an assisted ownership programme based on a leasehold ownership tenure. A person pays an Upfront Payment (purchase price) for the home based on its construction costs only. Rather than own the land, the purchaser pays a monthly Ground Rent to QLCHT for its use. QLCHT registers a 100-year lease over the land in the purchaser's name, giving them the right to occupy the home for their lifetime. The purchaser's responsibility includes insurance, council rates and maintenance. The masterplan for the Arrowtown site, gifted by QLDC in 2022, provides for 68 new homes, from one to four-bedrooms, to be held under a mixed tenure of all housing programmes. Public Housing Rental, Senior Housing, Affordable Rental, Rent Saver and Secure Home are all to be provided with the help and support of the New Zealand Government.<sup>125</sup>

### **m) Invercargill**

Further south, in Invercargill, in April 2024, the concepts for the redevelopment of Peacehaven Village, a retirement village, have been released by the Presbyterian Support Southland (PSS) Trust. Although some of the ageing housing stock is nearing 70 years old, the trust is working with community partners to see if there is an opportunity to repurpose the existing 50 units for regional housing stock rather than bulldoze them. The redevelopment involves construction of at least 35 new two-bedroom occupation right agreement units (units a person can live in until they die). The new builds will be a mixture of standalone, duplex and triplex units offering a range of competitively priced options. During the second stage of redevelopment, a communal building for residents will be built, designed for amenities and providing space for social activities.<sup>126</sup>

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<sup>119</sup> See [Elderly housing rebuilds to cost over \\$3m | Star News \(odt.co.nz\)](#).

<sup>120</sup> See <https://www.ashburtondc.govt.nz/news/2020-news/new-elderly-person-housing-units-on-the-way-for-ashburton>.

<sup>121</sup> See [Affordable Homes On The Horizon For The Queenstown Lakes District | Scoop News](#).

<sup>122</sup> See [Affordable Rental - Queenstown Lakes Community Housing Trust \(qlcht.org.nz\)](https://www.qlcht.org.nz).

<sup>123</sup> See [Public Housing Rental - Queenstown Lakes Community Housing Trust \(qlcht.org.nz\)](https://www.qlcht.org.nz).

<sup>124</sup> See <https://www.qlcht.org.nz/programmes/senior-housing-programme/>, 2024.

<sup>125</sup> See <https://www.qlcht.org.nz/developments/tewa-banks/>, 2024.

<sup>126</sup> See [Master plans released for new Peacehaven Village retirement units | Stuff, 2023](#).

However, not all needs are being met during the redevelopment. In July 2023, 25 seniors living in the site's rental accommodation were told they would need to find new homes. The Trust said the decision to end rental provision was not made lightly, but the board needed to balance safe, warm, modern facilities alongside the long-term financial sustainability of the PSS Trust.<sup>127</sup>

## 9. Shared ownership

While shared developments are not primarily addressing the issues of affordable housing for seniors, they enable more families to progress toward a secure housing future.

### a) Supporting shared ownership

In June 2023, three housing initiatives supporting Māori, Pasifika and people buying through co-ownership were granted funding from the Westpac NZ Government Innovation Fund (WGIF) which is mutually governed by the bank and the Government. The Fund is awarding more than \$900,000 to these initiatives: Our Whare Our Fare, who design affordable homes for Pasifika families; Ka Uruora, an iwi-led initiative helping Māori achieve home ownership and Equotee, a software programme that helps people manage home co-ownership. These initiatives help people into homes and also focus on the needs of the communities they serve.

The Our Whare Our Fare programme will deliver up to 300 affordable homes for the Pasifika community in Eastern Porirua in conjunction with Ngāti Toa and create a village concept that can be used across Aotearoa.

Ka Uruora is a Taranaki iwi-led engagement initiative supporting tangata whenua through the whole home ownership journey, starting with financial education, followed by an iwi-assisted savings scheme that helps Māori into discounted rentals, shared or full home ownership. WGIF funding supports the scaling of this mahi to more communities across Aotearoa. Co-ownership is a way for people to enter the housing market and own their own home without the stress and burden of paying a mortgage by themselves.

