

Navigating in and out of Aotearoa New Zealand's Intermediate Housing Market: A Housing Pathways Analysis

Jennifer L R Joynt and Leon Hoffman

April 2021

Technical Report 2021/14



Research and
Evaluation Unit

RIMU

**Auckland
Council**
Te Kaunihera o Tāmaki Makaurau





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Executive summary

In 2019, the Auckland Council Planning Committee agreed that Auckland Council should take an ‘intervene and lead’ role in affordable housing, investigate regulatory and non-regulatory interventions and partnerships, and undertake exploratory research into the lived experiences of people in Auckland’s intermediate housing market (IHM).

The scope of this report consists of two main tasks. The first is defining the IHM and providing a review of experiences of the IHM as detailed across the international literature and Aotearoa New Zealand context where available. The second task is to explore the experiences of Aotearoa New Zealand’s IHM using secondary data derived from media reports and existing research data. More specifically, this examination identifies the different views, challenges, goals and aspirations concerning homeownership and renting for householders within the IHM, and examines the key impacts of being trapped in this market across various domains, including health, work, education, whānau, and social networks among others.

In Aotearoa New Zealand, the IHM was first defined by DTZ (2008) as “private renter households with at least one person in paid employment, unable to affordably purchase a house at the lower quartile house sale price for the local authority area at standard bank lending conditions” (DTZ 2008). Building off the DTZ definition, Mitchell and O’Malley (2015) further qualify that ‘affordable’ housing means that the occupying household spends no more than 30 per cent of their gross income on rent or mortgage payments. They also situate Aotearoa New Zealand’s IHM within the country’s broader housing continuum.

Many commonalities were identified between the experience and causes of the IHM internationally and in Aotearoa New Zealand. People in the IHM are principally bound by a common aspiration to achieve warm safe affordable shelter, an objective highlighted by the UN Special Rapporteur on Housing in Aotearoa New Zealand (2019) as a basic human right. Those in the IHM were driven by a desire to exit private rental, which is perceived as of an inferior standard to owner-occupied housing (McKee et al. 2017; White et al. 2015). With homeownership offering greater housing stability, by removing the risk of eviction. Homeownership was also seen as offering an opportunity to access better quality houses, that would neither compromise physical or mental health.

The most common driver to transition out of the IHM into homeownership was financial security. Homeownership, both internationally and nationally, is perceived as a secure place for long-term investment to safeguard retirement security. The desire for homeownership is rooted in the belief that housing provides one of the only opportunities for wealth creation in westernised economies, not only for individuals but also for future generations, through intergenerational transfers of wealth. Asset-based welfare is also backed by political discourse, which supports ‘home ownership’ over social welfare models of housing provision and retirement security. This view is driven by a lack of alternative social welfare options, including declining social housing, and falling confidence in share investments and pension investments funds (Arundel and Hochstenbach 2018; Arundel and Ronald 2020; Howden-Chapman 2015).

Homeownership was also found to be tied to improved self-worth. Representatives of the IHM, described themselves as feeling like ‘flawed consumers’ (Bruce and Kelly 2013; Hoolachan et al.

2017; McKee 2011), a view compounded by media reports heralding those who manage to navigate out of rental into ownership as beacons of success that others should aspire to emulate. Those trapped in the IHM viewed experiences of successful transition out of the IHM as exceptions, achieved by those able to make sacrifices unavailable for many in the IHM, such as working offshore or in a role that is not tied to a specific location.

Results show the main barriers to navigating into homeownership include the fast appreciation of house prices and high deposit requirements. This was impacted by slow wage growth, and high rental costs, limiting the ability of many to save. Relative to income, house prices have grown so rapidly that the income to cost ratio, would require homebuyers to take on significant mortgage debt. This is further exacerbated by the deposit required under the LVR legislation. Although this was temporarily paused in an attempt to offset the impacts of the COVID-19 pandemic on the economy. The ability to save a deposit in a rising market was a major challenge for most potential homebuyers. For those attempting to save a deposit while also paying rent, this was even more challenging. The most effective route to an adequate deposit reported was to avoid paying full market rent. Options for this included returning to the parental home and paying a significantly reduced rent, entering into multi-occupancy rental tenure, or renting a dwelling that was unsuitable in size or location. More radical options included working offshore for some time to access higher wages. Most accounts of successful navigation out of the intermediate housing market include the use of financial tools such as KiwiSaver, First Home Grant or First Home Loan. For many, these tools can help to bridge the deposit gap. For households dependent on single incomes, high living costs made saving for a deposit challenging. For single-parent household's discrimination by landlords further impacted their chance of saving for a deposit, as some were required to pay elevated rents to secure rental housing over tenants perceived as more desirable, such as couples without children.

Other barriers were lack of affordable housing availability in areas accessible to employment and transportation options. Notably, this appeared to affect groups working in low paid, shift-work, and public sector roles considerably. Although "key workers" is not a defined term in Aotearoa New Zealand, in the UK employees captured by a formal policy on key workers include teachers, nurses and police employees (amongst others) (Wilcox 2005), representative views from each of these groups were captured in the data on the Aotearoa New Zealand experience of the IHM. Reports of key workers considering leaving or having left their professions were common. As were accounts of key workers migrating out of the main centres to find affordable accommodation. Evidence from Australia indicates that although key workers were keen to migrate for more affordable accommodation, demand for 'key worker' roles in low-cost housing areas constrained opportunities, while roles in high-cost housing areas were often unfilled (PwC Australia 2019). The social impact of this uneven distribution of key workers is short staffing in essential services, which reportedly impacts staff wellbeing and the delivery of good community services.

Success strategies for navigating out of the IHM were mainly reflective of households receiving external support to help accrue a deposit. Access to the intergenerational wealth transfer, either through financial transfer or through the use of a guarantor agreement, emerged as one of the most commonly adopted and effective strategies for exiting the IHM into homeownership in Aotearoa New Zealand and internationally. Although effective, this approach is not universally available. Those from

lower-socio economic backgrounds had fewer opportunities to access asset-based wealth, due to their parents being more likely to rent.

In Aotearoa New Zealand, for those in the IHM at the lower-income thresholds, community housing providers (CHPs) were key agents of change enabling navigation out of the IHM. Most success stories used shared ownership (SO) models facilitated by community housing providers (CHPs). CHPs also offered households opportunities to start their journey by accessing affordable rentals while establishing saving and budgeting plans before transitioning into shared ownership. This financial and pastoral assistance ensured the households were prepared to step into homeownership, reducing the likelihood of their defaulting and being evicted (Joynt 2019). CHP support is beneficial to families as they move through the housing continuum. CHPs also endeavour to maintain social and employment connections by offering affordable homeownership in or near existing communities. Maintaining community and addressing gentrification helps alleviate fragmentation of communities and to build social capital and strong community cohesion.

Accounts from those that had achieved affordable housing either through a rental or house purchase scheme reported high levels of satisfaction with their accommodation. Wellbeing was improved not only physically, through a reduction in health issues associated with poor quality housing but also mentally. The decrease in housing rent burden provided an opportunity for increased time with family, reduced stress and requirements to work overtime, improvements in feelings of success and worth, and in many cases, an ability to retain significant social and employment ties were all reported by recipients of community housing providers' support.

Although highly effective, the scale at which CHPs can assist households is limited by funding constraints (Joynt 2019). Thus, shared ownership schemes currently do not offer a wide-reaching solution to the IHM.

International examples of SO flagged some potential negatives that should be safeguarded against in Aotearoa New Zealand (Bright and Hopkins 2011; Thaden, Greer, and Saegert 2013; Wallace 2008). This includes for-profit entities offering SO without wrap around financial and budgeting support, which consequently exposed some SO homebuyers to increased risk of eviction and loss of investment.

There were also several reports of younger adults returning to their parental homes, often with their partners. Known as 'boomerang kids' within the literature, they could save for a deposit through the payment of low or no rent. This position was privileged for the children of existing homeowners. For those without family willing or able to either access finance or with space to accommodate them, they could not rely upon intergenerational support. This was particularly challenging for those from lower socio-demographic backgrounds, whose parents are more likely to live in private rental or social housing tenure without access to housing equity.

Others chose to enter into multi-occupancy home purchasing agreements with people they were neither related nor within a relationship. So-called 'co-housing' offered the opportunity to purchase a dwelling that may otherwise have been out of reach financially for an individual. Co-housing arrangements do not represent a large sector of those that navigate out of the IHM, but through the

reported growth of 'matchmaking websites', which facilitate both finding compatible co-housing groups and providing legal assistance, this area of the IHM exit group is growing.

The final primary means by which households exited the IHM was through more radical life changes. These were temporary, such as short-term, high paid contracts working offshore, with the sole aim of raising a deposit. Longer-term solutions included permanent migration to lower-cost housing areas, with households often moving across the country. Although many reported high satisfaction with their new homeownership status, they often reported feeling bereft at the severance of family and community ties, this demonstrates the importance of place in our identity and sense of home.

Some within the IHM, particularly older women, reported transitioning out of homeownership back into the IHM. The causes of this transition were often life shocks such as unemployment, ill health, separation, and relocation. This reflects broader international trends of an over-representation of women in the IHM and at the extreme end of the housing continuum with growth in the numbers of older homeless women (Nesbitt and Johnson 2019; Reis 2019; Sharam 2017).

In summary, the evaluation of the experience of the IHM indicates that it is a broad church. It captures a multiplicitous cross-section of society, representing varying personal and social conditions that determine individual trajectories, or stagnation, along the housing continuum. As a consequence of the heterogeneous nature of experiences, the narratives of those in the IHM could not be reduced to a single experience. Multiple pathways and stories reflect the multitude of experiences, socio-demographic characteristics and aspirations of a society caught in the IHM. A housing pathways framework approach was adapted from the work of Clapham (2002), to help describe the heterogeneous experiences.

Eight pathway personas were developed and described. They include: 'radical life changers', 'proactive climbers', 'the boomerang kids', 'the lucky few', 'precarious owners', 'the 'boomer'angs', 'happy renters' or 'trapped renters'. The housing pathways demonstrate that individuals are not passive receivers of their circumstances and instead adopt formal and informal strategies to navigate the housing system to meet their aspirations. These narratives do not capture all possible experiences but demonstrate commonalities of experience within groups, although demographic characteristics do not demarcate these.

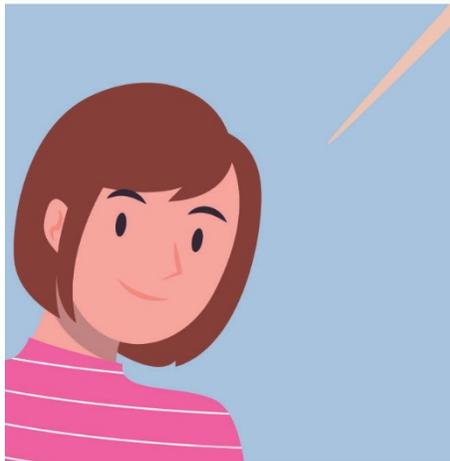
Radical Life Changers



"I guess it was partly luck, partly hard work. We did work crazy hours, usually 80 hours a week for at least five or more years. But it was also just luck. We happened to arrive in Perth just when the mining boom was taking off. We sold when it ended and we bought at The Mount just as the housing boom started taking off here. It was all just good timing I guess."

Personas - characteristics	Aspirations and drivers	Barriers - systemic and personal	Tools	Projections Impacts and outcomes
Young families, often in employment that's easily transferable (home workers, jobs that aren't tied to cities or high demand skilled key workers)	Motivated by their experience of poor quality expensive, insecure unhealthy rentals. Long commutes and a sense that their wellbeing is being compromised. They aspire to create a better work life balance in safe and secure housing and to create intergenerational wealth	Job availability- (some consider career change) Family ties Opportunities and skills to secure off-shore employment	Kiwi savers Homestart grants Working off-shore Rural living Overtime Frugal living Prepared to sacrifice social and employment ties, over lifestyle House sitting	With clear plans of how to access homeownership, radical life changers often make big sacrifices including delaying decisions to start families, working overseas, or relocating permanently. Following a short period (less than 5 years), they can buy with limited debt burden and achieve better work life balance and financial security.

Proactive Climbers



"They came to ask if we wanted to buy the house. They said they would give us the first choice because if we bought it then everyone could save some money by avoiding agents. We slept on it, decided it was an exciting opportunity, negotiated a price, scraped together our savings plus Kiwi Saver plus a homestart grant and went for it!"

Personas - characteristics	Aspirations and drivers	Barriers - systemic and personal	Tools	Projections Impacts and outcomes
Single, young, medium incomes, willing to explore alternative financial tool and models to access homeownership Financially literate	The proactive climber views housing as the only way to achieve financial security and ownership as a rite of passage. They prefer not to migrate or sacrifice location choosing to live close to work and amenities. They aim to build up equity and get a foot on the ladder, with short-term measures	Often have no family support so seek alternatives Access to financial products- such as shared co-housing mortgages is difficult Require significant legal support to set up contracts	Cohousing Kiwisaver Homestart grant Shared equity mortgages Welcome home loans Tinder style matching tools- MIUWI Housesitting Legal separation and sale contracts Financial literacy- budgeting Movement of debt -to secure low interest rate deals	The proactive climbers are financially literate and willing to engage with less mainstream methods for securing housing. Once in housing they seek ways to pay down loans quickly or leverage the asset for further investment. Access to homeownership can be quicker than peers, and un-reliant on forming partner relationships. They can accumulate asset wealth and associated lifestyle and wellbeing outcomes earlier too.

The Boomerang Kids



"The only bills we had to pay were for our phones, petrol, food and our board, which was \$50 each per week. After eight months of both working full time we met with a mortgage broker, I was ready to move out after living with his parents for three years. We had also been together for almost seven years at that point and wanted to start a new chapter in our lives."

Personas - characteristics	Aspirations and drivers	Barriers - systemic and personal	Tools	Projections Impacts and outcomes
<ul style="list-style-type: none"> Children of homeowners Middle class Tertiary educated 	<p>The boomerang kids aspire to recreate the wealth generation and security housing their parents provided. Retaining family and community ties is important, and they achieve homeownership without making radical life choices. Allowing them to move out of poor-quality unstable rentals and improve their mental and physical wellbeing</p>	<p>The main barrier to accessing intergenerational wealth is parents' tenure status. As well as parents' property having suitable accommodation to house extras</p> <p>Student debt</p>	<ul style="list-style-type: none"> Kiwisaver Homestart grant Stay with family and pay low or no rent to save a deposit Intergenerational gift of deposit Use of temporary transportable accommodation on relatives' land 	<p>Through short term (1-2 years) paying low or no rent they can accrue a deposit that enables them to access good mortgage deals and reduced mortgage stress. Others secure housing based on parental guarantor agreements, this can expose both parties to greater risk of mortgage stress and default.</p>

The Lucky Few



"My home is an extension to my kainga tuturu and it means everything to me and my sons to have somewhere they can call their own. Like their whakapapa (genealogy, it is their foundation and they feel connected). It also provides me with peace of mind that I have done my utmost best for my sons and that if anything happens - no matter what they have a home to call their own."

Personas - characteristics	Aspirations and drivers	Barriers - systemic and personal	Tools	Projections Impacts and outcomes
<ul style="list-style-type: none"> Low income families with financial literacy, low debt and stable income 30s-40s Accessed by groups underrepresented in homeownership including Maori & Pacific people Single parents Key workers 	<p>Driven by an experience of expensive poor-quality rentals that compromised their health, the lucky few have strong community ties and links to local employment and/ or social support networks. They aim to build inter-generational stability, and achieve ownership like older relatives or to break the inter-generational cycle of renting</p>	<ul style="list-style-type: none"> Mental and physical wellbeing Word of mouth recommendation Lack of social housing Lack of awareness of opportunities Lack of financial literacy Debt 	<ul style="list-style-type: none"> Shared ownership schemes Kiwisaver Homestart grant Shared equity mortgages Rent to buy schemes- inc. home saver and community rental products Access to community housing providers advice, support & products Financial literacy training Transitional ownership plans Low interest rates 	<p>The lucky few that access affordable housing through community housing rent to buy schemes and shared ownership, achieve security and a sense of pride. They report improved mental and physical wellbeing and can retain family and community ties. Their lack of debt, security of tenure and training on financial literacy improve their housing mobility opportunities and create educational and social stability for their whānau.</p>

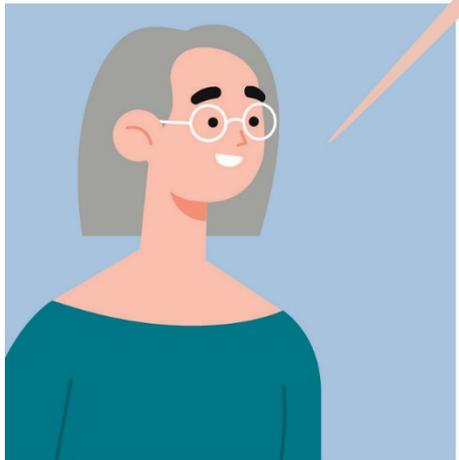
Precarious Owners



"If you have a mortgage it's never relaxing. You have more bills to pay and juggle, and we don't find that relaxing. There will always be that worry, especially if you have kids to support or extended families to provide for".

Personas - characteristics	Aspirations and drivers	Barriers - systemic and personal	Tools	Projections Impacts and outcomes
<ul style="list-style-type: none"> Low/ medium income employee Self employed Not eligible for social housing Debt No access to intergenerational wealth Single 	<p>Precarious owners aspire to be homeowners at any cost, even if the financial burden requires, they work long hours over multiple jobs. They are driven by the notion that homeownership is the only pathway to wealth creation and status</p>	<ul style="list-style-type: none"> LVR restrictions and challenges saving a deposit in rental Little family support 	<ul style="list-style-type: none"> Low interest rates Kiwisavers Mortgage advisors to access high debt to income mortgages Access housing through normal mortgage pathways at the expense of security Overtime and/or working several jobs Sale of assets and frugal living to raise deposit of 20% 100% mortgage based on debt secured against parental home 	<p>Precarious owners are more likely to exit homeownership and are at risk from economic shocks, such as the COVID 19 pandemic, or health decline or divorce.</p> <p>Their mortgage burden greater than 30% of household income can lead to mounting poor credit. Their precarious status can impact decisions to have families or add significantly to financial stress.</p>

The 'Boomer'angs



"More of us are single now, too, meaning more of us struggle to get a foothold in the property market, or become locked out of it when relationships fail: one income makes mortgages a good deal less likely. Divorce thrusts many mid-lifers back into the rental sector, suddenly pricing them out of ownership and back into the student digs they imagined they'd left behind"

Personas - characteristics	Aspirations and drivers	Barriers - systemic and personal	Tools	Projections Impacts and outcomes
<ul style="list-style-type: none"> Older single, separated, older families, suffered a shock event- such as unemployment, sickness, business failure 	<p>The boomer'angs, wish to remain in place. They desire to be homeowners again and are motivated by a fear of vulnerability in retirement and a perception that renting is seen as inappropriate for their life stage</p>	<ul style="list-style-type: none"> Poor credit, loss of savings Bankruptcy Limited opportunity for employment Failing health Lack of housing mobility Sharing is seen as unsatisfactory for life stage 	<ul style="list-style-type: none"> Sharing with families and going into co-ownership with adult children Sub-dwellings Relocation to regions 	<p>The boomerangs have exited the housing market due to a life shock. They are negatively impacted by societies image of renters as inferior – particularly older ones. They are unwilling to co-habit/ flat share to access homeownership again.</p> <p>The boomer'ang faces an insecure retirement, often becoming reliant on children's support through sub-dwelling and multigenerational housing arrangements.</p>

Happy Renters



"While we could probably manage to buy a house [in New Zealand], what I've come to believe is that homeownership only puts you into debt to the bank. It gives the bank control over your life in ways that really constrict what you do."

