

The Housing Affordability Challenge in the Waikato

Hardworking Waikato families and key workers like truck drivers, teachers, nurses, and customer service reps are struggling to afford housing. A large proportion of these households earn between \$90,000 and \$120,000. At this level they generally don't qualify for, and shouldn't need government support to buy or rent a safe, dry, connected, home. **In a well-functioning market, these typical kiwis would manage without financial support, but the system isn't working.**

An international standard measure of affordability, "the 30% rule" says housing costs shouldn't exceed 30% of gross household income. This means **the standard Hamilton household can only 'afford' a home around \$560,000.** Yet of 3,200 homes for sale in Waikato, only **14% fall within that range** and most of those homes aren't where or what people need.

This is forcing people out of the market, into unstable or unsuitable housing conditions, or buying homes that they can't afford and places financial strain on other areas of the household budget. In the last quarter of 2025, **the typical Waikato household on average paid an additional \$180,000 for a home above what's considered 'affordable'** which is a 33% overspend. This means that household has less money for healthcare, education, and in the savings pot for retirement.

So, what can we do to make housing more affordable for typical New Zealanders? The answer isn't simple.

Housing is complex, with many interconnected factors and **there is no one, single, easy fix.** This challenge is global and many organisations are working hard to solve it across the continuum.

This piece of work aims to help and takes a private-sector lens on the problem. **It seeks to help improve affordability for everyday kiwis in the Waikato.** While focused on private market housing, the insights and actions are relevant across the housing continuum, including iwi.



The Context of Change

New Zealand's housing system is undergoing of major change.

Economic reform

There is a deliberate shift underway to move New Zealand **away from an economy that relies on house price growth** and towards one where economic growth can occur without ongoing escalation in house prices.

Planning reset

Central government has led the way on cutting red tape and enabling market innovation that has strangled housing supply and encouraged the market to deliver homogenous housing outcomes.

The generational reform that has tricked down at local government level includes:

- **Removal of car parking requirements** for Tier 1 local authorities.
- **Enabling minor dwellings** or "granny flats" up to 70sqm, as exempt from resource consent and building processes, which provides more opportunities for multiple generation families, alternative living models, and smaller more affordable rental stock.
- **Relaxed planning controls** including setbacks, height rules, site coverage, height in relation to boundary and density rules providing greater efficiency and use of properties.

This reset is continuing with the Government replacing the RMA with a new planning system intended to be simpler, more consistent, faster, and more predictable. The direction is toward **standardised processes and nationally consistent zones and rules**, with fewer consents required for lower-impact activities.



More Change

Infrastructure funding restructure

A major barrier to housing delivery is the cost and timing of enabling infrastructure, and the reform programme is moving toward **replacing development contributions with a development levy system, enabling more flexible charging**. It also includes changes to the Infrastructure Funding and Financing Act and improved use of targeted rates to reduce reliance on existing ratepayers and make growth infrastructure easier to fund and deliver.

Local government reform

Local government reform is a topic of hot discussion. The intention is to reduce duplication, simplify governance and improve efficiency. Proposals currently under consultation would significantly reduce the role of regional councils, and with eleven territorial authorities, the Waikato is particularly exposed to potential territorial level restructuring in the future.

At the same time, Local Water Done Well returns water assets to local control but requires councils to adopt new regulatory and delivery expectations. These reforms sit alongside Future Proof, the sub-regional growth partnership that coordinates long-term planning for housing, land use and infrastructure across the region.

Capping rates and “getting back to basics” is also a central topic of discussion which has an influence on housing outcomes and affordability.



Waikato Housing Sector

New Zealand's affordable housing is bit stuck. It often is too hard, too slow, too risky, and too expensive. This experience is decades in the making and is now structurally baked in. Developers commonly are claiming "death by 1,000 cuts", or the "juice isn't worth the squeeze".

Yet, there are real actionable solutions. The Waikato also has real champions who are leading from the front to instil change with great ideas, initiatives, and projects.

At the centre of this effort is the Waikato Housing Initiative which is a cross-sector group mandated by the Waikato Mayoral Forum. The Waikato Housing Initiative provides regional leadership, coordinates partners, and helps drive the delivery of quality, accessible and affordable homes across the housing spectrum. The Waikato Housing Initiative aims to address the region's key housing challenges being land, funding, and policy through five core workstreams.

Local non-profit organisations also play an important part in the region's housing system. Some key ones include the Waikato Community Lands Trust supports long-term affordability by holding land in community ownership and keeping it affordable over time. The Waikato Wellbeing Project strengthens this work through research and collaborative initiatives focused on improving affordability for local households. Bridge Housing, a charitable trust, is also becoming a key contributor, developing affordable homes through innovative leasehold, shared-equity and subsidised freehold models.

