

# Waikato Affordable Housing Handbook

Summary Document | February 2026



## Purpose Statement

This mahi, led by the Waikato Wellbeing Project, aims to create more affordable housing in the Waikato.

### Prepared for:



### Prepared by:



## What is it?

The intent of the Waikato Affordable Housing Handbook is to provide a clear, practical, and nontechnical guide for people who influence housing and land use decisions across the Waikato. The objective is to make it relevant to people at all levels including elected members, senior leaders, consent planners, policy teams, urban designers, engineers, and council officers working at the coal face. A technical guide for people who influence housing and land use decisions across the Waikato.

The handbook aims to simply explain why affordability is such a challenge in the Waikato, what drives the cost of delivering homes, and how planning, infrastructure, and development settings can support more market affordable outcomes. All content is grounded in real Waikato context and real development conditions.

The goal is to give everyone a shared, accessible understanding of the issues and the practical commercial knowledge and levers available to help shift toward more affordable new housing.

## Why is it important?

**Close the knowledge gap:** Many decisionmakers don't have visibility of the financial and practical realities behind housing delivery. This handbook explains those fundamentals, to help decisions that are grounded with a lens on affordability.

**Support better evidence-based decisions:** By setting out what "market affordable" housing realistically looks like in the Waikato, the handbook helps

set clear expectations and align policy and planning decisions with the realities of delivering affordable homes.

**Build a shared understanding:** A common understanding across Councils, consultants, and sectors improves collaboration, reduces friction, and leads to more consistent decisions that support affordability.

## Who Can Benefit?

While centred on local government, the handbook will also support key players whose choices and decisions shape housing outcomes. These include:

- Central government agencies involved in housing policy, funding, or enabling development
- Community Housing Providers delivering affordable and supported homes
- Iwi, hapū, and Māori land trusts developing housing and papakāinga on whenua Māori
- Professional consultants such as planners, surveyors, architects, and development and property advisors
- Developers and builders.

## Draft Content

The following draft material demonstrates the intended direction of the handbook. It will be refined and shaped to ensure the messages are clear, compelling, and useful to a wide audience, working to enable more affordable homes across the region.

# The Big Question: What would it take for Market Housing to be More Affordable in the Waikato?

## We have a problem...

Hardworking Kiwis like truck drivers, teachers, nurses, and customer service reps have been finding it harder than ever to buy a home. These people keep our communities running, yet the cost of living and especially of housing, is pushing ownership out of reach.



These households don't qualify for government housing support, and nor should they need to. In a well-functioning market, they'd manage on their own. But the market isn't working.

This handbook helps show what market-affordable housing looks like in the Waikato, why it matters, and ways we can help move closer towards it.

## What is Market Affordable Housing?

### What is Market Housing

Market housing is simply homes bought, sold, or rented at prices set by the open market. No Government subsidies and no special schemes.

It's driven by supply and demand with buyers paying what they are prepared to and sellers accepting what they want.

### What Does 'Affordable' Mean?

The standard measure of housing affordability is the '30% rule' which is that housing costs shouldn't exceed 30% of a household's gross income. Anything above that starts to strain budgets.

There are other affordability measures, including the Demographia "median multiple", which defines housing as affordable when the median house price is no more than three times a household's income. This definition is far more stringent than the 30% rule. Under the 3x measure, a household earning \$100,000 could afford a home priced at around \$300,000. Under the 30% rule, however, that same household could theoretically afford mortgage payments on a home costing roughly \$560,000, depending on interest rates and lending criteria.

## What Does This Mean for Waikato?

From a housing market perspective, the Waikato Region can be generally broken down into three key areas based on Territorial Authorities.

1. **City and Growth Areas** have larger populations and are near large cities. They have greater demand and higher house prices. They include Hamilton City, and Waikato, Waipa, Taupō Districts.
2. **Provincial Areas** include the more rural areas with townships such as Hauraki, Matamata-Piako, Otorohanga, South Waikato, and Waitomo. Lower demand means lower prices in these places.
3. **Thames Coromandel** is its own unique market given it is a strong holiday home destination. Around half of this district's dwellings are unoccupied and, in some areas, it is as high as 80%. These houses are also expensive and for this reason, this district is not included in much of the analysis of this document.