Equotee's software primarily helps co-owners, papakāinga, equity-partners or guarantors to manage home co-ownership with built-in legal agreements and tracking.<sup>128</sup>

### b) Rotorua's Ōwhata Kōhanga Rākau

Accommodation shortages in Rotorua have been at critical levels for years with a lack of new, affordable homes. An Iwi Trust announced in February 2023 that it is building a unique, multi-generational community in Rotorua: Ōwhata Kōhanga Rākau. This new 'affordable housing' scheme developed by local iwi trusts, Ōwhata 2B and 7 Ahuwhenua Trust, is creating 93 mixed-tenure homes (predominantly rentals owned by the Trust) built on iwi-owned whenua to benefit more than 340 local whānau. Funding from Te Tūāpapa Kura Kāinga the Ministry of Housing and Urban Development of \$12.5 million will assist with earthworks, infrastructure and construction.

Housing design and layout supports multi-generational living, with 20 2-bedroom kaumātua whare at the heart of the project. The houses are a combination of affordable and public rentals, and are a mix of 1, 2, 3 and 4 bedrooms. This initiative is the result of years of planning and a vision to provide whānau security of tenure with new, warm and affordable homes. The stability it will provide will have positive impacts on the residents and the wider community. Close ties to the nearby Ōwhata Marae and a raft of partner

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<sup>127</sup> See [Senior renters to be displaced by Peacehaven Village redevelopment | Stuff, 2023](#).

<sup>128</sup> See [Innovation Partnerships Help Kiwis Into Affordable, Quality Housing | Scoop News, 2023](#).



support services will further support the hauora (wellbeing) of the many generations of whānau who will live there.<sup>129</sup>

### **c) Tātau Tātau o te Wairoa**

Wairoa, in northern Hawke's Bay, has one of the highest social housing waitlists per head of population in the country. It needs 150 more houses now and possibly up to 500 in 10 years' time as the population grows. Exacerbating the crisis, the average price has more than doubled in the past three years, from \$145,000 to \$380,000. The post-Treaty settlement governance entity for Wairoa, Tātau Tātau o te Wairoa, proposes a kaupapa Māori way to help solve the town's housing crisis. Tātau Tātau is in negotiations with the Government for the millions of dollars needed to start building 56 homes on a field across the road from the town's hospital. In the middle of this village of whānau homes, the shortage of resthome care will be solved by a 13-bed supported community facility for kaumatua.

Research has shown that intergenerational solidarity is a key factor for effective social functioning.<sup>130</sup> The project embraces family connection, whanaungatanga, where the elderly are not isolated from their community in resthomes. Currently in the Wairoa area there is only one papakāinga development on Māori land, and more are on the wish list. Kāinga Ora is working with a developer on another site that will see more than 20 homes built.<sup>131</sup>

### **f) Ōtautahi Community Housing Trust with Ngāi Tūāhuriri Rūnanga**

More good news for housing came from Christchurch, in June 2024, when a first-of-its kind mixed-tenure family housing project opened in Somerfield, Christchurch. The 40 homes make up the city's first purpose-built development featuring community rentals, affordable market rentals and progressive home ownership homes. It is also the first community delivered by Ōtautahi Community Housing Trust (ŌCHT) in partnership with Paenga Kupenga Ltd, the economic development arm of Ngāi Tūāhuriri Rūnanga.<sup>132</sup> It is also the first for a new partnership focused on building better and affordable futures for whānau and community. The partnership's purpose is to provide whānau with warm, affordable housing that meets their needs. This community of 2- to 4- bedroom Homestar-rated family homes feature innovations in construction and materials to be warm, dry and efficient to run. The homes are designed and oriented to support family living and neighbourhood connections: close to parks, services, schools and public transport. And affordability is at the heart of this work.

