

KiwiBuy

A CAMPAIGN FOR AFFORDABLE HOME OWNERSHIP

> *Major Campbell Roberts steps up on behalf of the KiwiBuy campaign team to give an impassioned plea for why the programme, or at the very least something similar, needs to be implemented poste haste.*

New Zealand is in the grip of a housing crisis. With the Government's home building programme on shaky footing and failing to deliver enough affordable housing, community housing providers – led by the Salvation Army, Community Housing Aotearoa, Habitat for Humanity and Housing Foundation – have come together and offered a solution, a helping hand called KiwiBuy.

Ahead the government's KiwiBuild reset, Progressive Home Ownership, Shared Ownership and other tested and proven models could help unlock the troubled programme's barriers to success. They are a set of widely accepted financial products that bridge the housing affordability gap for low-income working households who are not eligible for state housing support through the likes of Income Related Rent Subsidies (IRRS).

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The KiwiBuy solution, if delivered at scale, is a very intentional intervention that is aimed at turning around the decline in homeownership rates, especially in vulnerable households, thereby attacking the very heart of the root cause of homelessness and growing housing welfarism.

Where are all the people on the housing waiting lists coming from? And how can we change the tidal movement?

Give people hope, a stake in the ground, *tūrangawaewae* (standing place), a place to stand and a community in which to be a part. Pathways to homeownership are part of the solution and need to be much more widely available. We have done it before, we can do it again.

A system in crisis

Homeownership rates in New Zealand have been declining since 1991, and are now the lowest they've been since 1951 (Johnson, 2018).

The deposit required to purchase the median house in Auckland is now \$160,000 (*NZ Herald*, 2019). Even in the midst of a cooling market, in Auckland, the Government's own measures suggest nearly 75 percent of first homebuyers would need to spend more than 30 percent of their income on housing costs to join that exclusive club – the 'first home buyers' (Ministry of Business, Innovation and Employment, 2018).

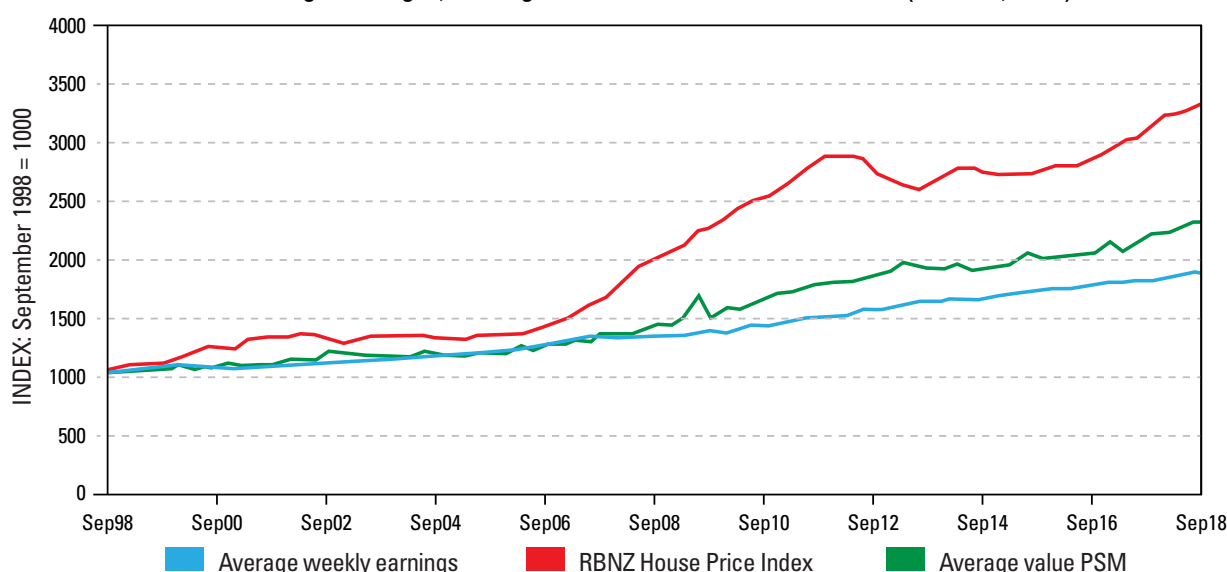
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The result is that more and more households these days rely on private rental housing – three-quarters of young families can now only find housing as tenants to a private landlord. At the same time, the gap between incomes and housing costs has widened, meaning housing has become less and less affordable.