## How Affordable is Housing in Waikato Right Now?

Hamilton's median household income is about \$102,000, think an early childhood teacher and a customer service rep, or a chef and a truck driver. A solo mum who's a senior nurse also falls into this bracket. According to the latest Cotality New Zealand Housing Affordability Report (Q2 2025), affordability across the Waikato is as follows:

Territorial Authority	Median House Ratable Value	Median Household Income	Mortgage Affordability	Rent Affordability
Hamilton City	\$764,977	\$102,657	44%	29%
Thames-Coromandel	\$1,013,919	\$65,917	91%	45%
Hauraki	\$639,788	\$77,008	49%	33%
Waikato	\$932,845	\$111,285	50%	28%
Matamata-Piako	\$722,155	\$97,033	50%	31%
Waipa	\$804,595	\$106,053	50%	30%
Otorohanga	\$649,942	\$96,224	44%	26%
South Waikato	\$411,125	\$75,894	27%	20%
Waitomo	\$437,862	\$87,516	30%	25%
Taupō	\$791,728	\$97,194	48%	31%

## What People Are Actually Buying

Lots of people are buying homes they can't afford compared with the 30% rule. Based on median house price sales across the region in September 2025, mortgage repayments sit between 32% - 41% of typical household incomes. Waitomo is the only exception at 22%.

In Hamilton, the median sale price is \$750,000, requiring \$786/week in repayments at 40% of income.

Territorial Authority	Median Sale Price Sep 25	Median Household Income	Mortgage	Required Weekly Mortgage Repayment	% of weekly income
Hamilton City	\$750,000	\$102,657	\$600,000	\$786	40%
Thames-Coromandel*	\$910,000	\$65,917	\$728,000	\$953	75%
Hauraki	\$585,000	\$77,008	\$468,000	\$613	41%
Waikato	\$745,000	\$111,285	\$596,000	\$780	36%
Matamata-Piako	\$665,000	\$97,033	\$532,000	\$697	37%
Waipa	\$773,000	\$106,053	\$618,400	\$810	40%
Otorohanga	\$565,000	\$96,224	\$452,000	\$592	32%
South Waikato	\$500,000	\$75,894	\$400,000	\$524	36%
Waitomo	\$349,000	\$87,516	\$279,200	\$366	22%
Taupō	\$705,000	\$97,194	\$564,000	\$738	40%

*Mortgage repayments based on a 30-year loan at 5.5% interest.*

## What Should an Affordable Home Cost?

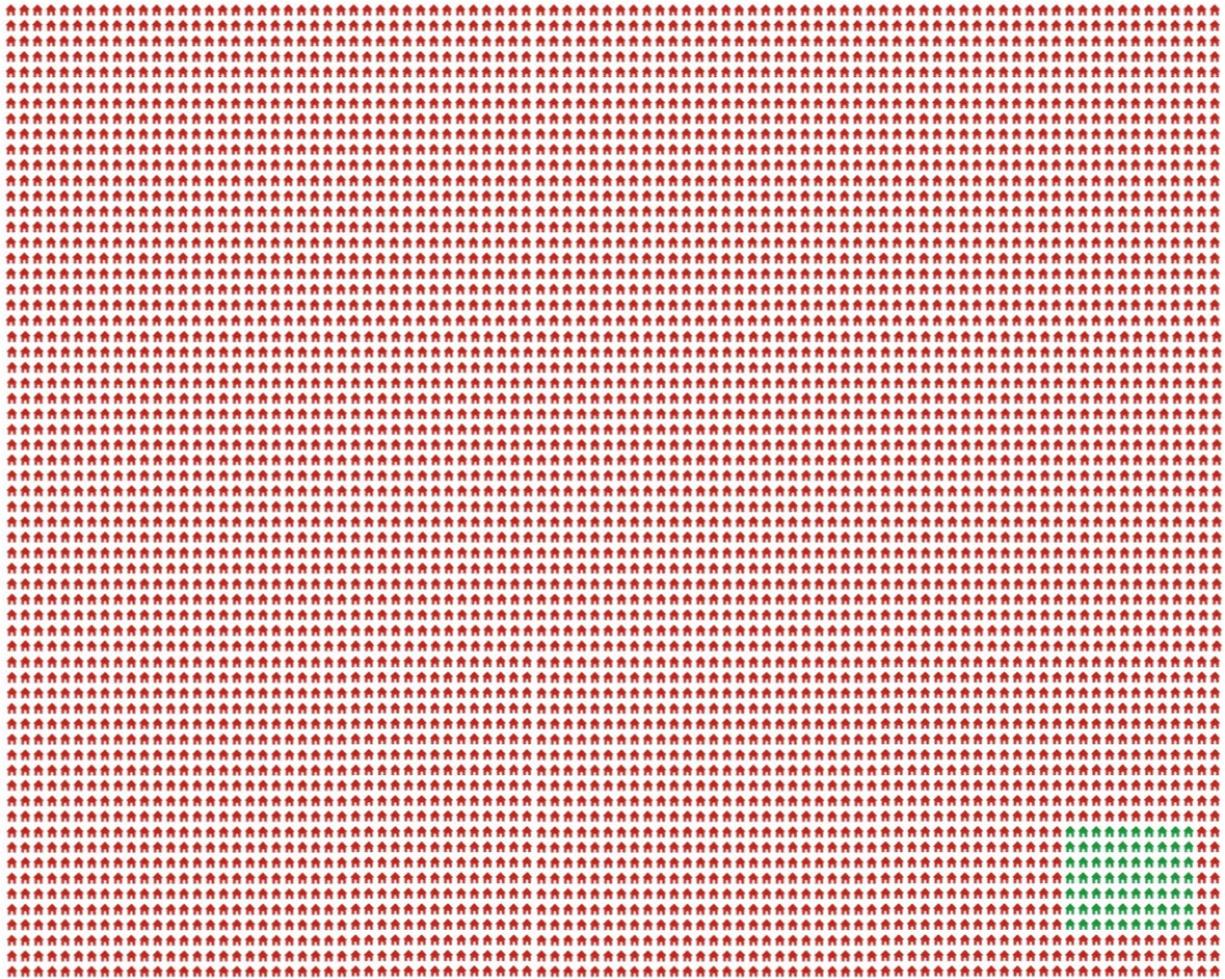
Using the 30% rule, an affordable house in the Waikato costs:

- Growth areas like Hamilton or Taupō: \$560,000
- Provincial areas like Tokoroa or Matamata: \$400,000.

## But here's the problem...

There are currently around 3,200 houses for sale in the Waikato and 460 of them are 'affordable'. Meaning 86% of homes currently listed are above these price thresholds. And the 14% of homes in that price range? They are typically not suitable because they:

- a) Are not in desired locations
- b) Require significant investment and maintenance
- c) Are not large enough to support families
- d) Do not have common desirable features e.g. garage, ensuite, outdoor space
- e) All, or a combination of the above.

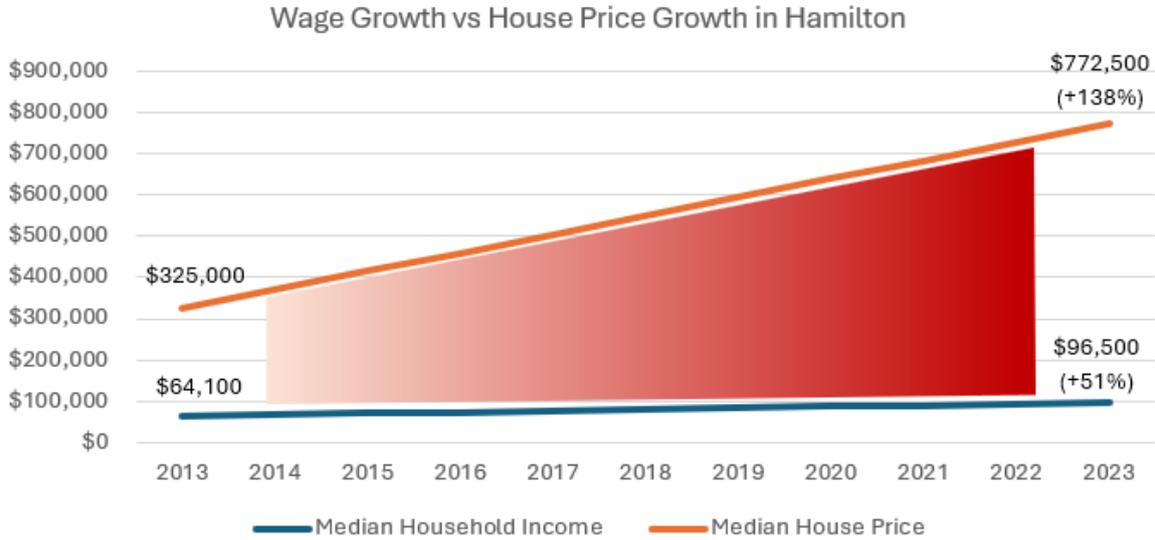


## People are being forced to spend beyond their means

Given the low volumes of quality 'affordable' homes, people are forced to financially extend themselves. On average, buyers in growth areas are paying \$180,000 more than what's considered 'affordable', which equates to a **33% overspend**. In rural areas, it's \$134,000 more. This is causing problems in other areas and putting more pressure on household budgets with people forgoing other basic needs.