This development of 40 homes and 104 bedrooms replaced the 32 old, one-bedroom council social housing units previously on this site. The affordable rentals are for low-to-median income working households who do not qualify for public housing but who may struggle to afford a rental in the open market.

'Affordable rents' are set at no more than 79% of the average market rent for a comparable home in the suburb, and are supported by the Government's Affordable Housing Fund's Affordable Rental Pathway, and Progressive Home Ownership Fund, administered by HUD. ŌCHT's progressive home ownership product, Secure Home, offers leaseholds as a pathway to eventual home ownership for low-to-median income working

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<sup>129</sup> See <https://www.scoop.co.nz/stories/BU2302/S00319/iwi-trust-to-build-unique-multi-generational-community-for-340-local-whanau.htm>, 2023.

<sup>130</sup> See Hyde, M, 2024. The Impact of Living in More or Less Age Diverse Neighbourhoods on the Health and Well-Being of Older Adults in the UK, [https://x.com/ASC\\_LiU/status/1793963897768034460](https://x.com/ASC_LiU/status/1793963897768034460).

<sup>131</sup> See <https://www.rnz.co.nz/news/te-manu-korihi/478195/iwi-group-plans-kaumatua-village-for-wairoa?fbclid=IwAR1W4fA3O7eJuFu9P7ZejI19XA9x5LYGjLxPoOFo7kgdTAlI6Uph6JNVFYE>, 2022.

<sup>132</sup> See [Community Housing Provider, Runanga, Open First-of-its-kind Affordable Housing Community | Scoop News, 2024](#).

whanau with children. Qualifying households are offered a 100-year lease and right to occupy a 2 or 3-bedroom home for a price based on the cost of construction, excluding land value. So a 2-bedroom homes would be around \$350,000, compared to the median market sales price for a 2-bedroom flat of about \$570,000. The Trust's banking partner Westpac offers a low deposit bank mortgage for qualifying whanau in the programme. If the household leaves, ŌCHT buys the leasehold back for what the household paid, with inflation adjustments for each year of occupation.

### **g) Matanikolo**

In 2019, More than 64% of the Pacific population lived in private rental housing, compared to about 32% for the rest of Aotearoa New Zealand. In Auckland, more than 70% of Pacific people were renting.<sup>133</sup> As rents have risen faster than incomes, families have often resorted to sharing cramped, damp and poorly insulated houses, placing additional health and social stresses on families. Pacific families are particularly vulnerable given the indebtedness they often face as a consequence of low wages.

The Matanikolo housing project, funded through the Government's Social Housing Unit (Growth Fund) in 2014, developed twentytwo 3, 4 and 5-bedroomed homes in this Mangere project. The developing project was the realisation of a long-held dream of the Lotofale'ia Mangere Tongan Methodist Parish.<sup>134</sup> That dream turned 6.4 acres of land, strategically purchased several years previously, into healthy new homes. Rev Goll Manukai acknowledges that

*they purchased the land with the idea that one day it will be put to good use. Now in February 2014 we have twenty-two warm, dry, safe and affordable homes for twenty-two families, thanks to the support of the Social Housing Fund. We're now looking forward to the next stage and the one after that.*<sup>135</sup>

Matanikolo showcases what can be achieved through effective partnerships. This partnership involved three main entities: Lotofale'ia, part of the Methodist Church of New Zealand, who had the land and the vision; the Government, who provided critical funding with a grant of \$4.3 million from the Social Housing Unit (SHU) Growth Fund; and Airedale Property Trust (APT), who brought advice, connections and expertise including property development, and project and property management skills to the project. After supporting them to secure SHU funding, APT helped Lotofale'ia leverage ownership of the land to secure additional funding from the bank and then worked with GJ Gardner and other building specialists, enabling the Matanikolo project to proceed smoothly.