Personas - characteristics	Aspirations and drivers	Barriers - systemic and personal	Tools	Projections Impacts and outcomes
Includes young who have never owned property and previous property owners, some of which have experienced housing shocks	The happy renters could buy but see renting as a positive choice. They are motivated by a high mobility lifestyle, and a desire to be debt free. They want to find a good work life balance. With access to goods services and amenities. As well as being unwilling to buy into the neoliberal mindset of asset accumulation	Risk averse, unwilling to take on housing stress	Reject Societies image of renters as inferior – particularly older ones Invest in alternatives like kiwisaver, shares, rent vesting – where low cost, low risk property investment in the regions	The happy renters enjoy their housing and employment mobility, and live in higher quality accommodation in areas that would otherwise be unaffordable to buy. The happy renter is often financially savvy, investing in kiwisaver, other investments and some buy property they don't intend to live in (rent vest)- to ensure retirement savings.

Trapped Renters



"The most difficult thing was the lack of security. With every house inspection, we felt nervous about the outcome - we worried about rent increases or even if we would have to move again. We did what we had to do but have since realised it wasn't a good situation. We were living very much in survival mode. We had basically given up hope in ever owning our own place".

Personas - characteristics	Aspirations and drivers	Barriers - systemic and personal	Tools	Projections Impacts and outcomes
Includes young who have never owned property New migrants Single parents Low-income groups that do not qualify for social housing And previous property owners, some of which have experienced housing shocks	Trapped renters aspire to get safe and secure housing, escape poor quality rentals and to retain community ties	Unable to save a deposit Discriminated -due to ethnicity, family status, relationship status Instable tenure and lack of renter's rights High rents making saving impossible Poor credit	Absent and indifferent landlords are seen as preferable over those that carry out frequent inspections Try not to complain and take on maintenance Try and find rentals through family and friend connections Consider migration Conceal personal information that may impact on housing access, including family size, relationship status	Trapped renters suffer mental and physical impacts of poor-quality housing and stress triggered by insecure tenure and gentrification, social dislocation, moving cost burdens and disrupted education. They are closely connected to place, through employment and or social support networks. They also have limited investment and fear facing a financially insecure retirement.

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1.0 Introduction

In 2019 the Auckland Council's Planning Committee agreed that Auckland Council should take an 'intervene and lead' role in affordable housing, investigate regulatory and non-regulatory interventions and partnerships, and undertake exploratory research into the lived experiences of people in Auckland's intermediate housing market (IHM).

The Planning Committee's resolution required a greater understanding of the following:

- The aspirations of those in the intermediate housing market
- The social, economic, and political barriers preventing exit from the intermediate housing market
- Formal and informal strategies for successfully exiting the IHM
- Causes of slipping out of homeownership
- The household and community impacts of addressing the affordable housing crises, in terms of wellbeing and prospects now and for future generations.

The following report addresses this request¹. Presented in two parts, the first is a comprehensive review of the international literature. This section covers the emergence of research on the topic of the IHM, the origin of the term and standard definitions. The review also draws together insights of the experiences of those within the IHM, uncovering commonalities and differences of the experience across international jurisdictions, investigating the political, social and economic contexts that lead to the existence of intermediate housing markets in each of these settings.

For the second part of this report, we devised a housing pathways approach, analysing secondary data sources such as media reports, grey literature, and other council reports. Cost and time saving were the principal rationale for not collecting primary data. Also, it was determined that further expansive primary data collection on those within the IHM would not significantly contribute to a greater understanding than that which could be acquired by collating the existing narratives from the disparate sources cohesively and systematically.

During the write up of this research, the COVID-19 pandemic took hold and significantly impacted the social and economic climate of Aotearoa New Zealand. The implications of these impacts are as yet not fully understood. As such, an evaluation of effects is not included in the main body of the report. Instead, a summary capture of evidence available at the time of writing is appended to this report in the Addendum. The impacts of the COVID-19 pandemic on the IHM require further in-depth research.

¹ A summary of this report was presented to the Kōmiti Whakarite Mahere / Auckland Council Planning Committee on 3 September 2020, item 8.

1.1 Limitations

A limitation of this report is that the narrative data reflects those highlighted by the media. As such, there is a risk that through media bias, not all possible experiences of the IHM are reported. To address this, narratives are also included in the data set from research undertaken as part of the Renting in Auckland project undertaken by Auckland Council in 2017. This research represents the views of a randomly selected sample of tenants in the private rental sector.

1.2 Report outline

The report is constructed as follows:

- Comprehensive international literature review on intermediate housing market beliefs and experiences
- Background to the growth of the intermediate housing market in Aotearoa New Zealand
- Introduction to the use of qualitative content analysis
- Methodology – case identification and data collection, data entry and management, analysis using NVivo, coding to theme phases
- Results
- Discussion and conclusion.

2.0 Defining the intermediate housing market

The term ‘intermediate housing market’ has been in use for over 15 years. Initially, the term referred to households who were unable to purchase a home on the open market but could afford an ‘intermediate housing product’². However, following his research into housing affordability within the sector, Wilcox (2005) determined that rather than being defined by demand, the IHM should be identified through a needs-based assessment of the households these products are intended to serve.

Within his model, Wilcox (2005) defines two types of intermediate housing markets – broad and narrow. The narrow IHM is defined by working households who are not on housing benefits but cannot purchase a two- or three-bedroom house priced at the lowest decile level, sometimes known as ‘inbetweeners’ or ‘the squeezed middle’ (Cambridge City Council 2014). To this, the broad definition adds working households on housing benefits, as well as those who can afford to purchase housing at the lowest decile but not at the lower quartile.

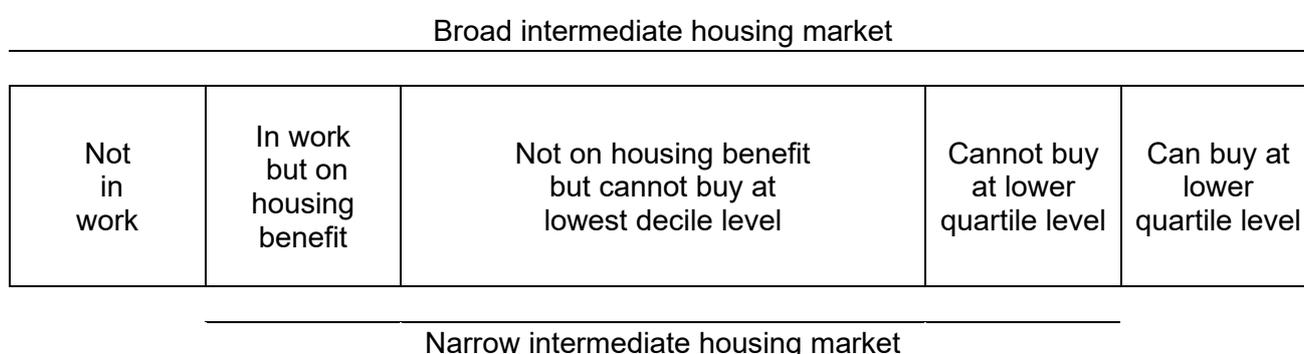


Figure 1: Broad and narrow intermediate housing markets (Wilcox, 2005)

Researchers and policy writers in Aotearoa New Zealand have also begun to think about the IHM and have used Wilcox’s concept as a starting point for developing a locally suited definition. In Aotearoa New Zealand, the IHM was first defined by DTZ (2008) as “private renter households with at least one person in paid employment, unable to affordably purchase a house at the lower quartile house sale price for the local authority area at standard bank lending conditions” (DTZ 2008). More commonly known are a suite of reports by Ian Mitchell (2015, 2019b, 2019a, 2020) undertaken for BRANZ and Auckland Council. Mitchell (2019a) adopts the earlier DTZ definition, further qualifying that ‘affordable’ housing means that the occupying household spends no more than 30 per cent of their gross income on rent or mortgage payments. He also situates Aotearoa New Zealand’s IHM within the country’s broader housing continuum (Figure 2).

Despite definitional minutia, across much of the literature, the IHM has been problematised against the historical normalisation of homeownership as the dominant tenure of choice (McKee and Soaita 2018) or as part of an expected ‘way of life’ that one transition into as they enter adulthood (Urban

² The term ‘intermediate housing market’ is used across planning policy in the United Kingdom (e.g. Cambridge City Council 2014) and refers to the target market for intermediate housing products that are provided both for sale and rent above social rent but below market rates. Intermediate housing products available for purchase are typically aimed at first-time purchasers and are offered through various support schemes such as shared ownership or shared equity (Hughes 2010)

Research Centre 2008). It should be noted that while young people are by no means the only age group represented within the IHM, research reveals significant inter-generational inequity within the housing market, as young people face numerous barriers not encountered by those of older generations, keeping them ‘trapped’ in expensive, low-quality, private rental units (Hochstenbach and Boterman 2015; Hoolachan and McKee 2019). Thus, they are often the focus of literature pertaining to the IHM.

Social renters	Private renters						Owner occupiers	
	Not in work	In work						
		Unable to affordably						Able to affordably buy at median house sale price
		Pay rent at the			Buy at the			
		lower quartile	median	upper quartile	lower quartile house sale price	median house sale price		
Social renters	Not in work Private Renters	The intermediate housing market			Relatively well off private sector Renters		Owner occupiers	

Figure 2: The Aotearoa New Zealand intermediate housing market within the housing continuum

Alongside the term ‘intermediate housing market’, a vernacular has developed to categorise the various residential tenure narratives of those marginalised from homeownership. This is most often captured in the term ‘generation rent’, which alludes to the increasing number of young people spending historically longer periods of time in the rental sector (Hoolachan et al. 2017; McKee and Hoolachan 2015). ‘Generation rent’ is joined by other terms including ‘boomerang kids’ (Kaplan 2009; Turcotte 2007), ‘failure to launch households’ (Mykyta 2012) and ‘yo-yo transitions’ (Biggart and Walther 2012; Forrest and Yip 2012), concepts that account for adult children who return to the parental home, delayed home-leaving and household formation, and increased precarity across residential tenures (Fuster, Arundel, and Susino 2019). There is a considerable volume of literature focused on unpacking the beliefs, attitudes and experiences of people within these groups without specifically addressing the concept of the IHM – despite the obvious descriptive overlaps. With this in mind, these groups, correspondingly characterised by their prostrate position within the housing market, are grouped into the conceptualisation of the IHM used within this report.

An important component of unpacking IHM experiences is the acknowledgement that significant variability exists amongst those defined within it. This is brought to light by McKee (2012, 2015) in her explorations of ‘generation rent’ in Scotland. She highlights the importance of an intersectional research approach that accounts for differences between and across group members, such as

gender, class, race and sexuality, as well as the differing ways these components of identity are understood. Such thinking facilitates research that “treats social positions as relational” (McKee 2012, 858) and draws attention to the “multiple positioning that constitutes everyday life and the power relations that are central to it” (Phoenix and Pattynama 2006, 187). An intersectional approach ensures that diversity is accounted for when unpacking the experiences of those within the IHM, especially considering that which is already well-known about the links between housing tenure and various identifying categories such as social class (Köppe 2018) or race (Khare, Joseph, and Chaskin 2015).

3.0 International experiences of the intermediate housing market

The experiences and beliefs concerning housing of those within the IHM are myriad and manifold. The following comprehensive review details, from an international perspective, the housing experiences and beliefs of individuals residing within the IHM. This is split into four sections. The first section explores the meanings that individuals in the IHM ascribe to homeownership. Next, experiences of renting within the IHM are unpacked. Following this, the review reveals what individuals in the IHM believe to be blocking their ability to attain homeownership. Finally, the assistance that those in the IHM believe they need to achieve homeownership is detailed.

It should be noted that because experience is the focus of this review, the use of qualitative data has been prioritised and participant quotes from these data have been included to add depth. Across areas where qualitative research is scant or lacking in detail, and quantitative data enables the telling of a better narrative, the latter has been included to ensure that the breadth of experience is captured within this review. Furthermore, due to a paucity of research that outlines explicit experiences of individuals in the IHM, individuals' beliefs and perceptions are also included regarding homeownership and housing affordability in order to better determine what it means to be part of this group.

3.1 Meanings of homeownership

Over the last 50 years the meanings of housing, home and residential property ownership have undergone significant shifts. Historically, homeownership was the resultant outcome of certain life course and demographic characteristics such as marriage or the birth of children (Bruce and Kelly 2013). Despite these beliefs, significant market and policy intervention (Crawford and McKee 2018a) has normalised homeownership as the housing tenure of choice, regardless of supplementary factors. Because of this, homeownership has developed a strong ideological function that is suffused with expressions of cultural competence, social positioning, personal and economic success, good citizenship and proper consumption (Allen 2008; Lennartz and Helbrecht 2018; McKee et al. 2017). In contrast, those who are unable to access homeownership, or display a preference for renting or alternative tenures, are often pathologized as dependent, deviant, or flawed citizens and consumers (Bruce and Kelly 2013; Hoolachan et al. 2017; McKee 2011). Such ideas are recognised by one of McKee et al.'s Scottish participants (2017, 19) who expresses frustration that "*the expectation is to own a home, and people that rent are somehow seen as lower-class citizens*". As Hirayama writes, "the private ownership of housing ... has [become] a key symbolic marker of membership in mainstream society" (2012, 173).

Across a number of countries, homeownership as a signifier of 'membership in mainstream society' has been historically referred to in aspirational terms such as the 'American-' or 'Australian-Dream' (Bruce and Kelly 2013; Greenfield 2018). Indeed, studies undertaken in Australia (Bruce and Kelly 2013; Colic-Peisker and Johnson 2012; Parkinson et al. 2019), the United States (Greenfield 2018), Scotland (McKee 2011) and Spain (Aramburu 2015; Fuster, Arundel, and Susino 2019) have found that, while increasingly regarded as "outdated and unrealistic" (Greenfield 2018, 66; also see Aramburu, 2015) or a "distant goal" (Parkinson et al. 2019, 45), homeownership was referred as the

desired form of residential tenure by the majority of participants. Reinforcing the notion of the homeowner as 'responsible citizen', one shared-equity purchaser interviewed by McKee (2011, 3408) agreed that homeownership was a symbol of success, stating that "*it gives you sense of achievement. You've worked towards something; you've made sacrifices to save up your deposit. You put a lot of money and effort into getting the house*". Such discursive normalisation was similarly noted in Fuster et al.'s Spanish study (2019, 595), with one participant stating that "*you leave the parental home to marry and have children. Homeownership provides stability to the family project*". Other studies, however, revealed more critical participants. In Aramburu's (2015) interviews with Spanish working-class youth, participants recognised the social construction of homeownership expectations as a viewpoint they have been 'sold on' or 'taught' to think, with one participant explaining that '*since the day you're born you feel the need to own a property*' (2015, 1180).

As noted by Fuster et al.'s (2019, 595) interviewee above, many consider homeownership integral to the "*family project*". Across the literature, participants reveal preferences for homeownership when starting and raising a family. In their study of Generation Y Australians³, Bruce and Kelly (2013) reveal strong traditional beliefs about an 'inherent connection' between homeownership and family life, stating that their participants considered homeownership "imperative ... to create a family" (2013, 423). Similar attitudes were also recorded in studies undertaken elsewhere in Australia (Parkinson et al. 2019), as well as in Spain (Aramburu 2015), Ireland (Corrigan, Cotter, and Hussey 2019) and the United Kingdom (McKee et al. 2017), where some participants expressed that they were delaying household formation⁴ or having children due to a perceived lack of security as non-homeowners. This was further pronounced in research with Australian key workers, more than half of whom were delaying family building (PwC Australia 2019). Elsewhere, research participants have further suggested that homeownership was part of the responsibilities of being a 'good parent' (McKee et al. 2017). Throughout the literature, such groups are often referred to as "failure to launch households" (Mykyta 2012). However, not all participants within the literature subscribe to the model of homeownership and the family-oriented lifestyle assumed to accompany it. A number of participants in Aramburu's (2015) Spanish study express opposition to what one describes as '*a life that's all charted out for you*', alluding to the expectations of coupling, having children and purchasing a home. Two interviewees state:

We're expected to buy into a lifestyle where the ultimate goal is to have a house, wife and kids, you know? But my ideal doesn't involve a house or a car, you know. That's why I'd never buy.

I'm not going to base my decision about buying a home on that, on having kids and being in a couple for the rest of my life, because that's like, I don't know, like one day it's sunny and the next day it's raining.

These participants believe that lifestyle expectations for their generation have changed. As Aramburu (2015) summarises of their experiences, "a rejection of homeownership is the rejection of the entire lifestyle associated with it" (p.1181), suggesting what may be an inseparability of housing and habitus.

³ Generation Y, also known as Millennials, are the generation born between (approximately) 1981 and 1996.

⁴ There is a considerable volume of literature on the subject of delayed household formation, much of which is not focused specifically upon housing and thus is not included in this review.

Having a place to raise a family is not the only reason why those within the IHM wish to become homeowners. As noted above, Western discourses on housing tend to elevate homeownership as the preferred or normal housing tenure, with those able to purchase a home considered to be socially and financially successful (Fuster, Arundel, and Susino 2019). From their interviews undertaken with those considered to be generation rent across the United Kingdom, McKee et al. (2017) report that housing tenure is not only considered a marker of success, but also contributes towards “moral distinctions of worth” (p.20). The authors highlight one particular participant from Scotland who stated:

There is an overwhelming pressure to be a homeowner ... It's like you've achieved something when you get on the ladder ... It's a societal thing, if you're a certain age you feel the need to be able to prove that you've 'made it in life' and the best way to show it is to have your own place.

Further, McKee et al. write that many participants in their study felt they must “justify their inability to buy their own home in order to combat perceptions ... that they cannot ‘cope as adults’” (2017, 19). Influenced by the work of Zygmunt Bauman (2004), the authors suggest that young people who are unable to become homeowners may believe themselves to be ‘inadequate’ consumers, a position with “significant impacts on an individual’s sense of self” (McKee et al. 2017, 18).

Homeownership is also associated with beliefs about control, stability and identity that other residential tenancies are unable to provide, especially for those belonging to disadvantaged groups (Colic-Peisker and Johnson 2012). This is what housing scholars refer to as ‘ontological security’ (Colic-Peisker and Johnson 2010). It is of no surprise then that 75 per cent of Generation Y respondents in Bruce and Kelly’s (2013, 423) Australian study described a home in ways such as “a place to call your own”, “somewhere to be yourself” or “somewhere to feel safe and do your own thing”. In Spain, Aramburu’s (2015) participants described homeownership as a stable position that offers ‘peace of mind’ and ‘won’t give me any headaches’ (p.1180).

Beyond the affective, these types of beliefs are grounded in the corporeal experiences of housing and home. Here, homeownership is favoured as it eliminates the possibility of forced or random rental evictions and provides for increased autonomy over lifestyle preferences and material spaces (Bruce and Kelly 2013; McKee et al. 2017). Again, McKee et al.’s (2017) work in the United Kingdom provides relevant quotes, with research participants offering that “*the positives (of homeownership) are that you are independent, you don’t have to answer to anyone, you don’t need to ask permission to have pets*” and that “*owning my own home would mean no landlord could knock on the door*” (p.16). One Spanish renter described homeownership as a place ‘*where I don’t have to worry about my lease running out*’ (Aramburu 2015, 1180). Residential stability is especially important for young families where evictions have the potential to create serious disruptions for schooling and other activities (McKee and Hoolachan 2015). Similar sentiment to the above has also been found across research from Australia (Bruce and Kelly 2013; Colic-Peisker and Johnson 2010; Parkinson et al. 2019), the United States (Greenfield 2018) and elsewhere in the United Kingdom (e.g. Hoolachan et al. 2017).

However, homeownership as a form of stability is not reflected in all studies, including those already mentioned. For example, investigating young people from various social classes, Colic-Peisker and Johnson (2012) found a cross-section of beliefs regarding homeownership and stability. They note that participants from disadvantaged groups expressed homeownership as a form of “emotional and physical security” (p.734), while those who identified as middle-class took stability and security of

housing for granted, emphasising more abstract values concerning exchange and status. However, this does not preclude apprehension within the middle-class, with the authors revealing that some new homeowners expressed considerable anxiety about servicing a large mortgage, especially in light of global economic precarity and employment instability (Colic-Peisker and Johnson 2012). This sentiment is aggressively reflected in Aramburu's (2015) Spanish interviews, with some participants describing mortgages as a '*chain*', '*sentence*', '*trap*', '*madness*', or '*suicide*' (p.1180) – a long-term commitment that keeps the mortgagee tied to a specific geographical location. Also in Spain, Fuster et al.'s (2019) study of pre- and post-global financial crisis attitudes towards homeownership concluded that although homeownership remains aspirational, it has “seemingly transformed from a dominant symbol of stability and security to one of danger associated with dispossession and financial risk” (p.598).