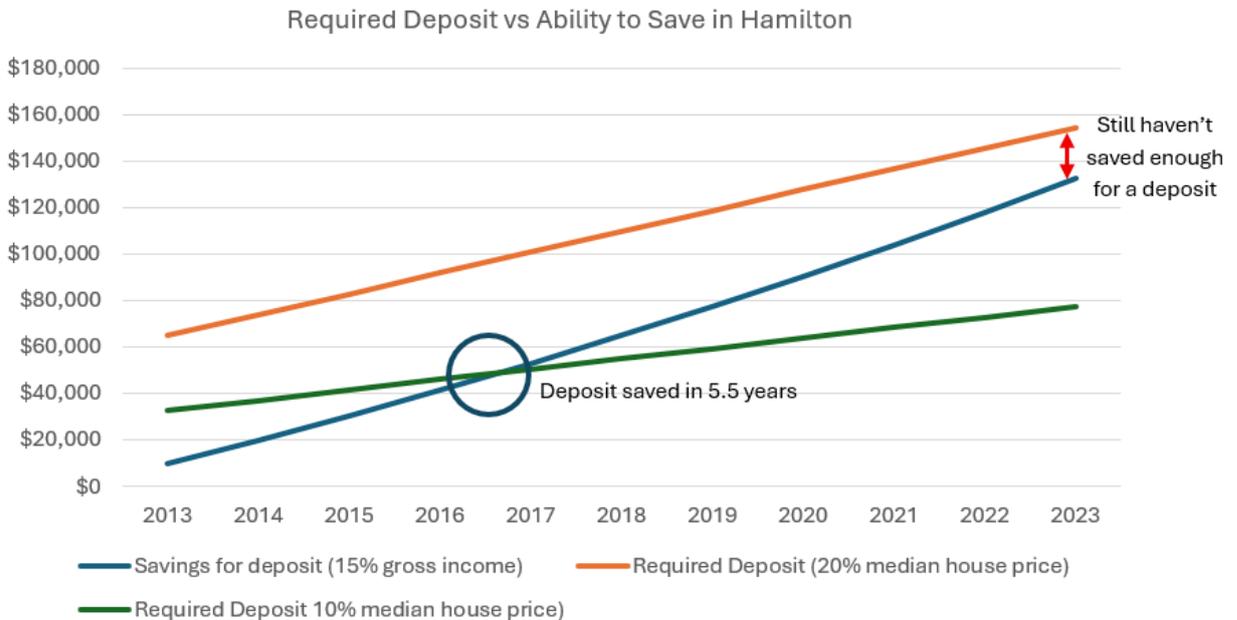
# New Builds: The Fast Track to Home Ownership

Getting on the property ladder is tough but new homes make it easier. Why? Most lenders only require a 10% deposit for new builds, compared to 20% for existing homes. That's half the time to save, which matters when house prices keep rising faster than incomes which they historically have.



## Speed Matters!

If you're earning the median income, saving for a deposit on an existing home could take 14 years. For a new build? Around 7 years. That difference can make or break the dream of home ownership.



## A Financial Trade-Off

Although you can get on the ladder faster, a lower deposit means higher repayments. So, to stay within the 30% rule, buyers must pay less for new homes compared to existing ones. A typical Hamilton household can afford:

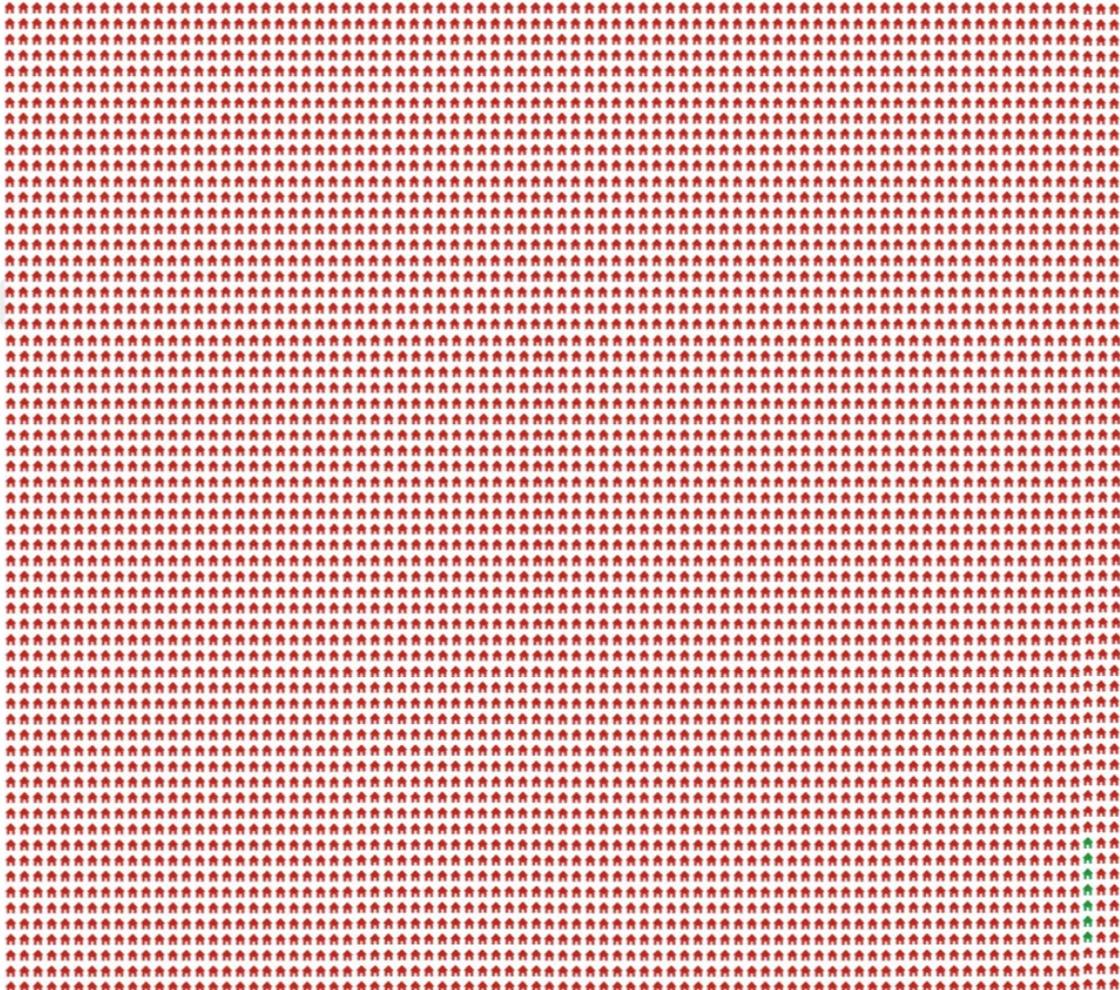
- \$500,000 for a new build (10% deposit)
- \$565,000 for an existing home (20% deposit).

Repayments on a \$700,000 new build. About \$825/week or \$92 more than an existing home of the same value with a 20% deposit. For the typical household in Hamilton that \$92 is 5% of their weekly income.

## Here's another problem...

Affordable new builds are extremely limited. In November 2025, there were only seven listings priced under \$550,000 across the entire region which is just 0.2% of all listings. This small pool of homes does not meet the needs of most buyers. It includes:

- 2x two-bedroom townhouses in Waipa
- 2x two-bedroom duplexes in Otorohanga
- 2x two-bedroom standalone homes in South Waikato
- 1 x one-bedroom townhouse in Hamilton.



## Why are new houses so expensive now?

The 10% deposit for new homes is good, because it incentivises the purchase of new homes which helps deliver new supply, which is needed. But why are new builds so expensive, and so little falling within the affordable price range?

Two real homes were built by the same type of group builder 10 years apart. One sold in 2015, the other currently listed for sale in 2025.

- Both homes are in comparable, desirable locations
- They are virtually the same size (just a 5m<sup>2</sup> difference)
- Features are similar, except the newer home includes an ensuite
- The 2025 home sits on a section that's 25% smaller than the 2015 property.