### **h) Penina Trust**

Announced on 15 January 2023, these five multi-generational state homes are a Pasifika game-changer. The project, on a 2,000-square-metre site at Red Hills in Auckland's Papakura, aims to transform the housing market and tackle overcrowding. The development was designed for the Pacific style of living, not to maximise the number of houses on the site. Pacific architects designed the large three- to six-bedroom, two-storey homes with bedrooms, bathrooms and living spaces on all floors. Three of the five homes are wheelchair accessible. Built by Penina Trust, a Pacific social housing provider, the garages are lined so they double as a utility room, in recognition of large gatherings for celebrations or funerals. Bedrooms on all levels allow for grandparents or family downstairs. The bedrooms are larger as children may have sets of bunks instead of a single bed, and master bedrooms allow for a child in a cot with the parents. The edible gardens and a fale encourage community living.

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<sup>133</sup> See [sppu\\_pasifikahousingcrisis\\_2019\\_summary.pdf](https://www.salvationarmy.org.nz/ppu_pasifikahousingcrisis_2019_summary.pdf) (salvationarmy.org.nz).

<sup>134</sup> See [https://communityhousing.org.nz/Downloads/Mantanikolo\\_a\\_place\\_to\\_call\\_home\\_-\\_Airedale\\_Housing\\_Works\\_article.pdf](https://communityhousing.org.nz/Downloads/Mantanikolo_a_place_to_call_home_-_Airedale_Housing_Works_article.pdf), 2014.

<sup>135</sup> Ibid.

There are plans of more to come, with all the new developments designed to cater for large Pacific families. The project is part of the Government's Fale mo Aiga: Pacific Housing Strategy and Action Plan 2030, a response to the housing challenges faced by Pacific people in Aotearoa. As Penina Trust chairman Soane Foliaki says, building intergenerational homes fit for Pacific people is important:

*We put our hand up to help alleviate the housing shortage, particularly for our people because we are at the lowest part of the economic ladder. There's already a long list of applicants waiting to make the homes their own.*<sup>136</sup>

In Pacific cultures staying connected to family is vital. Ministry of Pacific Peoples deputy secretary Aiono Matthew Aileone said:

*The old New Zealand housing stock is dominated by eurocentric-designed three-bedroom standalone homes... When it comes to Pasifika people, the dynamic there is that especially families that have ... matua (elders) tend to live in multi-generational arrangements just because of the emphasis on some Pacific values which put a lot of focus on supporting each other.*<sup>137</sup>

A report by the Ministry for Pacific Peoples and Te Ara Ahunga Ora Retirement Commission on housing and retirement amongst Pacific peoples in Aotearoa revealed better housing solutions and financial education were key to improving the wellbeing of Pacific peoples. Retirement, from a Pacific perspective, is a time to rest, relax, enjoy life, and it also means a voluntary continuation of services to church, family, and community. The research looked at Pacific matua (elders) from 18 households, from nine Pacific ethnic backgrounds. All were living intergenerationally in stand-alone, one roof dwellings.<sup>138</sup>

## 10. Homesharing

### a) Homeshare pilot

Housing is one of the key areas for action in the Ministry for Seniors' 'Better Later Life – He Oranga Kaumātua 2019 to 2034 strategy and Action Plan'.<sup>139</sup> As part of their work to create diverse housing choices, the Ministry for Seniors is developing a pilot programme, in partnership with Age Concern, that enables shared living arrangements.<sup>140</sup> The aim is to establish 40 to 50 Homeshares throughout Auckland over an 18 month period. The programme brings together older people with a spare room and younger people who are happy to lend a hand around the house in return for affordable accommodation.

Every homesharing arrangement is unique – it might include shared cooking, grocery shopping or routine home maintenance. It is based on mutual benefit, and supports 'ageing in place' safely and independently.

The homeshare model has been around for over 25 years and has shown to benefit both the homeowner and sharer by enabling an older person to live in their home and community for longer; building new intergenerational social connections and reducing loneliness. The homeshare model also increases the number of affordable accommodation options. Since establishing six years ago, Homeshare UK has successfully placed almost 5,000 older people in shared living. Clear agreements, police checks and the involvement of wider whanau in the decision help to ensure a positive outcome for everyone involved.<sup>141</sup>

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<sup>136</sup> See [Housing strategy launched to boost home ownership for Pacific people | Stuff, 2022](#).