Iwi are also strengthening their role in the housing system, including through partnerships and direct development initiatives. Kāinga Ora remains a major housing provider in the region, but increasingly Community Housing Providers such as Wise Group, Accessible Properties, Salvation Army and Habitat, are playing a larger role across Waikato communities and delivering real results and additional homes.

Finally, although market conditions have been challenging, local developers continue to bring new housing options to the region.



Key Focus Areas

1

Delivering Affordable Homes is like 'Death by a Thousand Cuts'

The development process is long, uncertain, costly and risky.

Every participant feels the impact:

- councils managing complex consents,
- developers rezoning land,
- builders delivering new homes,
- everyday "mums and dads" trying to subdivide their property.

Layers of red tape, risk-averse decision-making, and requirements for high-quality amenity and construction standards while essential for safe, healthy, and attractive neighbourhoods come at a significant cost to affordability.

These processes add time, increase risk, and drive up costs, ultimately reducing supply and worsening the affordability challenge.

1

Required change:
Simplify the regulatory process.

2

Affordability Means Building Smaller, Smarter Homes

Over the past decade, the cost of a new home has increased dramatically. One example which is a three-bedroom standalone home shows a 130% increase, rising from \$350,000 to \$815,000, while the Consumer Price Index grew by just 35%. This gap highlights the scale of the affordability challenge.

Reducing prices is extremely difficult. There are significant wage growth pressures, material costs remain high due to reliance on imports, business expenses continue to rise, and complex processes add layers of cost and risk. These factors make **significant price reductions unrealistic**.

This means **to deliver cheaper homes, we need to build smaller homes**. However, these homes need to meet the requirements of different people because "one size does not fit all".

A mix of typologies is needed, including granny flats, duplexes, townhouses, apartments, multi-generational homes and retirement villages. This will better meet the needs of everyone, particularly as our ageing population occupies larger homes that families need.

2

Required change:
Make it easy to build smaller.

3

Buyer Mindset + Market Demand Matter

Housing costs have far outpaced wage growth, making the first home many hardworking Kiwis aspired to a decade ago unattainable. Prices are unlikely to fall significantly and is forcing buyers into homes they cannot afford.

Part of the solution sits with the buyers choice and education. We need financial literacy and a willingness to embrace affordable, smaller, smarter homes.

In delivering affordability in face of rising house prices new builds become a powerful tool. On the demand side, most lenders require only a 10% deposit for new homes compared to 20% for existing properties. That's **half the time to save**, and this speed can make **the difference between getting on the ladder or missing out entirely**, as house prices historically rise faster than incomes.

On the supply side, new smaller homes add much needed stock to help stabilise prices. But **people need to want new homes and importantly understand how to buy them**. Financial literacy and confidence in off-the-plan purchases will create the real demand **developers need** from lenders to deliver smaller, more affordable homes.

3

Required change:
Shift mindsets and create demand for smaller new builds.

Six Responses

We've developed six responses to help address the three core issues outlined earlier.

Many aren't new and they don't need to be. If something has worked elsewhere and can be adapted and effective in the Waikato then that's better than pioneering something that will take substantially more time and effort and could not have the desired impact.

They also won't solve the entire problem. Achieving affordability will require hundreds of interventions over decades.

But these six responses are **practical steps the Waikato housing industry can lead and deliver independently.** Importantly, they align with broader changes already on the horizon.

The six responses include:

1. Affordable Housing Handbook
2. New Housing Affordability Model
3. Waikato Local Government Alignment
4. Waikato Pattern Housing
5. 'HouseMate' Platform
6. Waikato Housing Equity Impact Fund



Affordable Housing Handbook

A clear, non-technical guide designed for local government staff at all levels including elected members, senior leadership and those at the coal face including consent planners, policy makers, council officers, urban designers, infrastructure engineers, and anyone involved in shaping housing and land-use decisions. It provides real Waikato context on affordability challenges and outlines practical considerations for rethinking housing and land development to address them.

Why is it important and what it aims to do

- Close the knowledge gap as many decision-makers lack understanding of the **financial realities behind affordable housing**.
- **Enable better decisions** by testing and recalibrating expectations and providing clear insights into **what market-affordable housing looks like in the Waikato**.
- Foster common understanding and giving planners, policy makers, and developers a shared **foundation for consistent, informed choices**.

Focus Areas it helps address:

- 1 Simplify the regulatory process.
- 2 Make it easy to build smaller.
- 3 Shift mindsets and create demand for smaller new builds.