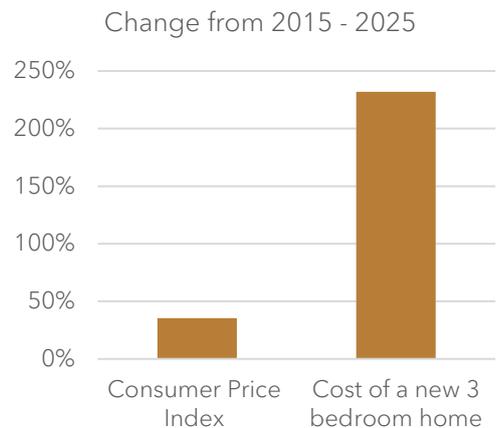


The price difference?

- 2015: \$350,000
- 2025: \$815,000 - a 130% increase in 10 years

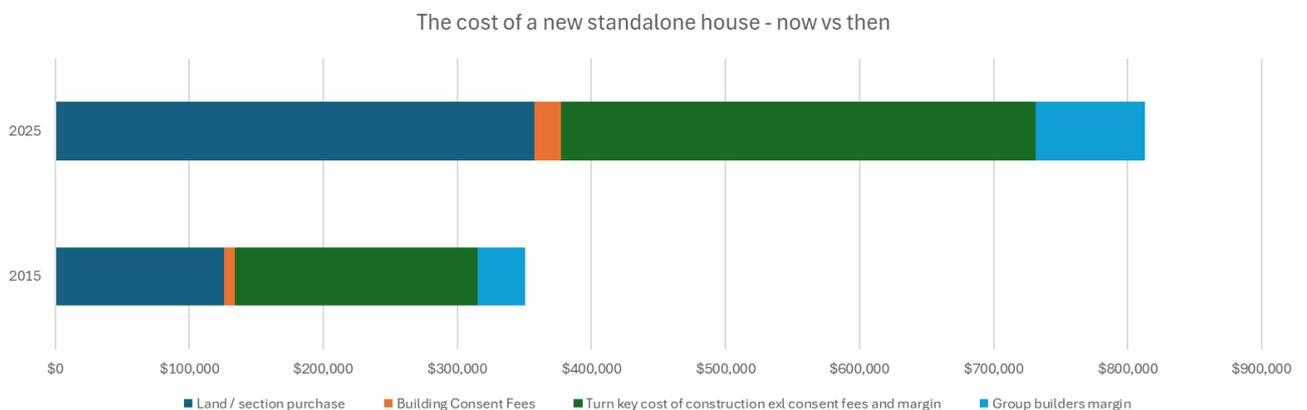
## What if costs had only risen with inflation?

If the cost of delivering the same home had tracked the Consumer Price Index (CPI), the price today would be about \$475,000, which is \$340,000 less than the current listing. Over the past decade, CPI rose 35.5%, but the cost of a standalone three-bedroom home rose by 232%.



## Why has this happened?

Here's a high-level breakdown of the key costs of the new house and land package:



Land is more expensive because:

- Development Contributions have increased significantly
- Planning processes are more complex and time consuming
- Planning to upgrade and manage infrastructure, hazards, and climate change have added new layers of cost
- Risk has escalated, pushing up holding and financing costs.

Building is more expensive because

- Residential construction costs have risen by around 61% since 2015
- Building code changes including healthy homes standards for glazing, insulation, and design have lifted costs
- Business overheads have grown with higher insurance premiums, stricter health and safety compliance, and rising operational expenses.

The builders margin

- It is easy to point a finger at the builder who has the same margin but is making more money. But their world had changed too in 10 years, more risk, increased compliance, more human resource requirements, increased cost of business.

## Why Costs Are Hard to Roll Back

Bringing the cost of new house prices down is extremely difficult because:

- Wages can't go backwards and most people already aren't earning enough.
- Cost of materials won't drop significantly as we heavily rely on imports and our small country does not have large integrated supply chain building companies, so suppliers have little ability to cut prices and less incentive to cut margins
- Changes to the Building Code to ensure new homes are healthier add costs which are unlikely to be reversed
- The cost of business in construction and property keep rising with insurance, compliance, and health and safety obligations
- Increased risk avoidance throughout the whole regulatory process adds layers of cost and will be hard to unwind.