Despite the potential financial risk, homeownership remains positively associated with wealth accumulation (McKee 2012). In fact, Colic-Peisker and Johnson write that “homeownership is the main wealth accumulation method in Australia” (2012, 740), with over 60 per cent of the nation's capital held in housing. Across much of the literature, upwards trends in property values and housing wealth are linked to policy reforms that shift the welfare onus from state to individual, embracing the neoliberal concept of asset-based welfare (Preece 2018; Ronald, Kadi, and Lennartz 2015). Here, instead of dependency on state-provided benefits, family housing (and other) assets are realised as an economic resource that will provide individuals and their families with the necessary capital to meet their welfare needs (McKee 2012). Such scenarios may create immense pressure for individuals. As Watson (2009) asserts, the “financialised self ... [must know] ... how to create life as a series of investment decisions; how to position the household's assets on the right side of pricing trends; and how to plan for the long-term by being able to continually trade up the value of assets” (p.45).

While not abundant, the importance of homeownership as a financial asset is noted within the literature. In the United Kingdom, McKee et al. (2017) note that their participants, despite the belief they may never be able to afford a home, “articulated a keen awareness of the importance of housing wealth for their future welfare” (p.15), offering beliefs such as “*it's like a safety net when you retire, pensions are harder to come by these days and will be worse when I get to 68*” (p. 15). Homeownership was commonly referred to as a “*nest-egg*” or an “*investment for the future*” (McKee et al. 2017, 15). In contrast, both Spanish studies (Aramburu 2015; Fuster, Arundel, and Susino 2019) found participants critical of housing as wealth accumulation, especially speculative purchases. Aramburu (2015) notes that “the intention to speculate by purchasing housing – in other words, to set up a succession of sales transactions in order to profit from appreciation – or simply buying with that fantasy, is clearly rejected by the respondents” (p. 1184). He furthers that not only do they believe the concept to be immoral, but the mere idea of obtaining a mortgage is considered to be financially burdensome and high-risk (Aramburu 2015), a finding also seen in Lennartz and Helbrecht's (2018) study of young Germans.

3.2 Renting

With homeownership normalised as a marker of success and competence, renting – the current housing situation for those typically considered part of the IHM – may be considered as its opposite. As McKee writes, “renting has been constructed as a ‘deviant’ choice and the hallmark of a ‘flawed’ citizen” (2011, 3401). This view is encapsulated by one participant in McKee et al. (2017) who stated

that “*people that rent are somehow seen as lower-class citizens*” (p.19). Renting, thus, becomes stigmatised, imbued with notions of instability and insecurity that often come at a high cost, and is imagined as only a temporary housing solution (Bruce and Kelly 2013; Fuster, Arundel, and Susino 2019; Hoolachan et al. 2017; McKee et al. 2017). Looking across the literature, such characterisations appear to reflect the significant issues and anxieties experienced by those living in the rental sector.

Most common are anxieties concerning stability and security of rental tenures, with renters often unsure about the duration of their tenancy. As such, renters may often feel discouraged from attempting to “put down roots and create a home” (McKee et al. 2017, 5), alienating them from cultivating a private, domestic space typically associated with familial intimacy and cultural identity (Chapman 2001). Research from the UK outlines the lack of control and autonomy experienced by renters, noting that tenants are often unable to personalise their space by hanging pictures or using their own furniture, while finding pet-friendly accommodation can be very difficult (McKee and Soaita 2018). Concern regarding control and personalisation of rental spaces is also inferred by research undertaken in Los Angeles (Greenfield 2018) and Ireland (Corrigan, Cotter, and Hussey 2019). McKee and Soaita (2018) note that lack of control over one’s space can have negative effects on tenants’ wellbeing and mental health, and suggest that the restrictive nature of renting is often the outcome of tenant stigmatisation within the private rental sector (PRS).

However, for renters, the most prominent worry is of eviction. Tenants express fear of ‘no fault’ (McKee and Soaita 2018) or ‘no grounds’ (Tenants’ Union of NSW and Marrickville Legal Centre 2019) removal from their rental property, often with notice as short as only one month (Clapham et al. 2014). These evictions are well documented within UK and Australian literature. In the United Kingdom’s PRS, housing is typically rented on a short-term basis, with contractual breaks occurring every 6-12 months. At these points, landlords are able to “regain possession of their property” (McKee and Soaita 2018, 12) at will, or increase the price of rent (McKee and Hoolachan 2015). As a result, continuity of their tenancy is never assured, often at the expense of tenants’ mental health and wellbeing (McKee and Soaita 2018). One participant interviewed by McKee and Hoolachan (2015) noted:

But my general feeling is that people who live there don't feel that it is their home because they always have this feeling hanging over them that they need to maybe move on after six months, if the landlord wants rid of them they don't really have to give them any reason, they can just get rid of them for any reason (p. 21).

In some Australian states, these evictions are legally permitted through legislation. In New South Wales, a landlord has the right to issue a ‘no grounds’ “eviction notice at the end of a fixed term lease or once the lease is outside of a fixed term” (Tenants’ Union of NSW and Marrickville Legal Centre 2019, 8), with no reason provided to the tenant. In their research, the Tenants’ Union of New South Wales (2019) found that a ‘no grounds’ eviction was a considerable cause of anxiety for the overwhelming majority of their participants, and over 55 per cent had experience of one. Because of such fears, tenants will often abstain from requesting necessary repairs or voicing complaints to their landlords for fear of a ‘revenge eviction’, an issue also found in other Australian (McGowan 2019) and Scottish research (McKee and Hoolachan 2015). As offered by one Australian renter (Tenants’ Union of NSW and Marrickville Legal Centre 2019, 9):

The biggest impact is the anxiety that comes with instability of rentals in this economy. I'm afraid to ask for essential repairs in my current rental in case they raise the rent again or evict us. Not knowing if or when we'll have to leave is quite unsettling.

Participants in McKee and Hoolachan's (2015) research commented that if they were homeowners they would be able to make necessary repairs themselves; as renters reliant on a third party, they felt like they lacked any control over such situations. The inability to undertake repairs and minor improvements in private rental properties was similarly noted to be a draw back in Witten et al.'s (2017) study of the Aotearoa New Zealand rental sector. These findings subsequently informed the Residential Tenancies Amendment Act 2020 in Aotearoa New Zealand, which are currently being rolled out.

Analogous to repair issues is the general feeling that dwellings within the PRS are of poor condition. Again, McKee and Hoolachan's (2015) work in Scotland notes that "nearly two thirds of the PRS stock in the Scottish Borders fails the Scottish Housing Quality Standard largely due to poor energy efficiency and health and safety standards" (p .14). They note that many rental properties are susceptible to damp and are often poorly insulated, with landlords suggesting that dampness can be avoided by leaving windows open (McKee and Hoolachan 2015). This is of considerable concern as cold and damp houses are well known to contribute towards increased morbidities, particularly asthma and other respiratory illnesses (Ige et al. 2018). The trend in poor quality of private rental housing is also reflected in Aotearoa New Zealand. Research undertaken by White et al. (2015), indicated private rental houses in Aotearoa New Zealand were twice as likely than owner-occupied houses to smell damp and nearly three times as likely to feel damp.

Lack of housing security is also associated with renting in the private sector. Parkinson et al. (2019) write that "by early adulthood 'moving' has become the one predictable aspect of housing for many young adults" (p. 75). Facilitated by evictions, as well as other causes such as interpersonal issues in shared accommodation or desires for different or better living conditions (Parkinson et al. 2019), frequent moving is considered to be a major source of stress and anxiety for those living in the PRS. Research based in New South Wales found that 85 per cent of renters had moved in the last five years, with 44 per cent moving three-or-more times within five years; this is in stark contrast to just 11 per cent of movers among homeowners (Tenants' Union of NSW and Marrickville Legal Centre 2019). Further, this work found that renters over the age of 50 were three-times more likely than similarly aged homeowners to have moved in the last five years, and that the presence of children in a household has no effect upon the number of moves over a five-year period. As one renter in this research notes, "*we've always rented. My ten-year-old has lived in five houses! Stability is a pipe dream for tenants*" (p. 13). They conclude that such high numbers of moves cannot be attributed to choice (Tenants' Union of NSW and Marrickville Legal Centre 2019). In the UK and Australia, frequent moving is known to exacerbate a number of anxieties for tenants, especially concerning moving costs and lifestyle disruption – an issue particularly felt by tenants with children, as shifting housing has the potential to disturb schooling, as well as social and care networks (McKee and Soaita 2018; Parkinson et al. 2019). Further, frequent moves are also connected with the anxieties around tenant autonomy and homemaking noted above, with some renters feeling dissuaded from material personalisation or that they must limit the number of possessions they own (McKee and Soaita 2018). Equivalent impacts of insecure tenure in the PRS are also felt in the Aotearoa New Zealand context (Chisholm, Howden- Chapman, and Fougere 2016; Joynt 2017; Witten et al. 2017).

Although the costs of homeownership are well known to be considerably higher than renting, many within the IHM must still allocate a significant portion of their income towards accommodation (Vitis, Ware, and Gronda 2010), especially when living in areas of high amenity or in close proximity to employment or educational institutions (Clapham et al. 2014). This is of significance in the United Kingdom where the costs of living in the PRS are considerably higher than in the social housing sector, the latter being the preferred rental tenure for many in the IHM and generation rent (McKee et al. 2017). It is worth noting that, historically, in the UK, social renting was available to a significant portion of society before neoliberal policies such as Thatcher's right-to-buy enabled tenants to purchase their council-owned rental units. This not only enabled the PRS by reducing social housing stock but also signified a shift in the way social housing would be delivered in the UK (Clapham et al. 2012; Crawford and McKee 2018a). In Australia and Aotearoa New Zealand, while renting often allows households to live in more desirable locations and dwellings than they would be able to otherwise afford (Hulse and Yates 2017), some research finds renters forgoing housing quality in order to enable such choices (Bruce and Kelly 2013; Opit, Witten, and Kearns 2019).

In the continental European context, renting has been historically considered as affordable and an appropriate life-long tenure (Lennartz and Helbrecht 2018). Indeed, many in the United Kingdom point to Germany as a positive example of a 'society of renters' (McKee and Hoolachan 2015), replete with a strong PRS and tight tenancy laws (Ronald and Lennartz 2018). However, research has found that many young European adults still depend on parental economic assistance in order to maintain their lifestyles (Druta et al. 2019; Lennartz and Helbrecht 2018). Druta et al. (2019) found this to be commonplace in their research based in Amsterdam, with participants sharing statements such as: *"my parents give me quite a bit of money, because I couldn't afford [living here] otherwise"*, and *"my parents gave me quite a bit more when I just moved out, I think it was 200 euros a month more, because they knew I'd only barely be able to make ends meet financially if they didn't"* (p. 6). Unlike counterparts in the UK who note an unease about receiving financial assistance (Heath and Calvert 2013), Druta et al.'s (2019) participants recognised parental allowances as an ordinary step in transitioning out of the family home. Similar beliefs were held by young people in Germany, where parental assistance was recognised as indispensable for maintaining residential independence (Lennartz and Helbrecht 2018).

3.3 Barriers to homeownership

While many in the IHM aspire towards homeownership, they remain cognizant of a number of barriers preventing them from achieving their aspirations. Chiefly, they are financial and amount to an inability to accumulate the necessary capital to make a property purchase within an economic landscape of rapidly increasing and out of reach house prices. Expanded, these barriers can be grouped into those that impede access to mortgage products, and those that muzzle opportunities to accumulate savings in the first place.

Across the literature, mortgage accessibility and out-of-reach and rising deposit requirements are considered to be one of the largest inhibitors to purchasing a home by those in the IHM. Not only do increased house prices precipitate the requirement for larger deposits, in many places the proportion of the property value required as a deposit has also grown. For example, in studies from both Australia (Parkinson et al. 2019) and United States (Goodman et al. 2017), over half of the participants (54 per cent and 53 per cent respectively) stated that the deposit gap (the ability to save for a mortgage

deposit within a reasonable timeframe) was the primary reason they could not purchase a home. Similar beliefs exist across other research from Australia (PwC Australia 2019; Vitis, Ware, and Gronda 2010) and the United States (Fannie Mae 2014; Salviati and Warnock 2018), as well as in the United Kingdom (Cribb et al. 2016). It has been suggested that the deposit gap has been exacerbated by increases in house prices and deposit requirements, especially in the United Kingdom (Clapham et al. 2012, 2014; McKee and Soaita 2018) and the United States (Xu et al. 2015). However, it is worth noting that, in the United States, research has found that where low-down payment programmes exist, consumers are often not aware of them (Goodman et al. 2017).

Other barriers to accessing mortgage credit include the presence of a student loan and unstable or zero-hour work contracts, which may disqualify one from obtaining a mortgage (Board of Governors of the Federal Reserve System et al. 2016; McKee and Hoolachan 2015; McKee and Soaita 2018), as well as salary-based lending caps which have not risen in unison with house prices. This is especially common in the United Kingdom where, even if one was to accumulate the necessary deposit to purchase a home, they will still be unable to borrow any more than 4.5 times their annual salary, a figure that becomes proportionally lower as house prices experience rapid growth (Cribb et al. 2016).

While the above speaks of the institutional barriers to obtaining mortgages, the reality for many is that they are simply unable to save towards a deposit. Complicated by geographical and lifestyle expectations (PwC Australia 2019), the inability to accrue a mortgage deposit is considered to be the outcome of various factors including job instability and low wages, significant student debt and the high cost of rent, many of which are considered to be lasting effects of the global financial crisis of the early 21st century. In Aramburu's (2015) Spanish study, the tone is set by one participant who states that she and her friends will "*never have a steady job*" (p.1182), with other members of the focus group reiterating the precarity of the job market, especially when compared to their parents' generation. Such beliefs about employment instability not only rule out the notion of homeownership but have also led to a reduced desire to consider entering into the property market (Aramburu 2015). For those who are employed, a crossroad of low wages, student loan repayments and high costs of living, including rent, significantly inhibit the ability to save towards a mortgage deposit. As one participant of McKee et al.'s (2017) UK-wide study states:

Work is a big problem ... So many people my age have been unemployed, work on fixed term contracts, in temporary positions, half of my friends work for minimum wage, many, including me have not had a pay raise for years (p.22).

This type of sentiment is common across numerous studies based in the United Kingdom (e.g. Clapham et al. 2014; Crawford and McKee 2018a; Hoolachan et al. 2017; McKee 2015; McKee and Hoolachan 2015), as well as in the United States (Greenfield 2018) and Australia (Parkinson et al. 2019).

3.3.1 Key workers experiences of the IHM and barriers to homeownership

Considered disproportionately affected by barriers to homeownership are key workers⁵ such as nurses, emergency services personnel, cleaners and teachers. Unfortunately, while the

⁵ Key workers are not a universally defined group. They are defined in formal policy in some jurisdictions, including the UK, but definitions vary.

homeownership struggles of key workers may be mentioned within the literature (e.g. Crawford and McKee 2018b; Hughes 2010; Mitchell 2015; Urban Research Centre 2008), little empirical investigation has been undertaken. Perhaps the best piece of work is PwC Australia's (2019) investigation into key workers' experience of the deposit gap in Sydney and Melbourne. In this report, key workers state that one of major barriers to homeownership is the ability to save a 20 per cent deposit, with many paying higher proportions of their income towards rent than the general population (PwC Australia 2019). Because key workers, especially first responders, are often contract-bound to live within a certain geographical proximity to their workplace, there may be little options for affordable housing. One nurse in Sydney notes:

Our contract requires us to live 30 – 40 minutes from the hospital because we are on call – it is a requirement of the job. My colleagues and I live on the brink of the 40 minute mark; there is no way we could live any closer due to the cost of rent and homes in the centre (PwC Australia 2019, 17).

Such situations leave workers with little disposable income to save towards mortgage deposits, especially the large deposits required to live within commuting distance to workplaces located in desirable neighbourhoods or city centres. Additionally, key workers not constrained in their choice of residential location are more likely to live further from their workplace than the general population, adding further strain to household budgets (PwC Australia 2019). The report also finds that over 15 per cent of key workers across Sydney and Melbourne are considering moving away from their respective city to a place with more affordable housing and lifestyle costs. As one nurse states:

I would like to change my job location so I am not having to travel to the city centre. I'm always busting my gut trying to get there in time and I am practically spending all my wages on housing rent and transport to work (PwC Australia 2019, 20).

While a key worker may envisage moving to a more affordable area in order to reduce their living costs and increase their savings, job availability can make this a difficult task. As one ambulance worker reveals, while shifting to an outer suburb of Sydney would decrease both his rent and the price of homeownership, such work placements are highly desirable for emergency services workers:

Lots of my colleagues are [also looking to] move out of the inner suburbs to outer branches. Ambulance branches further out have quite an extensive list of people who want to work there. The younger, less experienced ambulance drivers tend to work in the city branches, mainly because they can live at home with their parents (PwC Australia 2019, 20).

Thus, for key workers in PwC Australia's (2019) report, not only are they susceptible to the typical homeownership barriers of those within IHM, such as low salaries or high rent and living costs, they also find themselves unable avoid these barriers by changing locations, which may be more easily achieved by the general public.

Acknowledging that a lack of expendable income that can be allocated towards savings constitutes a significant barrier to homeownership, some in the IHM or generation rent may accept less than ideal living conditions in order to reduce their living expenses. For a number of participants of Parkinson et al.'s (2019) Australian study, this meant living in shared houses or (moving back in) with their parents. Further, while some participants stated that they would like to move into a home in a better location, in better condition, or transition to independent living, they felt that they were inhibited by the

competitive nature of the rental market. As one interviewee who reluctantly lives in a shared house notes:

I guess with the competitiveness of the Sydney market it's actually quite difficult to find a place which would work for you in terms of budget, location and everything else (Parkinson et al. 2019, 73).

Another participant speaks about making compromises in safety in order to live an affordable, cost-saving lifestyle:

People are having to compromise safety for affordability a lot of the time, is something that I have a big problem with ... that I would like to see changed because either they're having to live in worse environments or they've having to live with bad, dangerous housemates because they can't afford to live by themselves (Parkinson et al. 2019, 87).

Unfortunately, for the key workers in PwC Australia's (2019) report, such sacrifices – even unsafe ones – may not be possible. While shared accommodation would enable one to reduce their living costs, such living arrangements are not possible for many emergency services workers. One participant explains:

We do not have many options other than to not spend. Most people can reduce rental costs by living in a shared house—this is something I cannot do due to the hours I work, which are long and unsociable, and the need for peace and quiet to sleep during the day, since I work at night. My work inhibits a lot of what I can do in terms of saving on rental costs (PwC Australia 2019, 17).

3.3.2 Aspirations of first home buyers

Despite the barriers to homeownership mentioned above, some academics suggest that such barriers only exist because those entering the current market do so with overly high expectations (Bruce and Kelly 2013). This is indeed the argument presented by Pleffer (2007), who suggests that young Australians entertain unrealistic expectations of homeownership, conditioned by the high housing standards of their parental homes. Accordingly, the economic and material conditions experienced by many of the baby-boomer generation provided spacious, well located and affordable homes, and, having grown up in such spaces, their children feel entitled to similar (Pleffer 2007). Such sentiment was found in work by Bruce and Kelly (2013), noting that while participants were willing to lower their expectations, they would only do so to a small degree, accepting high levels of debt to achieve desirable housing outcomes.