<sup>137</sup> See <https://www.stuff.co.nz/national/130614482/new-zealands-first-multigenerational-state-homes-a-pasifika-gamechanger>, 2023.

<sup>138</sup> See <https://www.mpp.govt.nz/assets/Reports/Pacific-Peoples-Housing-and-Retirement-Report-2022.pdf>.

<sup>139</sup> See [Better Later Life – He Oranga Kaumātua 2019 to 2034 | Te Tari Kaumātua \(officeforseniors.govt.nz\)](#).

<sup>140</sup> See <https://officeforseniors.govt.nz/latest-news/homeshare-pilot-launched/>, 2023.

<sup>141</sup> See <https://www.stuff.co.nz/national/124064732/older-kiwis-turn-to-homesharing-for-company-and-support>, 2021.

### **b) HomeShare for Her**

A variation on this homeshare theme is 'HomeShare for Her'.<sup>142</sup> Based in the Nelson Tasman region, this website is designed by and for women with the aim of enabling them to make connections with each other to address their housing needs. On the website, a HomeOwner is a woman who owns or rents a home and wishes to rent a room or a section of her home to a Home Seeker. The HomeOwner can list her property on the website, and search through the profiles of HomeSeekers. A HomeSeeker can browse the website for a HomeOwner's listing and to search for another HomeSeeker to search for a rental with. The website provides excellent tips and resources, facilitating the whole search and success processes.

### **c) Homeshare Australia and New Zealand Alliance**

Another organisation assisting in this area is 'Homeshare Australia and New Zealand Alliance' (HANZA), the peak body for Homeshare and its providers in Australia and New Zealand.<sup>143</sup> Established in 2000 and incorporated in 2010, HANZA advocates for the development of Homeshare in the region. Homeshare arrangements play a vital role in delivering viable, affordable and sustainable housing options.

HANZA advocates for the development of Homeshare across Australia and New Zealand and seeks to build awareness and support for homesharing. It promotes Homeshare to governments and relevant organisations and advocates for Homeshare to be integrated into human service planning and development in the aged care, disability, homelessness, settlement and affordable housing fields. HANZA provides support to Homeshare providers and those in the region planning to operate a Homeshare program, as well as those wishing to support and promote the Homeshare concept and its values. HANZA is a member of Homeshare International, a global organisation representing Homeshare programs in 18 countries.

### **d) Homeshare as equity release**

A variation on homesharing as a sharing of the space is homesharing as a form of equity release. A retirement fund is breaking into the home equity market and planned to launch the country's first home reversion scheme in February 2024. In the planning for the past five years, the scheme works on an agreement to sell Lifetime Home – part of the wider Lifetime Retirement Income group – a portion of the home's equity and get the money paid back in instalments over 10 years.<sup>144</sup>

Founder and managing director Ralph Stewart says it is not like a reverse mortgage which pays out a lump sum at the start of the term and accumulates interest which is repaid when the homeowner sells or dies. Ongoing costs such as insurance, rates and upkeep of the home would lie solely with the original homeowner. From age 70, the homeowner's retirement income is supplemented every fortnight with a small amount of money, that adds up to an amount every year (for 10 years) that is then exchanged for equity in their home. For example, for a million dollar house, the homeowner is paid around \$23,000 a year and at the end of the 10-year period, Lifetime Home would own 35% of the home at its current value and the homeowner retains 65%. Both the homeowner and Lifetime Home would benefit from any increase in the value of the property.

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<sup>142</sup> See <https://homeshareforher.nz/about, 2022>.

<sup>143</sup> See <https://www.hanza.org.au/our-role, 2024>.

<sup>144</sup> See [A new way to release equity for retirees \(newsroom.co.nz\), 2023](A new way to release equity for retirees (newsroom.co.nz), 2023).