# What a new affordable home looks like in the Waikato

## City and Growth Areas

As outlined earlier, City and Growth areas have larger populations, greater demand and higher house prices. They are Hamilton City, Waikato, Waipa, and Taupō Districts where the Median Household Incomes are between \$97,000 and \$111,000. Using \$105,000 as general household income for these urban areas, a new house that is priced at an 'affordable' level in alignment with the 30% rule needs to be **\$510,000** with a 10% deposit. So, what does a new \$510,000 house look like in the city and in designated growth areas? Using a comprehensive infill scenario of six units in Hamilton City as an example, the largest house-and-land option for each typology is outlined in the table below.

	Standalone	Duplex	Townhouse	3 Storey Walk-up Apartment
Approx House Size	65m <sup>2</sup>	65m <sup>2</sup>	72m <sup>2</sup>	55m <sup>2</sup>
Approx. Land Size	150m <sup>2</sup>	140m <sup>2</sup>	105m <sup>2</sup>	90m <sup>2</sup>
Number Bedrooms	2	2	2	1
Garage Size	None	None	None	None
Approx Value	\$525,000	\$495,000	\$655,000	\$645,000

*Note: All homes are of standard build quality and have a single bathroom.*

## Provincial Areas

Provincial areas such as Hauraki, Matamata-Piako, Otorohanga, South Waikato, and Waitomo have Median Household Incomes between \$75,000 and \$97,000. Adopting \$85,000, an affordable new home needs to cost around **\$425,000** with a 10% deposit. Using Matamata-Piako as an example, this equates to following dwellings:

	Standalone	Duplex	Townhouse	3 Storey Walk-up Apartment
Approx House Size	85m <sup>2</sup>	85m <sup>2</sup>	72m <sup>2</sup>	55m <sup>2</sup>
Approx. Land Size	190m <sup>2</sup>	180m <sup>2</sup>	105m <sup>2</sup>	90m <sup>2</sup>
Number Bedrooms	3	3	2	1
Garage Size	None	None	None	None
General Value	\$515,000	\$495,000	\$565,000	\$565,000

## A trade-off

The new homes outlined above are relatively small and will not meet the needs of all purchasers, particularly larger families or Māori or Pasifika households who often live intergenerationally and require more space. For these households, existing homes remain the most practical and affordable option. By contrast, smaller new builds are best suited to first home buyers who can make use of the 10% deposit requirement for new homes, as well as downsizers. Encouraging downsizers into appropriately sized new dwellings is important, as it helps free up larger family homes that these smaller typologies cannot replace, for households needing more bedrooms and living space.

# Some Solutions: What can we do to support new homes that are more affordable?

Housing affordability is complex. New Zealand has been grappling with high costs of housing for decades. We are not alone and most developed cities and countries in the world are grappling with the same issue.

**There is no silver bullet or single solution.** Over the last few decades, we have masked the issue of increasing house prices by increasing household debt and adding a second income to the household in order to afford increasing debt servicing. Lots of households are working more than one job to pay the mortgage or rent. But now these households' time and incomes are being maxed out.

Achieving genuine affordability will require hundreds of types and levels of interventions over decades. But for people involved in policy setting, regulatory approvals, and the delivery of housing, there are some key areas of focus which will make a difference. They are:

- Enable and embrace smaller homes
- Support scalability and repeatability
- Increase speed, provide certainty, and reduce risk
- Reward those who deliver good, affordable housing.

## Enable and embrace smaller homes

Land and construction costs in Aotearoa remain structurally high, and neither is likely to reduce enough to make the large homes of previous decades broadly affordable again. As a result, affordability increasingly depends on size. Smaller homes cost less to build, which means they cost less to buy or rent. Local, Regional, and National building direction is already heading this way. Smaller homes also require less land which reduces costs too.

Smaller homes are not only cheaper to purchase or rent; they are also more affordable to live in over the long term. Their reduced size generally means lower ongoing costs, including maintenance, insurance, rates, and heating. When well designed and supported by quality neighbourhood amenities, small homes can offer a more financially sustainable housing option for many households.

Although not suitable for everyone, evidence shows people are increasingly open to smaller living options. The Urban Advisory NZ Housing Survey (2025) gathered insights from more than 2,500 New Zealanders. It found 30% of respondents would consider living in an apartment, with interest particularly strong among first home buyers and those under 35, where 67% said they would consider this option.

Analysis across Waikato shows that the realistic size of an affordable new home sits roughly between 50m<sup>2</sup> and 100m<sup>2</sup>, depending on typology and location. Current delivery, however, remains well above this. In 2025, the average floor area consented in the Waikato was around 154m<sup>2</sup>. This is significantly smaller than the average seen in 2010, which was 192m<sup>2</sup> and it's tracking in the right direction, but is still far too large to achieve affordability at scale. Well-designed smaller homes and typologies must continue to become a far larger share of what gets built if the region is genuinely committed to lowering price points.