While Pleffer (2007) states that young, expectant homeowners have unrealistic expectations, Crawford and McKee (2018a) recognise this scenario – or something similar – as marked by an 'aspirations gap'. This is where subjective expectations cannot be met by objective possibilities; in other words, the aspirations of would-be homeowners cannot be met by the market (Crawford and McKee 2018a). Dividing the last 70 years into political-economic epochs, they state that, during the late 1970s and into the early 1980s, "the transition from an economy based on industry and production to one of finance and consumption gave relatively low-waged, working-class households the ability to purchase their house at a considerable discount" (Crawford and McKee 2018a, 188). The extension of housing markets to groups previously unable to afford their own homes set in motion a 40-year

trend of normalised homeownership, which Crawford and McKee suggest is coming to an end, being replaced (once again), by rentier capitalism – but not without first crystallising significant housing aspirations borne by the children of those ‘Lucky Owners’ (2018a). Explaining those caught within the contemporary epochal transition, Crawford and McKee offer the following:

there is something of an ‘aspirational gap’ opening up, which emerges from the lag between changing economic conditions (i.e. the return of rentier capitalism) and the ‘economic’ expectations of those groups who had, as a result of an intergenerational tradition of home ownership, come to ‘expect’ certain outcomes even after the material conditions from which they arose have long ceased to exist (2018a, 193).

Although Crawford and McKee’s (2018a) insights pertain specifically to the United Kingdom, they are broadly applicable to histories of homeownership across the Western world. In the Australian context, Colic-Peisker and Johnson write that “achieving homeownership in Australia, often referred to as ‘the Australian dream’, was a relatively straightforward exercise for average income earners only a generation ago” (2012, 729). Likewise, Fuster et al. (2019) recount a similar historical trajectory in the Spanish context. This notion that barriers to homeownership within the modern epoch of financialisation are relatively contemporary is not lost on those who are part of the IHM. Indeed, throughout considerable empirical investigation of the IHM, participants entertain a significant discourse of intergenerational inequality, bemoaning having to leap considerable hurdles not faced by previous generations (e.g. Aramburu 2015; Colic-Peisker and Johnson 2012; Hoolachan and McKee 2019; McKee et al. 2017; Parkinson et al. 2019). As stated by two participants residing in the UK and Australia:

I’ve just come to terms with the fact that I’m probably just going to have to rent for the rest of my life, which is depressing because it wasn’t like that for my parents (McKee et al. 2017, 22).

I just feel so frustrated, like my generation’s done everything right, and the Baby Boomers, the older generation are telling us that it’s not good enough, and that we have to work harder, and save more, and sacrifice our youth in order to get trained so we can have higher paying jobs, and with all the money we just pour it into a house that costs 10 times what it did 15 or 20 years ago. It’s such victim-blaming bullshit, you know? (Parkinson et al. 2019, 75).

Unifying the thoughts of the majority of participants across this review’s literatures, Greenfield, in their exploration of Los Angeles notes that “the general consensus [among young people] was that baby boomers had it easier when it came to housing prices, cost of living, pensions, cost of tuition, and the labor [sic] market” (2018, 68).

Considering the status and wealth accumulation attributed to homeownership explored above, attitudes such as these reflect significant inter-generational downward shifts in both social and financial mobility. Participants of these studies entertain real fear that they will never be able to access the opportunities available to parents’ generation (McKee and Soaita 2018; Ronald and Lennartz 2018). This is particularly important when wealth accumulation provided by the home-as-asset has eclipsed that offered by the welfare state within the current Western political climate (McKee et al. 2017).

Despite the intergenerational growth of barriers to homeownership, a small amount of research shows that some members of older generations are sympathetic to the plight of their children. While ownership opportunities were certainly not available to all, those who Crawford and McKee (2018a) label ‘Lucky Owners’ – purchasers of homes between 1979 and 2000 – reveal acute awareness of the economic difficulties of generation rent, as well as their privileged position within recent history. As one participant recalls:

But it is sad. My generation were lucky because my husband had worked for 32 years for the same company, at that point you got your pension, it was all just done for you as it were, and we are the last generation I think that's going to happen to, because the next generation are having to make provision for their own pension and if you are in a position like my son's in where you've never had a really highly paid job and he's on his own so if he can't work then that's it, you know (Crawford and McKee 2018a, 189).

Another believes that without help, homeownership for the younger generation may not be at all possible:

I think it is a problem for young people ... I mean our first house I think cost about £3000 and we got help from an aunt, she gave us a down payment which was very good, we paid that but now I don't know ... it's very difficult. I don't see how unless you've got relatives that are willing to ... or the bank ... I don't see the bank lending, so it's all down to relatives. Who has that kind of money to spare? (Crawford and McKee 2018a, 191).

Across the IHM and generation rent literature, the necessity of help in achieving homeownership is common, and will be explored in the next section.

3.4 Assistance into homeownership

While many continue to aspire towards personal homeownership, the barriers outlined above reveal that many within the IHM are unlikely to achieve their ideal housing tenure without some form of assistance. Throughout the literature examining the IHM, the necessity of assistance into homeownership, which comes in many forms, is discussed by numerous participants. Examined below, assistance is typically formal, including assisted purchasing schemes and governmental policy levers, or informal, characterised by various forms of familial support.

3.4.1 Assisted purchasing schemes

Across the literature, the two most commonly considered assisted purchasing schemes are shared equity and shared ownership (APS⁶), each of which are available in many countries such as the United Kingdom, United States, Spain, Australia, The Netherlands (McKee 2011; Parkinson et al. 2019; Wallace 2012), as well as here in Aotearoa New Zealand (Saville-Smith and James 2010). Shared equity schemes typically consist of loans provided by a government or financial entity that enable the buyer to accumulate enough funds to cover a deposit – the purchaser then obtains a mortgage for the remaining price of the house (Whitehead and Monk 2011). In shared ownership, the purchaser secures a mortgage covering a proportion of the property value, while a secondary owner (such as a

⁶ Together, shared ownership and shared equity schemes are abbreviated as assisted purchasing schemes (APS).

housing association or private institution) funds the remainder of the purchase. The primary owner then rents the secondary owner's proportion of the property and is able to purchase further equity in the property from the secondary owner through lump sum or increased rental payments – a process known as staircasing (Whitehead and Monk 2011). In both shared ownership and equity arrangements, it is typically expected that the primary owner will be able to gain equity which they can then leverage in order to 'move on' into full homeownership. Often, the sale of a shared ownership home will release that property back into the shared market, ensuring that it remains affordable for another household in need (Thaden, Greer, and Saegert 2013).

Although a considerable collection of writing addresses shared equity and ownership schemes, there are few qualitative inquiries into the experiences of those who have entered into them. In fact, this review found only one example of qualitative research into APS purchasers in each of the UK (McKee 2010, 2011) and the United States (Thaden, Greer, and Saegert 2013) – the latter also speaking with potential APS purchasers. Despite this research paucity, these studies, as well other quantitative work, do provide some insight into the benefits and challenges of shared equity and homeownership schemes.

3.4.1.1 Benefits of assisted purchasing schemes

Purchasers of shared equity and shared ownership properties express a number of benefits to participating in such schemes. For many, the main benefit is the affordability of the property, especially for those who might lack the income to qualify for a traditional deposit and mortgage arrangement (McKee 2010). This is considered to be a prevailing benefit for those in both the UK and the USA:

It's really, really hard to get a mortgage nowadays, the majority of mortgage companies are looking for crazy deposits maybe up to thirty per cent which just wasn't feasible for a single person to buy a house. So shared equity seemed the more logical approach to get on the ladder (McKee 2010, 42).

"It gives a larger number of people the chance to enjoy the benefits of homeownership ... People now don't feel like it's in their best interest to get a home, but I feel like a program like that would say to people you can still have what you want. You can still own a home" (Thaden, Greer, and Saegert 2013, 1187).

As such, for considerably lower cost, APS can enable lower income households to access many of the benefits of homeownership that have been outlined above, including security, stability and more control over their living space (Bright and Hopkins 2011; Thaden, Greer, and Saegert 2013). For some participants, APS can also provide the same sense of satisfaction and success that purchasing a home on the open market offers (McKee 2011), allowing, as Wallace writes, the owner to feel as if they are "part of the mainstream in terms of housing consumption" (2012, 210). Certainly, participants in research by Clarke (2011) consider themselves to have done the hard work to become 'homeowners', despite often owning minimal shares in the property. This is exemplified by one of McKee's shared equity purchasers:

I think it gives you a sense of achievement. You've worked towards something, you've made sacrifices to save up your deposit. You put a lot of money and effort into getting the house. Getting all the furnishing for it is even an achievement because it costs a lot to get everything for it, do it the way you like it (McKee 2011, 3408).

However, Wallace cautions that the potential psychological benefits provided by APS ownership may actually work to “mask the attributes of the form of occupancy and ownership that are less well aligned with traditional homeownership, such as control over the management and exchange of the property and assets” (2012, 210). These along with other complications of APS are explored below in the challenges section.

Alongside psychological benefits, APS are thought to enable low-income households to access higher quality housing in more desirable neighbourhoods. For example, participants in both UK- (Bright and Hopkins 2011; McKee 2010) and US-based (Thaden, Greer, and Saegert 2013) research felt that purchasing an APS home would enable them to live in places that are more accessible to friends, family and work. For example, one participant in Tennessee, USA felt that APS would unlock better living locations:

They all commute to work because they can't afford to live in the county ... It'd be better. It means people wouldn't have to commute so far because they could live closer to where they work (Thaden, Greer, and Saegert 2013, 1189).

Similarly, for McKee's (2010) participants, APS had permitted them to purchase a property in areas familiar and desirable to them. Living in familiar areas enabled purchasers continuity of social networks, especially among older purchasers who were reliant on familial and informal care (McKee 2010). Participant households also noted that APS had allowed them to purchase a better-quality home than they would be able to afford on the open market. Particularly, findings show that APS broaden purchasers' options, including within the new build sector (McKee 2010). One participant shares their experience of purchasing a shared equity new build, comparing it to the existing houses in the local market:

A lot of them [existing houses] were affordable, but it wasn't what I was desiring at all in quality. This has given me a better opportunity to get onto the property ladder (McKee 2010, 42).

While work by McKee (2011) found that some APS owners are not interested in ‘climbing the property ladder’, the accumulation of equity is an oft-noted benefit of shared ownership and equity schemes. It is generally expected that APS purchasers will be able use the property as a wealth accumulation tool. Typically, the property is leveraged as equity in order to ‘move on’ into a home purchased on the open market. In Wallace's (2008) UK-based research, most shared owners had made equity gains on their share of the property, with some being able to use their gains as deposit on a home of their own. However, he caveats his findings, noting that those who had moved on often had additional income or had moved to a lower priced neighbourhood (Wallace 2008).

3.4.1.2 Challenges of assisted purchasing schemes

While APS may be considered beneficial for enabling the IHM into homeownership, research with current and potential APS owners has uncovered a number of challenges or downsides of home purchasing through such schemes, an assortment of which is discussed below.

One of the noted benefits of shared equity or ownership schemes is that it can enable purchasers to feel that they are a legitimate homeowner. However, research suggests that this is not a universal

given. This has been found in studies from both the United States (Thaden, Greer, and Saegert 2013) and the UK (Bright and Hopkins 2011). As one potential purchaser from Tennessee feels:

I really wouldn't feel like I owned it. It's shared equity, and I'm not sharing. I'd like to have it as mine, by myself, on my own (Thaden, Greer, and Saegert 2013, 1190).

For many, the presence of a co- or secondary owner is enough to unsettle the feelings of achieving homeownership. Moreover, primary owners within shared ownership schemes may find themselves beholden to their co-owner, who is often also a 'landlord' for the property (Whitehead and Monk 2011). This tenant-landlord relationship has been found to be considerably less satisfying as a shared owner than as a renter (Wallace 2012). Not only does the co-owner-landlord require a regular rent payment, they may also have a say in how the property may be lived in or managed. Bright and Hopkins provide an illuminating description of shared ownership arrangements in the UK:

In relation to the fabric of the home, the shared owner is quite severely restricted. On the one hand, the shared owner is required by the terms of the lease to keep the home repaired and well decorated, bearing 100% of the expense even though she owns only a part share in the value of the property. The landlord has rights to enter the property in order to inspect its condition. Yet at the same time, there can be no physical alterations made to the property without the landlord's written consent ... It is a constraint not found in traditional home ownership (2011, 389).

Not only do Bright and Hopkins (2011) outline potential ideological inconsistencies between regular market- and APS-based ownership, they further state that the terms of a shared ownership purchase may actually leave the purchaser with less security than a traditional homeowner. This is because the purchaser, while maintaining mortgage payments, is also typically a tenant paying a lease. Like traditional homeowners, APS purchasers may lose possession of their property if they default on mortgage payments, but they also run a similar risk if their rental payments fall into arrears. In the UK, repossession of a rental property due to unpaid rent is supported by law, and this also extends into shared ownership agreements (Bright and Hopkins 2011).

Some of the more pertinent challenges faced by purchasers within APS concern that of gaining and utilising equity. As outlined above, in many countries homeownership is considered to be a primary method for the accumulation of wealth which can be later used as equity towards a new home, as collateral for alternative lending, or as a contribution towards family welfare (Bright and Hopkins 2011; McKee 2012; Preece 2018; Ronald, Kadi, and Lennartz 2015). In an ideal scenario, APS purchasers will, over time, increase their proportion of ownership over their property by buying into the secondary owner's equity. However, obtaining additional equity can be a complicated process involving re-valuation and re-mortgaging of the home, legal and financial fees, as well as the necessary extra capital to cover the purchase of the equity share (McKee 2010). For those within the IHM who may already be getting by on lower incomes, it may not be financially possible to put additional finances towards their mortgage or equity payments. One shared owner in Glasgow laments that full homeownership will never be possible for him:

You'd need to take out another mortgage to get another percentage off [the association]. And I feel that all you're doing is giving the association a loan again because all they're going to do is take rent off you again [...] It's never going to be yours. And people buy a house so that it's theirs. You struggle to pay it but at the end of the day that's going to be

mine. But this will never be mine. I'll struggle. This will put me in my grave trying to keep a roof over my head. And it will never be mine (McKee 2010, 45).

For this participant, and many other like them, it is unlikely that they will ever be able to transition into full homeownership through traditional staircasing methods

Even if 100 per cent ownership is reached, research appears sceptical of claims that purchasers will make substantial equity gains from their investment. Wallace (2008) suggests that the investment outcomes provided by shared ownership can actually hinder opportunities to 'move on' as purchasers often "occupy a weak position in the housing market" (p.2). He notes that for some participants of his research, their equity gains were not significant enough to enable them to shift into full homeownership, as property prices had experienced considerable inflation since their initial investment. Concerns regarding low equity outcomes are mirrored in both Thaden et al. (2013) and Bright and Hopkins' (2011) research, with participants of the former (shared equity) noting that (depending on the terms of the scheme) a property's appreciation was often split with considerable inequality between purchaser and co-investor. Considering the challenges associated with APS, it is not surprising that only 2.2 per cent of Australians aged 24-35 consider them to be an ideal housing tenure (Parkinson et al. 2019). Although shared equity schemes allow some first-time buyers access to housing tenure they would otherwise not have had, the so called additionality effect (Fernandez et al. 2020), the limited scale, and uptake, of shared equity schemes mean that the overall impact on the IHM is likely to be marginal.

3.4.2 Government intervention

Government intervention in the affordable housing market typically involves a government entity selling existing or new builds homes to individuals or households who meet certain financial criteria. In Aotearoa New Zealand, KiwiBuild and the new Progressive Homeownership Scheme (shared ownership) are examples of such interventions. Internationally, the most well-known interventions can be found within the British context. These have included policies such as Right to Buy (RTB) (1980) – enabling social housing tenants to purchase the properties they live in – and Help to Buy (HTB) (2013) – a shared equity loan provided by the government (Bayrakdar et al. 2019; Cribb et al. 2016). In 2017, the UK Government also introduced an exemption from stamp duty for first-time home buyers, assuming the property falls within a specified price range (Cribb et al. 2016). The following offers some insight into the experiences of RTB and HTB purchasers in the UK.

RTB is considered to have been very successful in enabling low-income families into homeownership. Since its inception, over 2.7 million social housing units have been transferred into private ownership at prices well below market value (Kleinhans and van Ham 2013). While there are few qualitative studies accounting for the experiences of RTB purchasers, those that do exist offer some insight into the homeowner's perspective on their housing outcomes of the policy. Early work by James et al. (1991), speaking with RTB purchasers, elucidated a number of reasons for why they chose to purchase their council accommodation. Many outlined their commitment and attachment to the area in which they lived. For example, one states:

I'd hate to leave here; I don't wanna go up and live on Nob Hill. Do you know what I mean?... Ah, that doesn't appeal to me. Love it here. I'm content to stay until all my kids are off my hands (James, Jordan and Kay 1991, 31).

While another, when asked about leaving the area, said

No, 'cause I like it here. I don't care what anybody's got to say about [estate's name]. I've never had any problems with it. I was born here—in [estate's name]—and I like it (James, Jordan and Kay 1991, 32).

These quotes reveal participants' strong attachments to the places they live. As James et al. summarises, "they identify with their community, their neighbours, friends and kin on the estate" (1991, 37). Similar sentiment was found in a later study by McCall et al. (2020) with older RTB purchasers, the majority of whom were satisfied with their property.

Some RTB purchasers decided to buy because they were worried about the future of the public housing sector. They were especially concerned about the price of rent if their home was bought by a private landlord. Purchasing the property was thus seen as a form of long-term planning. As one participant reasoned, "[a sale to the private sector] would mean that the rent went up so much. It just really paid us to buy it" (James, Jordan and Kay 1991, 32). Others determined that owning the property would enable them more material control over it than they were currently receiving from the council. "If you're a council tenant and you're just stuck and you can't improve anything" (James, Jordan and Kay 1991, 32), one participant notes. Similarly, others believed that their purchase would enable them to maintain any material investments they had already made in the property. One man outlines his thoughts:

All the work that's gone in ... all we've been through to get it how we ... and let someone else have the benefit of it. It's a lot of sweat, labour, toil, blood, you know, gone into this, and nobody else is gonna have the benefit of it (James, Jordan and Kay 1991, 33).

Contrary to the expectation that owner occupation encourages upward housing movement as owners purchase and sell increasingly more valuable properties, most of the RTB purchasers in James et al.'s (1991) study were not interested in leaving the home or estate in which they currently lived:

... the area suits me; we got our friends here; urn ... how can I say? I don't, I don't wanna ... lose ... the roots ... It doesn't appeal to me to go and live up on ... let's say Nob Hill then, alright ... We got a lot going for us here, alright. If promotion comes tomorrow and I go about 10 places up the league, you know, I still wanna live here; I still wanna have me mates; I don't want to change it (James, Jordan and Kay 1991, 37).

Simply put, these RTB purchasers are happy living where they do and enjoy the social networks and community interactions that this enables – a finding similar to that reported by McCall et al. (2020) in their study of older RTB purchasers. Many were also cognizant that even if they wanted to, they would be unable to purchase a property on the private market with their limited equity. Despite these thoughts, some did show awareness of the investment potential of the property – "It was our way onto the ladder which we couldn't have afforded before" (pg.34) – especially in terms of security for their children: "It's a bit of security for the kids when they'm older" (James, Jordan and Kay 1991, 35).

Although RTB has been considered a success and has entertained a generally positive reception by purchasers, critics note that the policy has not avoided negative outcomes. For instance, Munro (2007) suggests that some lower-income RTB purchasers have struggled with the maintenance expenses of their home – costs that were often not communicated to them before their purchase. McCall et al.'s (2020) research with older RTB purchasers has found that, as the occupant aged, the

house became inadequate for their needs, especially in terms of mobility. Unfortunately, for many, they did not possess the cultural or financial resources to make changes to their living arrangements, despite being sold on the equity gains that the property would make (McCall, Satsangi, and Greasley-Adams 2020). Interviews with housing association representatives reinforce this, acknowledging that there would be equity that could be used, but it is unlikely that it will enable the purchase of a better property (McCall, Satsangi, and Greasley-Adams 2020). In Aotearoa New Zealand, where community housing providers facilitate most shared assisted home ownership schemes, the implementation of wrap-around services and budgeting training safeguards new buyers from risks of financial default and consequent hardship (Community Housing Aotearoa 2017).