Meanwhile the appalling symptoms of a tragic failure in our response to the crisis continue to present as stories of people sleeping rough, in their cars or on the streets.

Data on people experiencing homelessness is notoriously difficult to come by, but last year's *Ira Mata, Ira Tangata*,

Relative changes in wages, building costs and house values 1998-2018 (Johnson, 2018)





Housing Foundation houses

Auckland's Homelessness Count shed some light, suggesting 800 of our largest city's citizens are sleeping rough, while the number of those in urgent need of shelter was close to 3,000, including almost 1,300 children (Auckland Council, 2018).

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It is clear there is systemic failure across the housing continuum, that this requires solutions across that continuum, and that what the government is currently doing to stop people falling out of the continuum entirely is not enough.

An inadequate response

The Government's existing homeownership support has some of the pieces it needs but on too small a scale to make a dent in the enormous challenge we face.

On the supply side we have KiwiBuild and, on the demand side, the HomeStart grant, Kiwisaver first home withdrawal and the Welcome Home Loan scheme administered by Housing NZ. There are also some other small-scale and targeted assistance programmes, including for Māori through the Te Ara Mauwhare pathways to home ownership and some support for Pasifika families in the Wellbeing Budget 2019.

There's no need to explain that the plan to build 100,000 affordable homes over 10 years has run into trouble, falling well short of its goal to complete 3,000 houses in its first year and triggering a 'reset' of the policy already underway. Furthermore, the Government appears to be having significant trouble matching the homes built to families in need of housing. With an entry point close to twice the median income, they are certainly not affordable for most (Johnson, 2018).

“ The homeownership subsidies currently available are little more than tokenism ”

Meanwhile, the homeownership subsidies currently available are little more than tokenism. The single biggest subsidy, the HomeStart grant, is a little over 3 percent of the size of the Accommodation Supplement – a widely taken up and distortionary subsidy for private rental worth almost \$3 billion annually (Johnson, 2018).

In fact, all the Government homeownership support programmes combined make up only around 8 percent of all housing subsidies available (Johnson, 2018). There is no evidence these programmes are lifting rates of homeownership.

We have done it before, and we can do it again

In October 2018, The Salvation Army Social Policy and Parliamentary Unit released *Beyond Renting*, which like numerous studies before it found that it was government action that led to New Zealand's previously high rates of homeownership.

“ In 1959, families were given the ability to have their family benefit paid entirely in advance ”

From the 1920s, the Government had provided low-interest State Advances loans through the then-equivalent of Housing NZ, offering 95 percent finance to households. At interest rates of 3-4 percent, the programme was frequently estimated to be financing between a third and half of new mortgages. In 1959, families were given the ability to have their family benefit paid entirely in advance ('capitalised') to give them a deposit for a home (Te Ara Encyclopaedia of New Zealand, 2012).

Beyond Renting demonstrated that Government support of homeownership contributed to homeownership rates rising from 62 percent in 1951 to 74 percent in 1991. It similarly revealed rates had fallen continuously since the Government withdrew significant homeownership support programmes in the early 1990s.

To quote Phil Twyford, “We have done it before, and we can do it again” (NZ Labour Party, 2014) (NZ Labour Party, 2017) (NZ Parliament Hansard, 2018).

What to do

‘What to do?’ was the question facing The Salvation Army. The crisis is causing devastating damage to New Zealanders' wellbeing and communities, while the Government's flagship programme is missing in action.