Land size is also important. For affordability, land area per dwelling typically needs to be around 100–200m<sup>2</sup>. Yet in most of the Waikato, section sizes being developed remain much larger and historically minimum residential section sizes have sat around 300m<sup>2</sup> – 500m<sup>2</sup>. If the Waikato is serious about improving housing affordability, small homes on small sites must become an acceptable, tradable, and mainstream part of the housing system. This shift is essential for the market to play a meaningful role in delivering more affordable housing. However, achieving liveable, high quality urban environments alongside increased density requires deliberate investment in community facilities, open and green spaces, and other public amenities. These shared assets are critical to offset the gradual reduction of private backyard space and to ensure that higher density living continues to support wellbeing and strong community outcomes.

## Support scalability and repeatability

Variety and bespoke design invariably increase costs, and higher costs undermine affordability. The opposite of which is to develop systems, processes, and rules that actively support and encourage repeatability. Standardisation reduces the amount of people involved in producing a home, from designers and engineers to planners of types and regulatory processes. This all speeds up delivery and allows builders to achieve economies of scale, ultimately making homes more affordable. This all aligns with government direction, and MultiProof pathways now makes this easier by recognising standardised designs upfront and shortening consent processing for site-specific checks. HUD is also working on pre-approved pattern books as a potential tool in the future.

## Increase speed, provide certainty, and reduce risk

Investors and developers need certainty. When rules and approval processes are unclear or unpredictable, costs rise and some projects never get off the ground. But when the system provides consistent, predictable outcomes, it becomes easier to plan, price, and fund developments which directly improves housing affordability.

Speed is another critical factor. Time really is money, and every delay increases costs for developers and eventually raises prices for buyers. If certain steps in the system can't be removed, they must at least be streamlined where possible.

## Reward those who deliver good affordable housing

Housing affordability is one of the most persistent issues affecting our communities and has been a national issue for decades. Yet there are currently no meaningful incentives for developers or builders to prioritise delivering genuinely affordable market homes.

Investors, developers, and builders of all kinds respond to incentives and actively chase them. If we encouraged and rewarded those who focus on affordability through faster processing, reduced fees, or other benefits it would help shift the market and support the delivery of lower-cost homes.

# What can we do to support these things?

## Planning rules that enable smaller homes

- Enable smaller minimum lot sizes in targeted zones and support the option to build and then subdivide pathways while still ensuring good built form outcomes.

- Align subdivision and minor unit provisions with the new national level granny flat exemptions so these small, standalone homes can be streamlined under the new settings.
- Simplify small scale infill projects (1–3 new dwellings) with clear, effects-based rules and standard information requirements and align with the MDRS style standards.

## Standardised and repeatable designs

- Create a regional pattern book of pre-approved designs for affordable typologies, especially well designed 50–100m<sup>2</sup> dwellings on compact footprints.
- Work with local developers and builders to maximise the use of the Multiproof approval framework run by MBIE.

## Faster, simpler approvals for genuine affordable homes

- Prioritised consenting, inspections and approvals for developments that meet defined affordability and design criteria.
- A dedicated approvals/consenting unit to triage, coordinate and de-risk planning, engineering and building requirements for affordable projects.
- Pre-agreed “fast-lane” pathways for specific subdivision and housing typologies that meet the criteria.
- Where possible, provide prioritised inspections or private certification of qualifying affordable homes. Seek to take advantage of new proportionate liability changes being promoted allowing risk to be passed on from council.

## Discounted charges and fees that recognise the wider benefit of delivering affordability

- Reduced development related charges (or future development levy equivalents) for qualifying affordable homes, within the national framework.
- Fixed consent/approval fees for standardised affordable typologies to give price certainty and reward the use of repeatable designs.

## Communication and mindset shifting

- Normalise smaller homes in planning, consenting and public communications. Position “small” as smart, efficient, and right-sized, not a compromise.
- Shift buyer expectations by highlighting lower running costs, less maintenance, and better fit with modern household sizes.
- Targeted training for council staff on housing and infrastructure cost drivers, and what “affordable” looks like locally.
- Demonstrate visible leadership by encouraging Elected Members, media, and public commentators to actively champion faster, simpler development processes and the benefits of smaller homes.