Despite the intersectionality of the IHM, critics note that RTB has enabled more economically-secure tenants, often dual-income earners, to purchase the highest quality flats in the most desirable areas – often neighbourhoods with already high levels of owner-occupation (Jones and Murie 2006). This has considerably reduced the stock and quality of social housing, with tenants reporting reduced access to quality homes in ‘good’ or ‘stable’ neighbourhoods (Holt Brook, Kinver, and Strachan 2006). Further, the resale of RTB units on the open market has facilitated the gentrification of desirable RTB neighbourhoods – undermining the original mixed sociodemographic aspirations of the policy – while properties in less desirable areas have often remained as rental units, many of which have been bought by private landlords (Jones and Murie 2006). These purchasing patterns have resulted in a residualisation effect which has left the poorest and most socially disadvantaged living within low quality housing in undesirable neighbourhoods (Kleinhans and van Ham 2013).

The United Kingdom’s newer housing affordability policy, Help to Buy, is essentially a shared equity loan provided by the government (Bayrakdar et al. 2019). Implemented in 2013, the scheme has been well used – between April 2013 and June 2015 over 56,000 HTB loan transactions were made, while approximately one third of all new build transactions were facilitated by HTB (Finlay, Williams, and Whitehead 2016). Limited work has explored the experiences of HTB purchasers; it appears that the only research informed by qualitative methods is Finlay et al. (2016) (who do not provide any participant quotes in their analysis).

Within the study timeline (April 2013 to June 2015) Finlay et al. (2016) reveal that 80 per cent of HTB purchasers use the scheme to buy their first home, and that a majority of purchasers were able to buy their home much quicker than if they did not have access to the equity loan. Further, a majority of the participants (34 per cent) said that they had been saving for less than one year before they started to look for a house to purchase (Finlay, Williams, and Whitehead 2016). For those purchasing new-build properties, 82 per cent stated that without the HTB loan they would not have been able to make the same purchase. Reading across these results, Finlay et al. (2016) suggest that the HTB loan scheme may be helping to relieve pressure on deposit requirements.

HTB also enabled the majority of Finlay et al.’s (2016) respondents to move into a larger home in a better area. Most also agreed that the quality of the property (72 per cent) and space within the property (73 per cent) was better within their new home than the property in which they lived previously (Finlay, Williams, and Whitehead 2016); the figure for quality grows when accounting for households with children (82 per cent). Of note, and linking to the above exploration of renting and the aspiration gap, Finlay et al. (2016) also note that those who lived with their parents before making a HTB purchase were significantly less likely to say that their new property was better, whereas those who previously rented were significantly more likely to say that their new property is better.

Outside of policies aimed at assisting with the expenses of homeownership, some in the IHM believe that rather than creating schemes which assist people into homeownership, governments must take more active control over the housing market. Unanimous among participants of Aramburu's (2015) research with Spanish youth was the demand that the government must regulate profits in order to assure affordable housing. They suggest that all actors within the housing sector should be limited in the amount of profit they can make, including developers, contractors, banks and real estate agencies (Aramburu 2015). They believed that prevailing policies ensured that already powerful economic agents continued to be protected by the government, pushing all risk onto mortgage holders. As Aramburu (2015) interprets, these young Spaniards want to see housing recognised for its use-value, rather than solely for its exchange value.

3.4.3 Intergenerational and familial support

Outside of formal market or political support, evidence suggests that assistance from family members is becoming increasingly essential for people entering into homeownership (Hoolachan and McKee 2019; Lennartz and Helbrecht 2018). Bayrakdar writes that this support can arrive in numerous forms: "loans or gifts to boost savings; advancing inheritance payments; acting as a mortgage guarantor; allowing children to live cheaply at home; or providing regular financial transfers and informal support to reduce young people's outgoings as they save up for a mortgage deposit" (2019, 978). Indeed, it appears that few young adults in contemporary times can achieve their housing aspirations without family support (Coulter 2018; Heath 2018), and that the ability to purchase a home without financial assistance is in decline (Druta and Ronald 2017). This has been recognised across numerous countries including Australia, the Netherlands, Japan, France, the United Kingdom and the United States, as young people struggle to purchase homes on their own financial merit (Heath 2018; Köppe 2018; Lee et al. 2018).

Those in the IHM are aware of their need for support into homeownership. This is exemplified in work by McKee and Soaita (2018) where one participant states that people her age are "*not going to be buying houses for a very long time unless you're lucky enough to have family that can help*" (p. 16), a sentiment echoed throughout the study. Another interviewee notes that "*the people who I know have got houses ... it's been through parents either giving or lending them money to cover the deposit*" (McKee and Soaita 2018, 18). This reality is further supported by a number of European studies. For example, a UK-based study focusing upon young people who have achieved homeownership reported that over three-quarters interviewed had received financial support from their parents (Druta and Ronald 2017). Similar findings were found in Lennartz and Helbrecht's (2018) German study, with the authors stating that "nearly all [young homeowners interviewed] received considerable transfers, covering between 20 and 50 percentage of the total value of the house" (p. 325).

In a small number of studies, some young people held an expectation that their parents or other family members would offer them financial support when they wanted to purchase a home. Tomlinson (2012) notes that, rather than an inheritance later in life, many young Australians are increasingly expecting early financial gifts to help them into homeownership. Also in Australia, over half of the participants in Parkinson et al.'s (2019) research believed they could access money for a mortgage deposit from their parents. In the United States, approximately 20 per cent of millennials expect to receive down payment support from a family member, with higher earning millennials expecting to receive larger financial support from their parents than those with lower incomes (Salviati and Warnock 2018).

Among a cohort of students in Hong Kong, the general consensus was that it is natural for parents with financial means to help their children into homeownership, with over one third expecting such support (Campos et al. 2016).

Despite these figures which suggest that a significant number of young people in the IHM expect to receive financial support from family to purchase a home, other research shows that many young people do not hold such expectations that they will receive financial assistance. In their work, Hoolachan and McKee (2019) note that many young people were cognizant of the privilege associated with intergenerational support, and as such were humbled by the offer. As one of their participants stated: *“I know that I’m lucky ... There are a lot of people in my situation who don’t have family support because their families aren’t able to provide it financially”* (Hoolachan and McKee 2019, 219). This is elsewhere iterated by a participant of McKee et al. (2017) who explained:

It’s always nice to think your parents will help you - but you can’t make them or expect them too. My parents have saved me a lot for a deposit but then again I will never resent that – I’m bloody lucky! Whereas my partner- his mum cannot afford to help him in any way (p. 23).

Conversely, other young people in the IHM do not want to receive money from their families. This can be for a number of reasons, such as not wanting to feel indebted to their parents or take money that they believed their parents worked hard to earn. As stated by one participant:

It’s like I said, my family members have offered to lend us money and things like that but I’d want them to enjoy their money that they’ve worked hard for in their life, that’s their money for their security (Hoolachan and McKee 2019, 219-20).

As noted above, older generations are well aware of the large financial barriers in the way of the IHM obtaining homeownership, many considering themselves to be ‘lucky’ in comparison to younger generations (Hoolachan and McKee 2019). While not all older adults maintain similar attitudes to intergenerational financial transfers (even as inheritance) (Tomlinson 2012), the small amount of research in this area suggests that despite their financial positions, older generations do want to see their children succeed in homeownership and have a desire to help if possible (Druta and Ronald 2017). Throughout interviews by Druta and Ronald (2017), parents’ reasons for helping their children into homeownership mostly echoed the beliefs and meanings of ownership explored above, wanting them to be able to experience homeownership as they have. For example, parents felt that they could offer their children independence through homeownership, or that assisting them into ownership would help them on to the *housing ladder* and to start building assets. These are exemplified in the following two participant quotes:

I think the difference these days, the kids do try to be independent. And they try and try and they save and save, but they never seem as if they can quite save enough. But then they come and talk to us and then we have to try and help with the last bit if they haven’t quite got enough (Druta and Ronald 2017, 790-91).

They all realized, I think, that renting a property is wasteful. That rent was wasteful while a mortgage ... you get the asset at the end of it ... We helped them all with getting on the ladder, because I think that is the most difficult part, and hopefully they will be able to walk it without our help (Druta and Ronald 2017, 790).

Some appear to believe in the ideal of homeownership with such fervency that they are willing to put themselves in a compromised financial position to give assistance to their children. As one participant of Druta and Ronald (2017, 791) states:

I feel very broke ... No, we are pleased we can help. It's the least you can do for your children, if you are in the position to help. I would help more if my husband would agree, but he wouldn't help anymore, really.

Despite the financial positions of older homeowners, this research found that parents typically wanted their children to become homeowners at a young age, reinforcing the normalisation of owning a home as the preferred housing tenure.

Reinforcing the intersectional nature of the IHM, it is well understood that such resources are not always available to all those who might benefit from them (McKee et al. 2017). For many within the IHM, their ability to enter into homeownership may not only be reliant upon their family's willingness to share their resources, but their socioeconomic position enabling the collection of such resources in the first place. As Bayrakdar et al. (2019) surmise, "cross-national evidence shows that younger adults from advantaged backgrounds are typically more likely to enter homeownership than their less privileged peers" (p.978). Indeed, evidence from the UK (Coulter 2018; Druta and Ronald 2017; Jessop and Humphrey 2014), Hong Kong (Campos et al. 2016) and the US (Greenfield 2018) finds that parents who are financially secure are more likely to offer direct financial support to children in order for them to become homeowners. Conversely, research in Denmark finds no relationship between parental wealth and homeownership, the authors suggesting that this may be associated with the 'unique nature' of the Danish housing market (Kolodziejczyk and Leth-Petersen 2013).

Housing scholars suggest that these intra-familial downward flows of wealth work to reproduce intergenerational housing inequity, as young people from less affluent families are increasingly unable to enter into homeownership (Bayrakdar et al. 2019). Because the capital gains from property assume such a large asset and form of equity for many across the Western world, it comes as no surprise that it is the children of homeowners who are most likely to become homeowners themselves. Coulter (2018) notes that even after controlling for life course factors, the children of renters are significantly more likely to live as renters themselves. This leaves those without parental support who do wish to become homeowners to either borrow more to obtain housing comparable to their supported peers, or settle for lower quality, less suitable housing (Campos et al. 2016). This underscores the importance of socio-economic intersectionality and differing experiences of the IHM. While all may be characterised as unable to affordably purchase property upon their own merit, those from more affluent backgrounds may be provided with a ticket into homeownership that remains unavailable to the vast majority.

4.0 Aotearoa New Zealand causes and experiences of the IHM

4.1 Aotearoa New Zealand's affordable housing supply and demand

Since the late 1980s, house prices in Aotearoa New Zealand have experienced significant upward exponential growth. This growth is mainly concentrated in Auckland but is also increasingly affecting other main centres (Greenaway-McGrevy and Haworth 2020). Since 2011, house prices have accelerated at a rate not seen in previous decades (Greenaway-McGrevy and Haworth 2020). The acceleration in house purchase price, and to a lesser but not negligible size, rental prices, have led to housing affordability issues impacting beyond the lowest income groups (Howden-Chapman 2015).

4.1.1 Supply of affordable housing

The predominant rhetoric in Aotearoa New Zealand is that the housing affordability issue is driven by a supply shortage (Fairgray and Yeoman 2019; Ministry for the Environment 2019; Mosley 2019; New Zealand Productivity Commission 2015). Indeed, most initiatives seeking to address Aotearoa New Zealand's housing affordability issue focus upon enhancing the supply of purchasable properties, as evidenced by the current Labour Government's Urban Growth Agenda. Actioned through the Urban Development Act 2020 (UDA), it decrees Auckland's urban containment boundary's abolishment to free up land for development. In tandem, infrastructure finance reforms have been enacted to support upgrades and establish support for new build development. The UDA legislation and associated policies demonstrate a commitment to building out of the affordable housing problem (Cox and Pavletich 2020; Parliamentary Counsel Office 2020). Although a critical component of the affordable housing issue, the focus on supply fails to acknowledge demand factors influencing the decrease in housing affordability in Aotearoa New Zealand.

The 2019 Ipsos New Zealand Issues Monitor survey demonstrated the perceived lack of access to affordable housing. More than three out of five Aotearoa New Zealanders (62 per cent) believe they cannot afford to buy a home in their local property market (Hercocock and Dudding 2019).

4.1.2 Demand for affordable housing

Political, economic and immigration policy changes have affected demand for affordable housing in Aotearoa New Zealand over recent decades. State housing sector reforms, initiated in 2014, removed the 'House for Life Policy', consequently pushing many long-term social housing tenants out of secure social housing tenure into the private rental sector (Howden-Chapman 2015). Prior to this, successive governments had actively sold social housing assets, reflecting similar trends observed in the 1980s in the UK (Howden-Chapman 2015). The consequence of the reduction in social housing capacity was a growth of low-income groups in the private rental sector, many of which receive government support through the accommodation supplement.

As house prices have grown, homeownership rates have fallen in Aotearoa New Zealand (Trading Economics 2019). The associated social impact of declining affordability is that sectors of the population, who would have transitioned out of rental into homeownership in previous generations, have become trapped in the private rental sector (Mitchell 2015).

The demand for accommodation within the private rental sector has encouraged existing landlords, and others, to increase their property investment portfolios by investing in buy to let property, (rentier capitalism). This has increased competition against first home buyers, as investment activity mainly focuses on the lower quartile of the housing market (McArthur 2020). A foreign investment ban, introduced under the Overseas Investment Amendment Act 2018, reportedly cooled some of the demand for investment housing. However, as much of the investment market is derived from within Aotearoa New Zealand, improving housing affordability has not been notable.

Slow wage growth relative to house price appreciation has also created significant challenges for potential homebuyers attempting to save a housing deposit. According to Statistics New Zealand, wage growth remained low between the period 2010 to 2018 (Statistics New Zealand, 2020b). However, in the past two years, wage growth has risen notably, aided by an increase in the minimum wage and the wide adoption of the public sector's living wage. Unfortunately, this growth has not equalled that of house prices. Consequently, in Auckland, the house price to income multiples required to purchase a median cost house in 2020 remain at 9.0 and 6.7 for the rest of Aotearoa New Zealand⁷.

Other factors adding to housing demand include increased inward migration to Aotearoa New Zealand (Greenaway-McGrevy and Haworth 2020). Driven by net migration, the country's population has grown by an average of 1.8 per cent each year since 2013, with most new migrants locating in urban centres (Mosley 2019; Statistics New Zealand 2020a, 2020b). The impact of COVID-19 has also affected migration figures, resulting in a decline in the number of work visas granted and an increase in returning citizens and permanent residents (Statistics New Zealand 2020b). It is too early to determine the long-term effects of the COVID-19 pandemic on the demand for affordable housing; however, early predictions are that there will be no material shift in the availability of affordable property (Norman 2020).

4.1.2.1 Barriers to homeownership and macroprudential policies

There has been limited implementation of macroprudential policies to constrain investor activity in Aotearoa New Zealand (Coleman 2017). A capital gains tax (CGT) on investors was muted as a solution to cool demand by the Labour Coalition Government, who established a tax working group in December 2017. Despite a recommendation from the working group to implement a CGT, the proposal was rejected by the political coalition in April 2019 and consequently ruled out for future implementation (New Zealand Labour Party, nd).

The final fiscal tool to reduce competition was introducing the loan to value deposit requirement for investors. In response to concerns that there were heightened risks to the financial system from the housing market a loan to value ratio (LVR) requirement was introduced in 2013 and updated in 2016 to include investors.

For potential first home buyers (even middle to higher-income earners), banks' restrictive lending criteria act as a significant barrier to homeownership. The LVR implemented a requirement for most residential mortgages to have a 20 per cent deposit. Further, banks implemented stringent stress tests to determine whether a loan could still be repaid with an upward change in interest rates or a

⁷ Source: <https://www.interest.co.nz/property/house-price-income-multiples>

significant income reduction. These strict lending criteria on first home buyers were implemented to protect banks and the welfare of the purchaser. Evidence shows that, relative to the pre-LVR period, new home-occupier mortgagors are now less vulnerable to a housing market bust, declining incomes and increases in interest rates (Shaar 2018). Although reducing financial risk for first home buyers is positive, hindering their ability to move up along the housing continuum creates a bottleneck in the private rental market, expanding the intermediate housing sector.

As part of the Government's response to the COVID-19 pandemic and in an attempt to stimulate the economy, a temporary lift of the LVR restrictions was announced in April 2020 (Reserve Bank of New Zealand 2020). It is too early to determine the effect of the COVID-19 pandemic on the IHM. However, the Government's response to use the predicted fall in house prices as an opportunity to enable first-time homebuyers into homeownership during a recession is a further demonstration of the financialisation of houses and the economy's reliance on the housing sector.

4.1.3 Financialisation of housing

In Aotearoa New Zealand, rentier capitalism has been encouraged through favourable tax conditions, low-interest rates and a wide distrust in the share market (Brebner 2014; Curtis, Maynard, and Kanade 2019; Eaqub and Eaqub 2015; Gallent 2019). Furthermore, property investment is further incentivised by assuming that a comfortable retirement for a superannuation recipient is contingent on having secured outright homeownership without a mortgage and thus having no rent burden (James and Saville-Smith 2018).

The financialisation of housing in Aotearoa New Zealand reflects global trends where economies are heavily entwined with housing markets (Eaquab 2017; Gallent 2019; Gurran 2008; Howden-Chapman 2015; Lund 2019). Having economic fortunes linked to housing price growth creates a challenge when considering correcting unchecked house price appreciation, as demonstrated in the contraction of the housing market that led to the global financial crash. Actively reversing house price growth may not just impact the wealth of individual homeowners and property investors but can undermine the broader economy. (Kamin and Pounder DeMarco 2012).

Housing is seen as an attractive investment prospect at an individual scale, mirroring similar asset-based wealth perspectives found in the international literature. Critically, buying homes and accessing wealth creation from housing is only a possibility for a minority in many parts of Aotearoa New Zealand, being those with access to family support or significant personal wealth. At a more macro scale, retirement investment has shifted from pension schemes investing in businesses and shares to investment portfolios held in residential property (Coleman 2017; Commission for Financial Capability (CFFC) 2019).

Notably, the non-new build real estate market has a limited economic function beyond wealth extraction for the property owner(s), and a small proportion captured by real estate agencies and banks selling financial products (Gallent 2019). Unlike new build homes, no tradespeople, architects, engineers, or raw materials are needed to sell a second-hand property. Furthermore, in Aotearoa New Zealand, as many of the banks are owned internationally, much of the profit generated from this system is taken off-shore (Howden-Chapman 2015). Despite the limited 'non-individual' benefits and significant risks to economies and society, sustained exponential growth of house prices is seen by many as a positive (Gallent 2019; Mosley 2019; Persaud 2016; Witten et al. 2017).

Homeowners have a further economic advantage over renters because, like most OECD countries, imputed rent (or the rent that homeowners pay to themselves to occupy the dwelling) is not a taxable part of an individual's gross income under Aotearoa New Zealand legislation (Coleman 2017). For that reason, those in a freehold property owned outright are afforded benefits unavailable to renters. Consequently, there is a link between inequity caused by housing-related wealth and growth rates of poverty (James and Saville-Smith 2018; Sharam 2017).

In summary, much of the wealth owned in Aotearoa New Zealand is tied up in real estate investment but this wealth is unevenly distributed. Research uncovered by the Guardian, using wealth held in trusts as a proxy for real estate investment, indicated that as of 2017-2018, one per cent of adults held \$141 billion in trust and another five per cent held \$122 billion in trusts, much of which will be invested in property (Rashbrooke 2020). The benefit of this vast wealth is not felt by wider society. The financialisation of housing is increasingly stratifying society and actively decreasing the ability of non-homeowners to affordably meet their need for warm, safe shelter (Eaquab 2017; Farha 2020; Howden-Chapman 2015).