Habitat for Humanity homeowner, Tammy Ngawhika, and her family in 2018

Beyond Renting compared several approaches:

STRATEGIC APPROACHES	Concentrating wealth	Poor Housing outcomes	Inadequate supply	Value for money
Reforming tenancy law		▲▲	▼▼	▲
Encouraging private investment	▼		▲	
Subsidising home ownership		▲▲	▲▲	
More social housing	▲▲	▲▲	▲▲	
Reform of rental subsidies		▲	▼	▲▲

▲ positive contribution ▼ negative contribution

At its most basic level, homeownership can transform the intergenerational wealth of families who benefit from it. However, the stability and security of tenure, the psychological and health benefits, having a stake in the ground and a stake in the community are priceless. This is especially true for families with children who are uniquely disadvantaged due to the mortgage suitability assumptions made by banks but who stand to gain the most from the wellbeing effects of homeownership.

It is clear that government homeownership support is the missing piece in our shared response to the housing crisis.

KiwiBuy: the affordable home ownership initiative

Progressive Home Ownership and Shared ownership, the core programmes which make up KiwiBuy, have been successfully used by organisations like Habitat for Humanity, the Housing Foundation and others to assist families in New Zealand who have been locked out of the homeownership market for over 25 years.

Many of the families they have assisted are on modest incomes, and are disproportionately young, Māori and Pasifika. Yet they are frequently those who in previous generations might have reasonably expected to become homeowners. For households who find KiwiBuild out of reach, who do not have the large deposit, the credit rating or the track record required but who otherwise make good candidates for homeownership, Progressive Home Ownership and Shared Ownership are proven methods to fully resolve a family's state dependence – permanently.

“ Progressive Home Ownership and Shared Ownership are proven methods to fully resolve a family's state dependence – permanently ”

A partnership between the Government, perhaps between the new Urban Development Authority – Kāinga Ora – and the community housing providers already assisting families into homeownership could breathe new life into KiwiBuild and lift homeownership rates. By enabling families to partner with the Government and an organisation that shares their aspirations for homeownership, the Government would be offering an inoculation against intergenerational poverty.

Yet they can't do it alone. The community housing providers themselves do not have the scale or the access to low-rate

capital required to meet the enormity of the challenge.

The Government has these things – Minister Woods must decide to use the resources and capability the government has to scale up these programmes alongside KiwiBuild so the many thousands of New Zealanders in need of a decent place to live can own homes of their own.

The response from families who are following KiwiBuy has been overwhelming. Political, property and social media commentators are writing columns in support of KiwiBuy. National media about families whose lives have taken a new direction since they moved into new homes using KiwiBuy programmes regularly appear in the media. We have launched a petition at www.kiwibuy.kiwi.

The Government is soon to announce the details of their KiwiBuild reset. Like every family in need of that programme to work well, we wait with great anticipation. Our hope is that we will be partnering with Government to implement KiwiBuy this year.

Regardless, we will continue to build public support for KiwiBuy until the Government finally offers KiwiBuy solutions that give a chance for every Kiwi to own their own home.



Cara and Logan, Housing Foundation homeowners

- KiwiBuy is a campaign to convince the Government to adopt and fund the range of shared equity and rent to buy programmes run by community housing providers.

Sign the petition at the KiwiBuy website
<https://kiwibuy.kiwi/> and follow us on Facebook

Housing organisations behind the KiwiBuy campaign include Community Housing Aotearoa, The New Zealand Housing Foundation, Habitat for Humanity and The Salvation Army.



Major Campbell Roberts is currently a professional Board Member of Utility Disputes and other not-for-profit organisations, a social policy consultant, member of the expert panel for the Tamaki Regeneration, member of the HUD EFG, member of the Mangere Community Housing Group and the Network Manager for Salvation Army Social Housing.

He was the Founder Director for The Salvation Army Social Policy and Parliamentary Unit, and has been the principal connection between The Salvation Army and the Government over the last 20 years.