## 11. Conclusion

Without a home that is warm, dry and affordable, it is difficult to contribute to society. Secure, affordable, healthy housing is vital to our sense of self, our mana, health and wellbeing. While decent housing may be claimed as a right, governments have done little to enforce their own standards like Healthy Homes. Those renting sub-standard dwellings are often too afraid to go to the Tenancy Tribunal because it may affect their future chances in the rental system. Older people, as well as children and communities pay more than a monetary price for substandard housing. Everyone needs dry, warm, appropriate, affordable, secure housing to stay well physically and mentally. Seniors also often need specific features to make a home functional, such as those included in universal design. While children need stability in their housing to maintain and grow their community and progress their education and maturation, seniors need stability in their housing to maintain their health and wellbeing, community and independence, and to avoid isolation.

There are no simple solutions to the shortage of appropriate, affordable housing. The housing options available for seniors, as for all citizens, are determined largely by their abilities, income, assets and location. Tiny homes, granny flats and small or studio apartments are all possibilities for seniors who can afford them or who have family willing to provide them. Important progress is being made with recent and current local and national governments recognising that we have a large and growing problem with housing affordability. KiwiSaver will be a boon to future generations but provides little benefit for those older people who had comparatively few years to contribute prior to retirement. Aotearoa New Zealand is recognised as a low-wage economy, and this particularly impacts the ability of Māori, Pasifika and women to become home-owners rather than renters. The problem is exacerbated by the growing preference for property ownership as a means to increase wealth, a problem worsened by the current Government's changes to the tax rules so interest on rental property mortgages is again tax deductible, and there is no capital gains tax.

For those who are renting, security of tenure probably ranks second to affordability. The Accommodation Supplement (AS) is currently assisting almost 45,000 seniors with their weekly housing costs. The critical issue here is the very low level of assets that exclude people from accessing that assistance. Not enough of a buffer against a crisis is provided by the maximum of \$8,100 for a single person and \$16,200 for a sole parent or a married, civil union or de facto couple. That amount is unlikely to cover the cost of some dental work and car repairs, and is long overdue for a significant increase. That situation is even worse for a renter or homeowner with a mortgage not on a main benefit who may only be able to receive the full rate of AS if their assets are less than \$2,700 for a single person, and \$5,400 for a sole parent or a married, civil union or de facto couple.

Aotearoa New Zealand, unlike much of the rest of the developed world, is only beginning to recognise the mutual benefits of long-term tenancies. Security of tenure gives a household a sense of control over its current and future housing circumstances, and probably increases the likelihood that the tenant will take good care of the property, as if it were their own. Again, for older people, security of tenure assists in the creation and maintenance of community. Of course, the rental (or owner-occupied) property must be accessible, warm, dry and mould-free as well as affordable. Public housing provided by Kāinga Ora and registered Community Housing Providers not only saves people money with rents usually set at 25% of the tenant's net income, but for seniors solely reliant on NZS, public housing makes life liveable.

It is deeply disturbing that Kāinga Ora is currently being held out as such a failure. At the same time, and equally disturbing in relation to public housing, the MSD's public housing



policy is limiting the role previously played so well by local government, historically New Zealand's second biggest provider of public housing. Regional government has been providing housing at less than market rents for almost a century. Yet Councils have largely been ignored as a viable option for addressing the current social housing crisis. Critically, MSD's public housing policy excludes Councils from Community Housing Provider status, so they cannot get government operational assistance and offer tenants income related rent subsidies. As a consequence, generally, Councils cannot afford to continue providing senior housing.

The affordable build-to-rent accommodation, built to universal design standards, that is becoming available for long-term tenure is an exciting development. The examples cited under 'Public housing', 'Regional issues', 'Shared ownership' and 'Homesharing' provide a current snapshot of the many and varied approaches that are being taken, and not being taken, to address the nation-wide shortage of suitable housing for older people. To prevent a deepening of the senior housing crisis, changes are needed to the criteria around accessing the Accommodation Supplement, and MSD's public housing policy requires urgent and extensive revision. We would also benefit from investigating solutions to the crisis in senior housing that have been explored overseas.

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