4.1.4 Government-backed homeownership interventions

As noted above, there is little political or social appetite to actively reverse house price growth (Office of the Prime Minister, 2020). The Government has instead focused on increasing supply and, more recently, increasing access to home-purchasing assistance tools. Home purchasing assistance tools include options for accessing finance for housing deposits. These include the following:

- KiwiSaver first-home withdrawal scheme. Which allows applicants that have contributed for a minimum of three years to withdraw all but \$1000 of KiwiSaver deposit to put towards a home deposit (New Zealand Government 2020).
- First Home Grant. Previously known as the Home-Start Grants, this allows first home buyers, or previous owners, that meet strict criteria. To access a grant of up to \$10,000, to assist in the down payment for a home. This grant is facilitated through Kāinga Ora – Homes and Communities (New Zealand Government 2020).
- First Home Loan. Previously known as the Welcome Home Loan. This tool provides an opportunity to access a low-interest bank loan⁸. Applicants must have a five per cent deposit saved for their first home and buy a house that costs no more than the Government set, regional cap for their area. Applicants must also meet income threshold criteria of \$85,000 for single applicants and \$130,000 for dual applicants (New Zealand Government 2020).

The Government's second tool are assisted purchasing schemes, the most common being shared ownership (SO) and shared equity schemes. Previously, assisted purchasing schemes were primarily facilitated through community housing providers (CHPs) (Joynt 2019). More recently, the Government has boosted SO projects' profiles through their flagship house access programme KiwiBuild (Community Housing Aotearoa 2017; KiwiBuild 2020b; Ministry of Housing and Urban Development 2020).

⁸ Participating banks include, TSB, Kiwibank, NZCU (employees and Baywide), The Cooperative Bank, SBS Bank, NBS, NZHL and F1rst Credit Union.

Shared ownership schemes

An SO agreement is tied explicitly to a house. The aim of SO is to allow managed access to homeownership without overburdening the purchaser with debt. SO is particularly useful for those in the IHM that could afford to buy but would likely have a significant housing budget burden (spending over 30 per cent of the household income on mortgage payments). SO allows a potential owner to purchase a share in a property (usually 20-80 per cent), along with a third party, usually a community housing provider (Community Housing Aotearoa 2017). The purchaser pays a mortgage on the share of the property they own, as well as rent to the CHP on the other portion. Overtime, the homebuyer gradually accesses a more significant share of the home until they are stable enough to exit from the scheme (Fernandez et al. 2020).

SO also allows access to homeownership for groups that would otherwise be unlikely to ever move out of rental (additionality effect) (Fernandez et al. 2020). In the event of on-sale, the purchasers must sell back their share to the housing provider. The homeowners, therefore, get their proportion of the sale, plus a proportion of the capital gain. Shared ownership schemes with this sort of retained affordable mechanism build in affordable provision for the future, but depending on the terms of the agreement, can limit capital gain and mobility out of the SO scheme into freehold property (McKee 2010).

For some, the house will be held in shared ownership for the life of their tenure; for others, once the loan is paid off on the shared proportion, they can renegotiate into full homeownership, a process known as transitioning. Transitioning can be enabled using government-backed financial tools, such as access to KiwiSaver, First Home loans or First Home grants.

At this point, any opportunity for retained affordable provision is lost unless a covenant is placed on the house restricting sales. To access a shared ownership house, applicants are required to secure finance that supports a multi-owner model. Banks and other financial institutions increasingly provide alternative funding models, typically when provided in conjunction with community housing providers.

Shared Equity Schemes

Shared equity is distinct from shared ownership. Shared equity is a growing alternate method to staircase into homeownership (AHURI 2020). The model sees either the bank or a community-housing provider retains a part share of a home, usually in the region of a 25-30 per cent share. In Aotearoa New Zealand, high street banks are increasingly recognising the potential opportunity that shared equity presents to access new clients that may otherwise have remained in private rental. Access to shared equity is not contingent on purchasing in specific housing developments and can also be used on resale properties. The purchasers are required to raise a deposit (usually set below the standard LVR, for example, 5%). The house purchaser's remaining balance is paid for using a government, not-for-profit loan, or slow return 'alternate' capital loan.

The following diagram illustrates the characteristics of the shared equity and shared ownership model.

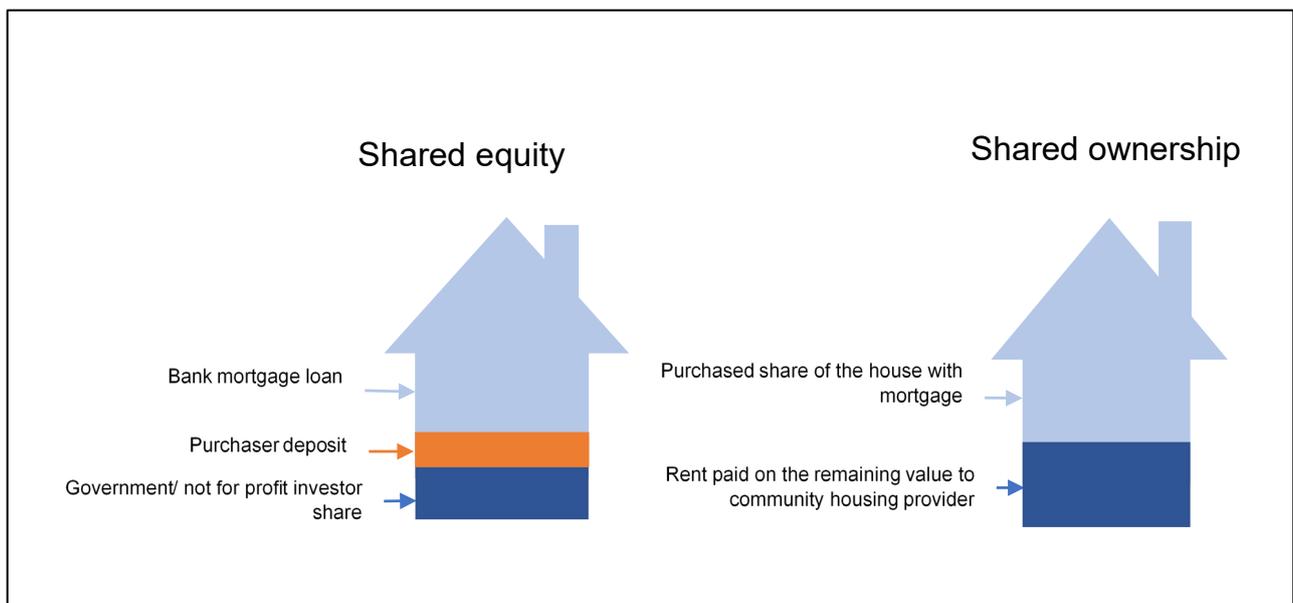


Figure 3: Shared equity and shared ownership structures (adapted from Wilcox, 2005)

4.1.5 Experiences of the intermediate housing market

Despite the increasing availability of tools designed to increase homeownership access, the IHM in Aotearoa New Zealand is still growing. In his analysis of housing affordability trends in Auckland, Mitchell (2019a) outlined the demographic characteristics of Auckland’s IHM by region and local board and the condition of the dwelling stock.

The so-called ‘squeezed middle’ is seen as a growing disenfranchised group. They are widely perceived as ‘unfairly locked out of the ‘kiwi dream of homeownership’, by a system benefitting some sectors of society, at the expense of others (Eaqub and Eaqub 2015). Little is done to address the cause of this disenfranchisement. Print, online, and television media reports often contain contradictory messages, which both focus on the plight of prospective buyers in the middle- and higher-income brackets whilst simultaneously perpetuating the ideal that achieving homeownership is an achievement demonstrated only by those with superior qualities of determination and hard work (Klein-Nixon 2020).

The number of households in the IHM in Auckland increased by approximately 109 per cent between 2001 and 2018. By 2028, the IHM is expected to account for 18 per cent of all households in Auckland, up from 11 per cent in 2001. The IHM has also become more diverse and is increasingly comprised of people employed in higher-paid occupations, working families with children, and older renters (Mitchell 2019a). The population it captures is broad, and consequently, the causes and experiences of the intermediate housing market are intersectional and non-homogeneous (Mitchell 2015, 2019a; Mitchell and O’Malley 2015).

Mitchell’s (2019b) research helps define Aotearoa New Zealand’s intermediate housing market’s demographic profile. Still, currently, there is a shortage of research on what it means to live within IHM in Aotearoa New Zealand. This report aims to address this gap by collating accounts of those within the IHM’s experience of housing in Aotearoa New Zealand.

5.0 Methodology and conceptual approach

This research approach aims to explore the experiences of individuals and households living within, and navigating in and out, of the IHM and is informed by the housing pathways framework (Clapham 2002). A housing pathways approach enables a more in-depth understanding of Aotearoa New Zealand's IHM. This research relied upon data captured from a range of secondary sources and was analysed using inductive content analysis⁹. The following outlines the methodology in more depth.

5.1 Using content analysis to generate insights on the IHM

Content analysis is a method for making replicable and valid inferences from data to provide new knowledge and insights. Often used to evaluate, organise, and extract data from grey literature and media reports, content analysis can describe trends overtime or give insights into the context of a term's use. Unlike other qualitative evaluation tools, content analysis can use qualitative or quantitative data in either an inductive or deductive way (Bengtsson 2015; Elo and Kyngäs 2008).

This research aimed to develop an understanding of the intermediate housing market experience, using inductive data analysis to identify commonalities and differences. The use of an inductive approach helped address the limited available knowledge about the experiences of the IHM in Aotearoa New Zealand published in academic literature. The inductive study allowed conclusions to be drawn from the data by weaving new information into theories and developing housing pathways to describe what it is like to live within and navigate in and out of the IHM (Bengtsson 2015).

5.2 Housing pathways

Housing pathways as an analytical framework was developed by Clapham (2002), building upon existing frameworks such as housing histories or careers. The concept of housing pathways is defined as “patterns of interactions (practices) concerning house and home, over time and space” (2005: 27) and emphasises the subjective, socio-political and economic meanings of domestic living (Opit, Witten, and Kearns 2019). Rather than assuming that housing preferences are universal and that households take rational steps to achieve them, the housing pathways approach recognises the complex individuality of households. The housing pathway framework allows for exploration of people's attitudes, perceptions, aspirations, and meanings, each of which is situated within dynamic housing environments that remain bounded by context, circumstances and social structures (Campos et al. 2016; Clapham et al. 2014). Clapham maintains that the approach allows individual circumstances to be aggregated into classifiable pathways while still maintaining situational or preferential differences between the individuals (Clapham et al. 2014).

The housing pathway framework has been applied across various countries, such as Australia (Colic-Peisker and Johnson 2012; Parkinson et al. 2019) Hong Kong (Campos et al. 2016), Japan (Hirayama 2012) The Netherlands (Hochstenbach and Boterman 2015) and the United Kingdom (Clapham et al. 2014; Druta and Ronald 2017; Köppe 2018; McKee 2012), as well as here in Aotearoa New Zealand (Opit, Witten, and Kearns 2019).

⁹ Note: As the specific income and employment circumstances of the sample are unknown Wilcox's (2005) broad IHM definition is used for this study.

This research aimed to provide a series of narratives describing the pathways in and out of Aotearoa New Zealand's intermediate housing market. As qualitative data cannot be used to extrapolate trends for specific demographic groups, the work does not seek to reduce the population's multiple and varied experiences into one description. Instead, the collation of shared experiences and characteristics is grouped into themes to describe the aspirations, barriers, experiences, and pathways in and out of the IHM. Secondly, the housing pathway framework organises data into a series of common persona narratives. The personas generated describe experiences, as well as societal, financial, and economic contexts. In addition, tools adopted for navigating in and out of the IHM and projected outcomes for the groups are also described.

5.3 Data collection

According to Bengtsson (2015), the five main planning phases of a content analysis study are: determining the aim; determining the choice of data collection method; defining the sample and the unit of analysis through inclusion criteria; choosing the analysis method; testing the practical implications of the technique, providing sufficient robustness and recording of the process to demonstrate a chain of logic that is capable of replication.

As noted above, restrictions primary data collection compelled a search for an alternative data source to inform this report on Aotearoa New Zealand's IHM. Data was extracted from a variety of secondary sources, such as news media and grey literature and reporting. The data sources included news articles, media and housing provider websites, and interview data captured for complimentary projects on the lived experience of the rental sector (see Joynt 2017).

Articles were identified using the following search terms, informed by the literature review:

- homeownership
- the intermediate housing markets
- affordable housing
- housing affordability
- generation rent
- key workers and housing
- community housing access
- tenure transition
- housing pathways
- housing goals
- asset-based welfare
- squeezed middle
- lower quartile.

The timeframe set for returned articles spanned 2014-2020. This captured the period of accelerated house price growth in Auckland, with 2014 being the year when the median dwelling price exceeded \$600,000 (Norman, Chitale, and Wilson 2017). Under the current KiwiBuild definition, \$600,000 is also the threshold considered 'affordable' for Auckland (at time of writing) (KiwiBuild 2020a). The year 2014 also marked the introduction of renewable state tenancies. Renewable state tenancies required state housing tenants to undergo regular re-assessment of their rights to stay in state-owned social

housing (Howden-Chapman 2015). It was also the year heralding the first international recognition of growing wealth inequality in Aotearoa New Zealand by the Organisation for Economic Cooperation and Development (OECD) (2014).

Narrative data were obtained from the following online sources chosen to represent the Aotearoa New Zealand media view of the IHM experience:

- News publications: *New Zealand Herald*, Radio New Zealand, Stuff, *The Press*, *The Sunday Star-Times*,
- All members of the Auckland Community Housing Providers (CHP) Network¹⁰ websites
- Workers Unions: PSA, First Union, NZCTU, NZNO, PPTA, NZEI and the New Zealand Police Association.

Finally, relevant data was gathered as part of a separate study undertaken on the experience of renting in Auckland (Joynt 2017)¹¹. Only transcripts that met the inclusion criteria were used.

Data was managed and analysed using qualitative data analysis software NVivo. Data sources and number of articles identified are presented in Table 1.

Source material	Type – online	Number of articles
<i>New Zealand Herald/ Weekend Herald</i>	Newspaper article	4
Stuff	Newspaper article	36
<i>Police News – New Zealand Police Association</i>	Public sector organisation newsletter	1
Regional and online newspapers (inc. <i>Sunday Star Times</i> , <i>The Press</i> , Reddit)	Newspaper article	4
Housing Foundation & Habitat for Humanity	Community Housing Provider client stories	13
Radio New Zealand (online)	Newspaper article	15
<i>Renting in Auckland</i> report	Auckland Council technical report	14
Total articles		87

Table 1: Data sources and number of articles

¹⁰ <https://www.achpn.net.nz/who-we-are>

¹¹ Prior to reusing the data, permission was sought from Professor Karren Witten, University of Massey to confirm the previous ethical approval would not be breached.

5.4 Inclusion criteria and data assumptions

The sample included individual and household accounts of the IHM. Suitability for inclusion in the analysis was determined by evaluating data sources using the following criteria¹²:

1. The report gave an account from an individual or household about their situation
2. The individual or at least one member of the household was in employment, and they were unable to purchase a property in their preferred area affordably
3. The individual or household did not meet the requirements for social housing
4. Household income was under \$120,000
5. (or) the case documented navigation out of the intermediate housing market (for example through, relocation, co-ownership through multi-household purchase or financial tools (e.g. shared equity)).

The following assumptions are made:

- Where an individual expressed a desire to purchase a house, they would buy the most affordable house available to meet their needs in their area of choice. I.e. an inability to buy a home did not reflect a failure to buy a house with a purchase price in the middle to higher quartile for an area.
- Those that qualified for social housing are not considered part of the intermediate housing sector. Where a household met the income threshold and other criteria for social housing, it is assumed that they were either housed in social housing or housed in a private rental with an accommodation supplement set at the equivalent of the social housing income threshold.
- All sources included in the sample fitted the criteria of the intermediate housing market sector.
- The term “key worker” is used by the media in Aotearoa New Zealand but does not have a formal definition. In this report, key workers are assumed to be public sector frontline staff working in medical, residential care, education, social work, youth care, emergency first responders, corrections and defence ¹³.

5.5 Data entry and management

The data was managed in the qualitative analysis software Nvivo using both a file classification (detailing the source) and a case classification (detailing the characteristics of the case). Further distinctions about the circumstances of the individuals were attributed under the case classification, including age (broad categories included under the 20s, 20-40s, 40-60s and over 60s) and ethnicity (where this was obvious from the text or data source; otherwise it was assigned as unknown). The data was also classified by the type of narrative presented in the text (e.g. Auckland tenant, a tenant (outside of Auckland)), and whether the narrative described the Auckland experience, another city in Aotearoa New Zealand, or the country in general. Figure 4 below illustrates the broad demographic

¹² Without full demographic, income, and housing cost data available, the cases were identified by interpreting the description of the individual's circumstances. As such, there is a chance that individual cases could have been incorrectly included in the data set. Due to the qualitative assessment approach, drawing multiple experiences into themes, this should not unduly compromise the findings.

¹³ This is not an exhaustive list and is only classified due to the regular use of the term in the media.

profiles of the sample data. This is indicative of all but seven cases, where demographic data could not be assigned.

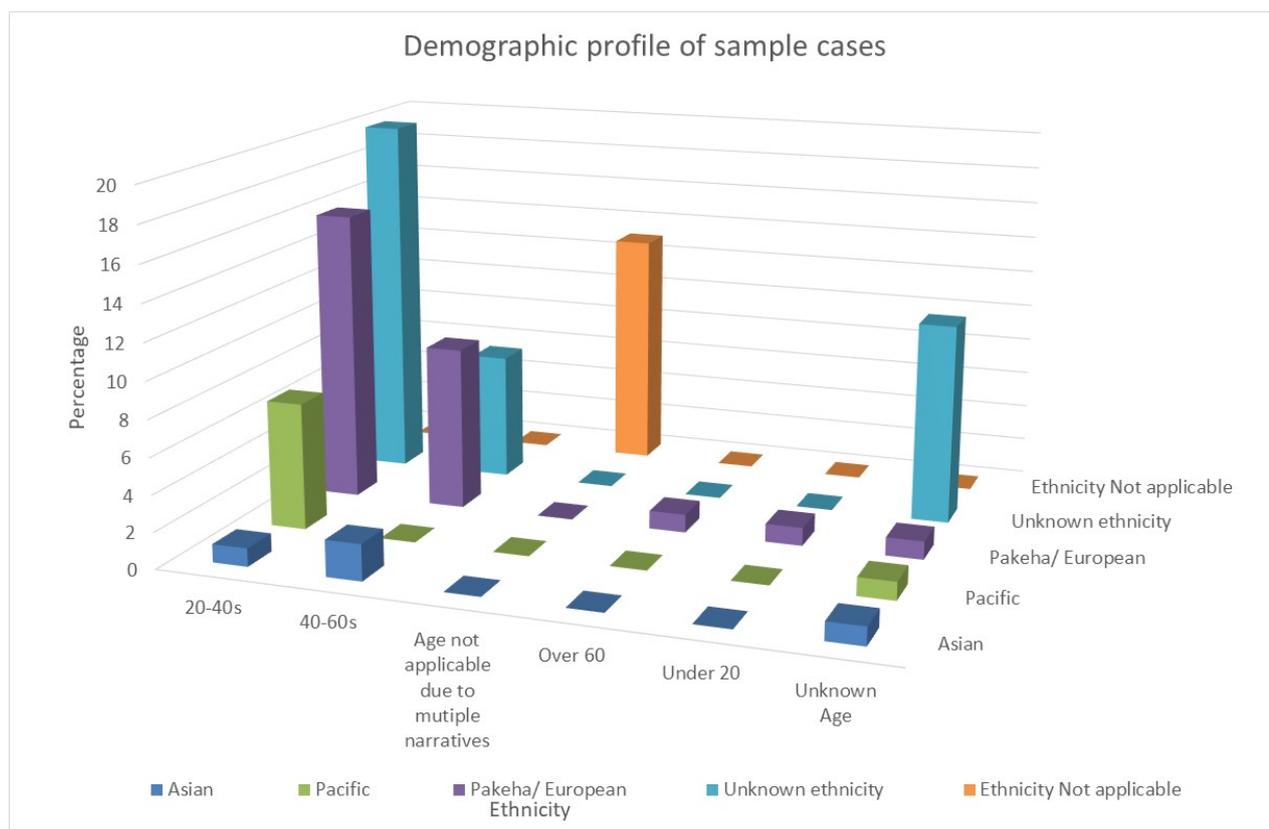


Figure 4: Demographic profile of sample

5.6 Analysis method

Using NVIVO 12, descriptive code/node labels were assigned to the data. This approach grounded the analysis in the data. Each document was coded manually, and themes and theories on intermediate housing market experiences emerged from the data (see Bengtsson 2015).