Affordability Feasibility Calculator

An easy to use interactive tool that uses real development and construction costs, along with market values, to generate reliable estimates of what it costs to deliver different housing typologies across the Waikato. It then compares these costs against median household incomes in those areas to assess affordability and identify what an affordable housing typology looks like across the region.

Why is it important and what it aims to do

- Provides **clear, data-driven insights** for councils, developers, and policymakers to make informed decisions.
- **Identifies affordability gaps** by comparing real housing costs with household incomes, supporting effective housing strategies.
- Improves transparency and accountability by making the economics of housing delivery **understandable to all stakeholders**.
- Aligns development with community needs to ensure housing supply matches local income levels.

Focus Areas it helps address:

- 1 Simplify the regulatory process.
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Local Govt Affordable Housing Accord

A collaborative commitment to create greater consistency for housing development. The Accord aims to make smaller, more affordable homes easier to build by reducing unnecessary complexity and improving certainty for developers and builders. With eight territorial authorities in the region, there is some alignment already, but significant opportunities remain to streamline processes and improving affordability.

Why is it important and what it aims to do

- **Improves certainty** and reduces barriers for developers: Creates clear, predictable rules and simplifies processes. This encourages investment and accelerates housing delivery across the region.
- **Creates regional consistency** by aligning policies and reduces regulatory fragmentation by fostering cooperation among councils, making it easier for developers to operate seamlessly across multiple districts while addressing shared housing challenges.
- **Moves early to anticipate change ahead of potential central government reforms**, such as local government restructuring, ensuring the region is proactive rather than reactive.

Focus Areas it helps address:

- 1 Simplify the regulatory process.
- 2 Make it easy to build smaller.

Pattern Housing Blueprint

A tailored collection of pre-approved, architect-designed housing templates that provide quality, sustainable, and cost-effective designs for diverse affordable housing typologies. These are ready-to-use plans that streamline approvals and reduce design costs. The intention would be to focus on smaller, adaptable homes and mid-rise options to address the “missing middle” in housing supply, ensuring developments are attractive, affordable, and easy to deliver.

Why is it important and what it aims to do

- Pre-approved designs and fast-track consenting **remove bottlenecks and speed up construction.**
- Lower design and compliance costs make architect-quality homes **cheaper to deliver and more affordable.**
- **Control and ensure quality** through pre-approved designs,.
- **Support housing diversity with flexible options for smaller homes** and mid-rise developments near transport and town centres.

Focus Areas it helps address:

- 1 Simplify the regulatory process.
- 2 Make it easy to build smaller.

Waikato Housing Equity / Impact Fund

There’s a lot happening in the Waikato to address housing challenges, with initiatives like Trust Waikato’s Te Puna Hapori and other significant community housing investments from key local organisations. This creates real opportunity to work together and achieve more than any one group can. The vehicle may vary whether it’s an equity fund, a community housing fund, or another approach, but the destination is the same which is accelerating affordable housing across the region. The goal is enduring investment of strategic housing projects that the market is failing to deliver.

Why is it important and what it aims to do

- Invest directly in **affordable projects** where the private market is not providing.
- **Leverage local capital for direct impact** by pooling resources from councils, iwi, trusts, and investors to create scale and efficiency.
- **An enduring perpetual fund**, reinvesting returns to enable ongoing affordable housing development.
- **Provide certainty** by offering underwriting and financial backing to de-risk projects and attract additional investment.

Focus Areas it helps address:

- 2 Make it easy to build smaller.
- 3 Shift mindsets and create demand for smaller new builds.

HouseMate Online Platform

HouseMate* is a personalised, one-stop online platform designed to guide aspiring homeowners through the complex journey of buying a home. It builds financial literacy, connects users with trusted experts, lenders, and builders, and provides practical tools to make informed decisions for affordable living. The platform also seeks to shift mindsets toward buying smaller and more affordable new builds, leveraging the advantage of a lower deposit. It aims to create real demand for new affordable housing and supports developers in delivering it.

Why is it important and what it aims to do

- Educate and improve financial literacy
- **Shift market demand and encourage acceptance of smaller homes** to make affordability achievable.
- **Highlight benefits of new builds**, including lower deposit requirements and faster savings timelines
- **Build confidence in off-the-plan purchases and create real demand required to support more intensive projects.**

Focus Areas it helps address:

- 2 Make it easy to build smaller.
- 3 Shift mindsets and create demand for smaller new builds.

**HouseMate is just a working name to easily refer to the action and demonstrate its nature*