Further triangulation of the data analysis was enabled using a dual review process. This reduced the risk of a single perspective bias in the analysis. All cases were inductively coded to saturation.

5.7 Coding to themes phase

Further review and condensing of the data followed the initial coding phase by un-coding or deleting sources which, following reflection, did not fit the inclusion criteria. As the codes were further processed at this stage, they were grouped under emerging themes. Through this process, common narratives on the experience of the intermediate housing market became apparent.

6.0 Results

6.1 Theme development

The following themes emerged as parent codes from the data coding process:

- Aspirations of those trapped in the IHM
- Barriers to desired housing outcomes
- Experiences and consequences of being in the IHM
- Access-strategies adopted to exit the intermediate housing market
- Security and the meaning of home
- Pathways back into the IHM.

Each of these parent codes (themes) had a series of subcodes/nodes beneath them associated with the data. Each theme is described below, with extracts representative of the coded data illustrating the experiences (both media commentary and secondary interview quotes).

6.1.1 Aspirations of those in the intermediate housing market

Analysis revealed that the predominant aspirations of those in the intermediate housing market were to achieve secure homeownership, and if that was not possible, affordable, secure rental tenure:

I think that it's so much a part of New Zealand culture, the whole owning your own home. I'd like to see more ways that, even if it's to support people to move out of the city and move to a small town and re-establish themselves in order to get into a first home, you know?...I've got a very secure tenancy but it would feel a bit different as well if I had a little one that I wanted to bring up and I knew the landlord could ask us to move at any time.

There were some exceptions, where ongoing short-term rentals were described as desirable:

I know I should be sobbing in the foetal position, occasionally unfurling to rail against the dastardly Baby Boomers.

The truth is, I couldn't care less [about owning property]. Neither could most of my millennial mates. It's not exactly the number one topic of barbecue conversation...That's because for some of us, renting in Auckland is great.

Like the accounts of young Spanish renters in Aramburu (2015), the rationale for this position was usually an unease with the prospect of high mortgage debt or the prospect of losing flexibility due to fixed long-term secure rental tenure. As well as opposition to adding to the societal and environmental problems created by a system reliant on unchecked consumption and growth:

I don't want to get on the property ladder again in the hopes that house prices will climb forever and screw future generations. I'd much rather just rent and advocate for strong tenant protections, more state housing, and radical alternatives that make it possible and desirable to transform our ways of living so that we don't destroy the planet.

Those favouring short-term rentals were the exception, not the rule, and broadly the aspiration of those in the intermediate housing market was to attain security through homeownership or long-term stable and safe rental tenure. Notably, secure tenure had to be accompanied by financial security. The motivations for those attempting to exit the IHM were more varied, and in some cases multiple motivations were reported.

As illustrated in the international literature, capital gains were a motivation for many pursuing homeownership, driven by the desire to provide an opportunity for intergenerational wealth transfer, as housing was determined to be the main pathway to providing future security for children:

No-one knows what the future holds. But we really wanted our child to have a foundation and by owning our own home, we can pass that onto her and future generations.

This underpins a near-universal sense that house prices will continue an upward trajectory:

I used to read the news and see the amount of money people were making. I'm happy with what we did, and I'm confident the house prices in New Zealand will never go down.

Despite the increasing debt required to secure homeownership, a perception remained that homeownership is a more secure investment than other options, such as the share market. This belief underpins the ongoing financialisation of housing, even when the purchase's primary purpose was shelter.

Rental housing in Aotearoa New Zealand is notably poorer quality than owner-occupied (White et al. 2015). Rental housing tenure is also notably precarious (James and Saville-Smith 2018; Joynt 2017; Witten et al. 2017). Experiences of the IHM captured in this analysis reflect the wider literature, with access to healthy and secure shelter found to be a significant driver for many to strive for homeownership:

We wanted better for our children, stability, a home we know that isn't going to get sold out from beneath us. We also knew our rental home was causing us all health problems because it was so damp and cold.

A desire to invest in one's asset, rather than enabling others to grow their personal wealth was also a driver for those seeking to step onto the housing ladder:

Every week you pay somebody else to live in their home, whereas I'd rather buy my own mortgage if it were affordable and get my own place.

For some, the aspiration for homeownership was worth significant financial sacrifices, arguably decreasing their quality of life, as demonstrated in the description of one south Auckland couple's experience. Their \$715,000 family home, paid for with a mortgage, cost five times more than their household salary. The couple both had jobs, with the husband working 70 hours per week to meet the payments. Despite this sacrifice, the drive for homeownership was considered worth it:

To me that's still easier than renting because the money is not dead, the money going to someone else's mortgage, but not everyone wants to work 70 hours.

According to Mitchell (2019a), 28 per cent of owner-occupants in Auckland with a mortgage are considered to be 'stressed', paying more than 30 per cent of their gross household income on

mortgage repayments. This type of sacrifice creates a vulnerability to changes in economic conditions, reduces the ability accrue savings and depletes the quality of life and wellbeing for those burdened by debt. Despite this, it is clear that homeownership is regarded as the preferable means to retire comfortably:

The plan would be for me to move into that [minor dwelling] and then they [daughter and her partner] have the main house. For the long term, it would go towards my retirement. Again, security. I've got a little grandchild and I'm getting older cos I'm 56, I could button back my hours and hopefully be there to look after my grandchildren and have the security of my own place. I'm not going to be blindsided when I'm old and I can't work. Because, God, you know, by the time I hit retirement age, how the hell am I going to be able to afford it, I can't.

In terms of housing typology, aspirations were predominately simple, reflecting the type of housing aspirations that only a generation ago were accepted as a rite of passage for a working family. The following quotes are by a policeman:

I don't plan or want to end up on a clifftop mansion. I just want to someday own my own home and support my family, and I want to do this without having to live paycheque to paycheque.

The last time I felt anywhere near flush enough to claw my way onto the ladder, I went to view the cheapest flat available in my area. It was so claustrophobic that one wonders how planning permission was ever achieved. Opposite walls were touchable simultaneously, the bedroom half the size of my bed. It was without wardrobes or kitchen cupboards, possessing nil furniture space.

Somehow managing to retain a straight face, the estate agent recommended I construct a shed in which to store myself and my possessions. Yet it was still over NZ\$100,000 more than I could afford.

In summary, most of the sample aspired to achieve affordable, safe, secure, and healthy housing. Still, these aspirations were unrealistic in the current housing context of Aotearoa New Zealand's main centres, particularly in Auckland.

6.1.2 Barriers to desired housing outcomes

Whether safe and secure rentals or homeownership, the obstacles to achieving the desired housing outcomes were also multifaceted. As with the aspirations, many of the cases faced multiple barriers.

Housing is regularly referred to as a career with continual upward movement, which at its extremes has homelessness at one end and mortgage-free homeownership at the other (Johnson 2017). The steps in the interim are widely seen as a part of a continuum. Entered at either social housing or private rental, these steps are perceived as a short-term experience on the pathway to homeownership (Chisholm 2015; Johnson 2017). The growing number of households classified as being in the IHM creates a bottleneck of demand in the private rental sector. Greater demand in the private rental sector creates conditions for price rises, which creates greater demand for both social housing and the accommodation supplement (Johnson 2016). As one commentator noted in the media:

The system at the moment is the housing continuum is broken. And where it's particularly broken, in terms of allowing people to pull out of welfare dependence and move towards independence, is in the affordable housing space, and unless we can unblock that blockage, we're going to see more homelessness.

In the cases examined, various reasons were given for the inability to access desired housing outcomes. The following section outlines the main barriers.

6.1.2.1 Rising housing costs

The cost of housing relative to income was a primary barrier. The reality for those attempting to access housing in the lower quartile of prices is that budgets quickly become insufficient across short timeframes. This is captured in the following comment indicating that budget requirements had increased significantly:

When she first started looking two years ago she had a budget of about \$550,000, but the family had since stretched that to \$750,000.

We realised \$550,000 is unrealistic, even though that's apparently within the affordable range.

One of the consequences of this impact is that prospective house buyers must extend their search areas outside of locations where they have social support networks and access to employment:

Seven years ago, we were living in Greenlane in a little unit in a block of four thinking about what is next for us.

It was okay, a bit damp and small, but a rental and not really what we needed. So, I started looking around, we decided we didn't want to keep paying rent. It was dead money and I had a map of Auckland and I drew a circle starting from the centre and over time I made that circle bigger and bigger and bigger to see if we could find something we could afford.

Housing and living costs also impact the ability of potential buyers to save for a mortgage deposit. Most commercial lenders require a minimum 20 per cent loan to value deposit; therefore, to raise a deposit while paying rent is impossible for many, even in a context of cheaper borrowing due to lower interest rates:

We've worked hard to save a deposit and we really thought there was a possible solution, but even just talking to people my own age, people trying to find their first home... they're coming up with the same struggle. It's been really hard.

6.1.2.2 Income and employment type

The intermediate housing market trends indicated in Mitchell's (2019a) research demonstrate how the profiles of those locked out of homeownership have changed. Access to homeownership is now difficult, even at income levels that less than a generation ago would have been sufficient. By extension, access to homeownership for those on the lowest income is virtually impossible via the traditional means of deposit and standard mortgage. With employment income no longer the main determinant of becoming a homeowner (Cox and Pavletich 2020), those from lower socio-economic groups without access to intergenerational wealth are even more disadvantaged:

As we get further away from the baby boomer generation, people who maybe set themselves up well enough to be able to help their kids, that's fine now, but then as we go further and further along the generations have less and less.

What happens with our generation who hasn't bought houses but we're not in positions to help our kids? What's going to happen there? As a parent that is concerning.

Those in self-employment also described the strain of saving for a large deposit as a barrier to accessing the housing they wanted:

My own ability to buy has proved hair-tearingly snakes and ladders. The point at which I had mustered enough deposit I had also just gone freelance, which is viewed as a flighty employment option by lenders. Since then, whenever I have amassed enough dosh, some life event invariably occurs to nuke my savings.

Despite wage increases in some sectors, the cost of rent demanded in Aotearoa New Zealand's major centres makes saving for a deposit virtually impossible. This is particularly true for low-income earners and those in roles such as teaching, policing, nursing and care work, where opportunities for increasing potential earnings by moving jobs are constrained:

Danielle Wilkinson has been a registered nurse in Auckland for nearly 16 years. She's at the top of the pay scale, receives a Working for Families credit to support her five children, and gets an extra-professional allowance tied to her role.

I wouldn't be able to make ends meet without it [Working for Families credit]. Rent, power, water and internet alone, just those things, that's my whole pay packet gone, she said.

There were several accounts of 'key workers' experiences in the media, most of whom equated their career choice to a barrier to homeownership. For example, the following statement by a senior constable from south Auckland illustrates the challenge of saving for a deposit in a context of high rents on a police salary:

The national median rent for a two-bedroom home is around \$395 a week; in Auckland that is \$550 a week. Average house prices in Auckland last year were \$952,000 (make that more than \$1 million for central Auckland). That compares with \$565,000 in Wellington and \$471,000 in Canterbury. On a cop's salary, that is unachievable.

6.1.2.3 Transport and employment access

As the distance between affordable housing and employment opportunities extends, the personal toll on many is that they must undertake unsustainably long commutes. Reflecting the findings of housing affordability on keyworkers in Australia (PWC, 2019), the Aotearoa New Zealand data indicated employees in critical roles required to do shift work, such as nursing and policing, were significantly affected by the lack of affordable housing:

One young cop travels for an hour-plus to work each way from his home north of Auckland. He admits he feels like "one of the lucky ones" because he and his wife were able to buy a house, but the travel is draining and takes a toll on family life and he would like his commitment to be fairly recognised.

An eight-hour shift can easily turn into an 11-hour commitment when travel to and from work is added in. It isn't always possible to live near to where you work, particularly if it's in the central part of the city.

Shift work creates a major obstacle for employment access by public transport. Off-peak travel options are less frequent, which can add significantly to overall travel times (Hopkins and Stephenson, 2016). Travel times are further extended due to more affordable housing being located within poorer public transport networks:

Public transport isn't an option when shifts start at "stupid o'clock in the morning", so Wilkinson drives 40 minutes each way. That commute, added on to normal errands, costs her up to \$100 a week in petrol.

The focus of much of the proposed new development in Auckland is centred on transport hubs (Ministry for the Environment, 2020). For this to be of benefit to all, it is essential that reliable travel options are available off-peak and that the service and supporting infrastructure has the capacity for potential new passengers.

6.1.2.4 Relationship status

Households dependent on a single income were also regularly expressed as barriers to those attempting to achieve their desired housing outcomes. Options for accessing housing considered by single income households included moving to a new location, either within or outside a region. For those without a partner and family, severing ties to community social networks provided from outside the household unit is arguably harder than for those in relationships moving together:

Someone suggested to me I should set my sights on buying a home outside of Auckland. I can see the rationale for this: houses are certainly cheaper out of my hometown.

The problem is my life is here. For a single person, it's important to have your support network around you. As the childless aunt, I can help out my sisters when they need and with parents nearing their 70s, it's important for me to be in the same city. Without my support network, I could have had a very different outcome to the challenges I faced last year. I understand now how people fall through the cracks.

For single parents, the barrier to housing they desire is further compounded by the prejudices they face securing rental housing:

I had a lot of debt from my marriage to pay and was constantly receiving notices from collection agencies. Trying to rent a home in Auckland as a single parent with bad debt meant that I was a risk for rental homes.

As described in the 'Renting in Auckland' report (Joynt 2017), some single-parent households are required to pay higher rents and bonds, further diminishing their opportunity to secure adequate rental housing or save for a deposit.

6.1.2.5 Socio-demographic background

In response to increasing house prices and macro-fiscal policies, such as the LVR deposit requirements, and reflecting international trends, there has been an increase in inter-generational wealth transfer to support younger generations into homeownership (Clapham et al. 2014; Manzo, Druta, and Ronald 2018; Ronald 2018). Wealth transfers intensify housing access inequalities as they are only available to those with benefactors able to access wealth to share, through savings but more commonly through the leverage of housing-based assets. In some instances, money is not required to change hands. Instead, housing is secured through guarantor agreements. A supporter (usually a relative) legally agrees to use the equity in their home as a deposit for another's house (Ronald and Lennartz 2018; Shaar 2018).

For the first homebuyers whose parents rent and are not able to access this informal assistance, a perpetuation of disadvantage based on the socio-economic background is created:

Our parents were not able to help us financially with getting into a home. We hadn't really heard other people's stories of buying a house—it's not something people around us talked about. We looked around at others buying homes and wondered how they were doing it.

Evidence of this disadvantage, even for upper-middle-income earners, was observed in the Aotearoa New Zealand data. Several accounts documented how socio-demographic background was acting as a barrier to homeownership. Life opportunities are curtailed for those without access to inherited wealth and associated homeownership, regardless of education, income, and contribution.

6.1.2.6 Summary

In summary, the main restrictions to desired housing outcomes were rising housing costs within a context of slow wage growth, increased (non-housing related) living expenses, lack of affordable housing in the locations that would enable people to sustainably access employment options, lack of public transport options for shift workers, inability or unwillingness to relocate from social support networks, and tightened lending criteria including both loan to value requirements as well as debt to income ratios. Low to medium income employment, single incomes and solo parenting were also seen as barriers. Finally, an individual's opportunity to access intergenerational wealth transfer presents a significant barrier. This barrier is more acutely felt by those whose parents are renters or from lower socio-demographic backgrounds. Significant deposit requirements create a disadvantage for those without the opportunity for a hand up between generations. This disadvantage is evident regardless of education level, employment type and income.

6.1.3 Experiences and consequences of being in the IHM

The IHM covers a broad cross-section of society, including those who miss the threshold for social housing, up to those who cannot afford to buy a house in the lower quartile of prices. The experiences of being in the IHM vary, but generally can be split into personal impacts and societal impacts. The following section describes the more prominent effects emerging from the analysis, with quoted extracts to articulate the points.

6.1.3.1 Tenants' rights and security of tenure

Most people in the IHM live in the private rental sector. The experience for tenants in Aotearoa New Zealand has been the subject of scrutiny for the past decade. Research has revealed the poor standard of rental housing, the reduced social, economic and health outcomes for tenants, and the lack of security and stability (Chisholm 2015; Chisholm, Howden-Chapman and Fougere 2017; Joynt 2017; Witten et al. 2017).

The data revealed that a lack of tenant's rights is a cause of power imbalance between tenants and landlords. Many of these imbalances mirror those found within the international literature above. For some, this manifested through illegal rental increases, which tenants felt unable to challenge for fear of reprisals and a lack of willingness to pursue through the Tenancy Tribunal:

He just decided he was going to put it [rent] up to \$100 bucks a week which I know is not legal, and he couldn't do it. But it was not worth the cloud that that was going to bring with it, so we just said no, no we'll find something else.

Lack of control occurred both in terms of the security of tenure, but also the ability to make a rental property feel like home:

I think there's a lot more negatives than positives, you know just the expense of it, I suppose the lack of security, just also a lot of places you can't do anything even if you wanted to do something, in some places they won't let you put a nail in the wall, so again it's another expense because you've got to go and buy expensive things to hang your pictures and stuff like that.

Some tenants reported having to move on multiple occasions against their will due to landlords either selling a property or reoccupying it. Rental legislation in Aotearoa New Zealand does not recognise secure occupancy based on de facto rights for tenants¹⁴. Consequently, even long-term tenants can be required to move. In a rising rental market, tenants can end up displaced as market rents can rise beyond their ability to access suitable housing in their favoured location. Gentrification¹⁵ affects tenants with precarious tenure the most, with many lower-income groups driven out of the inner-urban neighbourhoods to cheaper peri-urban areas. The following account was from a family forced to move on several occasions, and on one occasion twice in one month:

We are all about family, and we couldn't forecast, it was really stink. Not fair to be lugging three little ones around. Our family is number one. We were prepared to do whatever we had to do to get them in a good place. We were in the landlord's hands.

This lack of security and dislocation from place also has significant impacts on mental health, as eviction is a risk factor for depression and suicide (Fowler et al. 2015, cited in Chisholm, 2015). The following quote describes the experience of a young family in Auckland, with parents working in nursing and community work:

¹⁴ Updates to the Rental Tenancy legislation (RTA) occurred in 2020, these updates do provide some improvements to security of tenure and eviction protection, but do not recognize de-facto rights based on longevity of tenure.

¹⁵ Gentrification: The process by which an (urban) area is rendered middle-class. (Source OED, 2020).

I started to feel really down about housing affordability. The more I looked at houses we might be able to buy, we were moving further and further away from where I worked at the time, and where our friends were, and where our sense of community was at that time.

Two options were available to most tenants. To stay in place, with compromises to lifestyle in the form of high rents or unsuitable accommodation, or to sever ties to a community and the support networks therein:

I must admit, most days, I feel tempted by jobs in the provinces where both my wife and I would be paid the same, have next to no mortgage and a great lifestyle. But we care about where we live now, and our family and friends are here.

Accounts of the impacts of staying in unaffordable conditions varied across the country. In Queenstown, where there are high numbers of migrant and seasonal workers, the principal reported effect was overcrowding, with tenants sometimes sharing beds to save money:

One person sleeps and when the other person gets home [the first person] goes, and that person is sleeping in the bed. So the bed is constantly used up.

In Auckland and Wellington, the impacts were often the unsuitable overcrowding of space, with families occupying properties more suitable to single occupants:

It's a one-bedroom unit. So, we've converted the lounge into what will be the baby's room and the current child's room as well cos I don't have people here anyway.

There was also evidence of overcrowding in multi-generational and multi-family rentals, which in some cases risked breaches of tenancy and poor health outcomes:

Everything was squeezed into the shed. It was partitioned into three areas, two bedrooms and living space. There was just enough room for their beds, and they used the bathroom in the relative's home.

The rental experience in major centres, particularly Auckland, can be very poor (James and Saville-Smith 2018; Joynt 2017; White et al. 2015). The poor rental experience is demonstrated in the following quote:

We lived in Royal Oak and Panmure before we came here. We have encountered many issues with the places we have lived - problems with rats, damp and cold, dripping windows. We have had to wash the walls down regularly to control the mould. The lack of space was an issue, with two growing children and the very close proximity of neighbours, we found it hard to relax. The most difficult thing was the lack of security. With every house inspection, we felt nervous about the outcome - we worried about rent increases or even if we would have to move again. We did what we had to do but have since realised it wasn't a good situation. We were living very much in survival mode. We had basically given up hope in ever owning our own place.

As well as the limited choice in the standard and location of rental properties, the accounts also presented a picture of unfair and sometimes illegal landlord practises, including entering the properties without consent:

While we were away, he would not tell us, and he would enter the house. And have a look around.

Discrimination of tenants on the grounds of gender, ethnicity and household size was also prevalent. Several tenants revealed they had to lie about their circumstances to access rental housing, as demonstrated with the following tenant who concealed the number of children she had from the landlord:

Her tenancies would be shadowed with fear and worry as she tried to keep up the facade of only having four children. When an inspection from a visiting landlord would roll around, she would keep her young children out of sight, often at friends.

The growing IHM creates greater demand for good quality rentals. It is apparent from the accounts that some landlords within the private rental sector feel they can operate above the law. Recent changes to the RTA¹⁶ to address housing quality and tenant security appear timely, however it remains to be seen how effective the changes are in practice. The potential of these changes is limited by the onus to hold landlords accountable falling on tenants. Tenants may feel too vulnerable to report landlords due to fear of reprisals and an unwillingness to instigate court proceedings:

I don't know you've got to be a little bit careful as well, I mean just you don't want to be seen as being overly fussy, or overly picky about things because you know there is always at the back of your mind, well they can say ok well we're not going to renew your lease, or they could put the rent up you know things like that, so you, there is always that, so while you know things are within your rights, kind of think oh well you know, you'll sort it out or you won't worry.

6.1.3.2 Vulnerable retirees

A significant driver for those seeking to exit the IHM was a fear of vulnerability in retirement:

As I cruise towards 50, increasingly I worry about being a poor, pensionless, vagrant old lady, forced to live off the kindness of strangers. I eye friends' basements in the way they eye country cottages.

For older renters, this fear was acute, and many expressed concerns that they would not be able to afford to retire. The danger of an insecure retirement and an inability to relocate for cheaper housing leads some to explore rent vesting, that is, buying a property for investment purposes in a location that the buyer does not have a connection with, and where they do not intend to live while they continue to rent elsewhere:

Whether or not renters choose to invest in housing elsewhere, saving and investing diligently for retirement is critical. Without a home, New Zealand Superannuation is not enough for a comfortable life.

Although this option does afford an individual some potential security, it also leads to disruption of housing markets outside the main centres, with the knock-on effect of creating localised housing crises for more rural communities. Rent vesting is not an option for many single people, especially women, due to low incomes and limited savings. The effects of COVID-19 have also affected women

¹⁶ An update to this legislation under the Residential Tenancies Amendment Bill was introduced to Parliament in February 2020, to address the shortfalls in the existing law

disproportionately. Unemployment and housing insecurity caused by the pandemic are magnifying the already precarious situation for many women. Housing insecurity for women is internationally recognised as a growing issue and cause for concern (Caro, 2020).

6.1.3.3 Wellbeing and life choices

Housing stress and an inability to comfortably afford to house oneself is commonly identified in the literature as detrimental to human health and wellbeing (Chisholm, Howden- Chapman, and Fougere 2017; James and Saville-Smith 2018). Experiences of loss of welfare and deteriorating mental and physical health prevail in the data analysed here. Physical and psychological health deterioration linked to the impacts of stress from rent burdens, insecure tenure and long unsustainable commutes are further compromised by the standard of housing in the private rental sector and overcrowding:

There was no space. When I came home from work I either had to sit on the couch or go to bed. It was very cold and damp. Because it was close to the railway, it was very noisy.

Many tenants experiencing rent burden also expressed a feeling of inferiority and failure. The following extract describes the experience of a cleaner who worked three shifts over a 17-hour day and her husband that worked as a security guard on minimum wage:

She felt guilty that despite them working the equivalent of two full-time jobs, they could not afford to give their two young girls the simplest things.

Other sacrifices observed included staying in unhappy relationships to avoid the rental burden trap:

The black cloud that descends when a couple realises that, separated, they could never afford a house themselves or their family, so they stay in their noxious conjugal smog.

The shame and compromises linked to the IHM experience link directly with the findings of the UN Affordable Housing Rapporteur, Leilani Farha, who defined the housing crisis in Aotearoa New Zealand as an issue of human rights. Under human rights law, the right to housing means ‘the right to live in peace, security and dignity, and to equality and non-discrimination with respect to housing’ (Farha 2020). These findings confirm a lack of ability for many people to live without deleterious health impacts and indignity. By extension, the human rights of many experiencing the intermediate housing market are compromised.

6.1.3.4 Societal impacts of the IHM

The IHM also impacts on the community and societal function and wellbeing. Both intergenerational and class-based divides occur as a result of large sections of society being unable to meet their housing needs and aspirations:

If you want to buy a home in New Zealand today, you have three choices - when you were born, who your parents are, and where you buy.

The tension between generations is expressed as a criticism of the baby boomer generation¹⁷, widely blamed for extracting wealth from housing at the expense of the subsequent generations:

The Boomer generation had sat idly by enjoying the unprecedented growth in assets, believing themselves to be smart investors.

They failed to see and act on the deep and structural policy problems they let accumulate over their time as the biggest bloc of voters. They also failed to see that much of the gains they enjoy is at the expense of the generations of their children and grandchildren.

Housing crises across the Western World were set in motion more than two decades ago, through socio-economic and political restructuring that increased access to mortgage debt and subsidies, creating generations of young homeowners (Gallent 2019; Lund 2019; Ronald 2018). The impact of policy shifts in the 1980-90s has unquestionably been the finalisation of housing. The social impacts of these shifts are being felt today:

There was a big surge of inflation in the 1960s and 1970s that robbed older folk of their assets and transferred wealth to Baby Boomers. They then rode the wave; asset prices are now at levels that we haven't seen in any generation in the past.

The outcome of this shift is that today there is significant inequality in access to housing both across and within generations based on socio-economic background. The individual 'untaxed' benefits of house-based wealth have profound societal implications, borne by all taxpayers, which includes those in the IHM:

The ownership of assets is concentrated among older people and it's getting harder and harder for younger people to get in.

The rising cost of housing and the growing social housing register has left even those in secure employment at risk of homelessness. Several accounts of working homeless were captured in the data as demonstrated here:

I'm a civil construction labourer, I work from usually 7am until 5pm, and it entails heavy machinery and a lot of labour...I used to live with my sister, but she's got six kids and it was only a three-bedroom, so me and my child had to move out.

Another societal cost directly associated with the housing crisis is the impact on schools. Displacement of families due to high rents, creates a rising demand for schools in lower socio-economic areas results in overcrowding. The following quote describes the situation in Manurewa, Auckland:

More families were moving to the area thanks to affordable housing and some people who were struggling to cover rent in the heated Auckland market were moving in with family in the area, adding to population growth.

The rising housing and living costs in Auckland have compounded pressure on schools resulting in teacher shortages. According to research undertaken with 450 Auckland teachers by the New

¹⁷ Baby boomers – a person born during the baby boom following the Second World War and before the early 1970s (Definition source – OED)

Zealand Educational Institute (Hunter 2017), 97 per cent of male teachers under 35 had considered or were going to leave Auckland

As well as overcrowding in schools, a lack of adequate teacher provision is reported to directly impact the educational attainment of students. An Auckland school principal raised the following concern:

If we don't have enough staffing our children are not going to be well taught or taught at the levels that we would expect them to be taught at.

Teaching is not the only profession suffering attrition due to high housing costs; representatives of the nursing and police association also raised concerns over losing members to the regions or other professions entirely (New Zealand Police Association 2018; RNZ 2020).

6.1.4 Strategies adopted to exit the intermediate housing market

The following section details the varying strategies used by households to navigate out of the IHM.

6.1.4.1 Financial circumstances and financial literacy

The most common strategy to navigate out of the IHM was a comprehensive plan and good financial literacy. CHPs offer formal financial literacy courses, which several households took advantage of. The courses provided advice on setting objectives and timeframes to improve their financial position:

It was a good help for us and they gave us the tools we needed during the course so that when a house came up we could be considered. We needed to be financially stable and able to afford it.

The advice covered budgeting, saving strategies such as limiting spend on nonessential items, advice on debt reduction and the danger of borrowing through high-interest schemes such as store cards, pay-day loans and credit cards. This contrasts with international accounts where purchasers in assisted homeownership schemes were left vulnerable to housing stress, as they were not adequately prepared for homeownership's financial commitment (Bright and Hopkins 2011).

There were also examples of successful strategies adopted without formal training:

We have taken a middle path between living frugally and saving, and spending money freely. We've had a few great holidays, been overseas, and own a decent mid-range car - but we'll also argue about whether to buy broccoli because it's over \$2 a head and stay at home at the weekend playing board games instead of going out.

For us, it all comes down to choices. By looking at our finances in terms of years, rather than weeks or months, we've made some sacrifices, but ultimately have ended up as homeowners.

For most, access to affordable home ownership in Auckland was only possible through relocation or CHPs.

6.1.4.2 Formal and informal strategies to access homeownership

Without exception, all those that had successfully navigated out of the IHM had done so with considerable sacrifice. As demonstrated above, raising a deposit is one of the most significant barriers

to homeownership. Living with family, a strategy referred to in the literature as 'boomeranging', is a commonly cited method to save the money usually paid in rent (Ronald and Lennartz 2018). The following case is representative of 'boomeranging' as a saving strategy:

The only bills we had to pay were for our phones, petrol, food and our board, which was \$50 each per week.

After eight months of both working full time we met with a mortgage broker; I was ready to move out after living with his parents for three years. We had also been together for almost seven years at that point and wanted to start a new chapter in our lives.

Those that access housing by intergenerational wealth transfer are often still exposed to significant stress due to high mortgage payments, but this was, for some, a sacrifice worth taking:

If you have a mortgage it's never relaxing. You have more bills to pay and juggle, and we don't find that relaxing. There will always be that worry, especially if you have kids to support or extended families to provide for.

But with any challenges comes reward, so the quicker you pay off that mortgage the sooner the reward will come. For us saving and paying off the mortgage is the number one priority.

We are very happy that we own our own home and we are grateful for that, however, that's not our only happiness.

As with intergenerational transfers, 'boomeranging' is not available to those without family to fall back upon or where households are already overcrowded or have limits on the number of occupants they can house due to rental tenancy conditions.

For these groups, solutions included living in compromised living spaces and co-housing. While such accommodation options are typically the domain of those transitioning out from the family home, the data exposed families and young professional couples' accounts of living in flat-share arrangements at later life stages. The following account is from a single mother, living in a flat-share with her young daughter:

[My flatmate] Rachel and I have talked about that [co-ownership housing] before, the only way we can realistically buy a property is to buy as a group. Probably not even as a couple. For so long everything has been geared towards pairs, a family - whatever the definition of that is - to buy a property, but now it is friends, families, groups of people... which is far more realistic, but also more exciting in terms of human nature.

There were several examples in the data of co-housing through the use of minor dwellings located on relatives' properties:

The 36-year-old, her husband and their four children moved onto her parent's property two years ago, after failing to find any affordable homes in the private rental market.

For just \$225 a week, their portable cabin provides everything the Bates-Hill family needs to get by - space for a bed, lounge area, bathroom and kitchenette in a three by nine metre space.

Co-housing is also a common strategy for groups of unrelated individuals to enter homeownership together. Several cases utilised agencies specialising in matching potential co-housing owners and assisting them in setting up legal contracts detailing how a property would be managed should anyone have to sell:

While a (stereotypical) young-couple may go into home-ownership with love in their hearts but little in the way of exit strategies, these three have already had the hard conversations and had legal documents drawn up.

They know what will happen if one of them dies, or how they will handle it if one of them has a partner who wants to move in, and they have looked at each other's finances.

Co-housing options allow access to homeownership and to areas that would otherwise be excessively expensive. Such arrangements enable individuals the opportunity to locate near amenities that improve wellbeing, such as leisure, transport, education and employment, as captured by the description of this co-housing group:

They are eschewing the norm - a young couple buying onto the bottom rung of the property ladder in some far-flung suburb - and instead pooling their resources to buy a shared house in a relatively central suburb.

Stories of successful homeownership without access to either co-housing or an affordable ownership model were invariably a result of significant lifestyle sacrifices and radical changes.

The radical changes included working offshore for a period with the sole intention of amassing a significant housing deposit. Opportunities taken included working at sea, in mining employment in Australia, or in other countries where high wages could be achieved:

We did work crazy hours, usually 80 hours a week for at least five or more years. But it was also just luck. We happened to arrive in Perth just when the mining boom was taking off. We sold when it ended and we bought at the Mount just as the housing boom started taking off here. It was all just good timing I guess.

House sitting is another tool used by individuals wanting to limit rental payments while saving a deposit. House sitting is an effective strategy for those without access to reduced or rent-free accommodation with family:

We were saving for a house but in Auckland, as you know, it's quite an unachievable task. Housesitting was a way we could save some extra cash.

The most common radical change used to enable homeownership was relocation. Relocation is a growing trend, with outmigration from Auckland increasing by 34 per cent in the period June 2014-June 2017 (Mitchell 2019a). This migration represents all age groups except for those aged 20-24, which had a net population increase; this is likely to reflect an influx of young people accessing tertiary education. Between the ages of 25-64, the age at which most of the population are in employment, 16,587 people migrated out of Auckland (Mitchell 2019a).

The benefits of financial security when moving out of the region was evident. Several accounts detailed how moving out of Auckland, and other main centres, allowed the individuals to save considerable deposits while paying low rents and ultimately attain affordable homeownership:

We got a five-bedroom house and about 1000 sq m of land, he said. And it only cost us \$420,000. In Auckland, \$420,000 would get you, maybe, a one-bedroom apartment, jam-packed next to someone else in some crappy living situation.

Accounts of regional migration commonly resulted in sadness and disappointment at the need to move away from social support networks:

I am sad that I cannot afford a house in Auckland. If my husband and I could afford it, we would live there in a heartbeat. But it is housing affordability ... that's the biggest issue.

Stories from those working in essential service delivery were prevalent; several teachers and police workers reported how they had successfully achieved homeownership in the regions. The following quote described the experience of two former Auckland police personnel:

The couple made an offer on a modest \$800,000 home in Glen Eden but were beaten by a better offer at the last minute.

They did their homework and found employment in South Canterbury, before buying a 600 square metre section in Pleasant Point. The couple are having a new three-bedroom house built on the property.

Relocation is tempting for workers in professions with a standardised national wage, such as teachers, nurses and police, as moving lowers living costs without a salary reduction.

For some low-income families, affordable housing programs enabled an exit from the IHM in Auckland. Primarily delivered through CHPs, those with the most limited means reported using assisted rental schemes. The benefit of accessing assisted rental through a community housing provider, as opposed to a private rental with an accommodation supplement, is that the tenant benefits from the security of tenure as well as a guaranteed safe and healthy home:

So, it's putting those roots down and feeling stable... and the kids aren't as sick, you know, as they were in the rentals, we may have been in. And just security knowing no one's going to come along and boot you out.

Alongside assisted rental accommodation, CHPs also offer access to financial management support. Better financial literacy enables families to plan a transition into homeownership by shifting from an assisted rental into a rent-to-buy scheme, and finally into shared ownership. Shared ownership can be applied for by potential buyers with a deposit, reduced debt, and a household income above the social housing threshold and below that required to comfortably buy in the lowest quartile. For example, the housing Foundation CHP limits access to those with a household income between \$65,000 and \$95,000. The programmes also require limited debts of less than \$10,000 and a small deposit of between \$10,000 and \$20,000; the benefit of affordable housing programmes provided by CHPs is considerable, markedly improving wellbeing and lifestyle:

It give families their own secure tenure. It gives them an investment in their community. We see material changes in households' wellbeing when they get into shared ownership through improved health, positive job changes, education for children.

Shared ownership schemes are commonly offered to access community housing mixed tenure developments, such as the Waimahia development in Auckland. Shared ownership schemes allow new homeowners to purchase a share in a property directly from a housing provider and pay rent on the remaining share:

For the first five years, they will pay “an affordable rent” to the Housing Foundation, set at 30 per cent of their income. This will give them time to save money for a deposit and boost their KiwiSaver savings. Then after five years, they can put these savings and their entitlement to 25 per cent of any equity gain in the house to apply for a home loan.

Many of those that had navigated out of the IHM had done so using a range of tools:

With all the Government help and incentives, we found buying was far easier than we first thought. We got \$22,000 through a KiwiSaver HomeStart grant, so in the end we only had to contribute \$12,500 each towards the \$50,000 deposit for a \$250,000 house.

First Home grant (formally HomeStart grant), First Home Loan (formally Welcome Home Loan), KiwiSaver savings, KiwiSaver hardship funds are used as the main tools used to raise a deposit for a home. These were also used by non-first homebuyers who had previously fallen out of homeownership:

Jorgensen had previously owned a home, but due to changes in her circumstances, was able to use her KiwiSaver funds and get a HomeStart grant to help her back on the ladder.

I had to prove that I was in the same position as a first home buyer.

The most successful strategies used the government-backed tools in conjunction with shared ownership and shared equity models:

The process was very straightforward. I’d never applied for a loan or mortgage before. I didn’t realise I could use my KiwiSaver as a deposit. This made things a lot easier. I didn’t have any debt, had been working in the same job for 10 years and had no credit cards, so this certainly helped with my application.

This combined approach provided an opportunity to access housing that would otherwise be out of reach or would place the purchaser in extreme housing stress:

Lin and Keiko knew it would be almost impossible to get an affordable home without the assistance of the NZ Housing Foundation (NZHF owns 27% of the house). Even working incredibly hard as head chef at an Auckland café and baking at another, Lin found it difficult to save.

Several of the households noted that they only became aware of the opportunities available to them by chance, for example, via word-of-mouth recommendations or by presentations held in workplaces:

One of my mates was a builder on these houses and asked me one day if I would be interested in owning one of these homes. I told him yeah I’m interested and he gave me the number to ring. I went back home and told Cynthia.

It just so happened at that time I (Cynthia) got an application at work. I initially thought it was a scam, but went home and Tama told me how he works with those guys and it seems legit. So, we filled it all out and sent it away.

A lack of awareness created some initial scepticism by many of those who went on to access affordable housing, demonstrating the importance of expanding both access and knowledge of affordable housing mechanisms:

I saw an ad and it was really simple and plain. I remember thinking it's got to be a scam, it can't be real. I really like to look things up and so when I checked out Housing Foundation I saw a press release from the Beehive and then realised there was credibility there.

Opportunities were not limited to young first-time buyers. Stories of people in their 50s accessing homeownership for the first time illustrate the transformative nature of shared ownership schemes, with many recipients keen to encourage others to utilise the opportunities they had:

We have got to get the exposure out there, he says. There are a lot of families like ours who don't believe they can own their own place.

There are families out there paying market rents who don't know they can afford to own their own home.

Ballots allow eligible purchasers to apply to win access to new build housing at a discounted price. Applicants must fit a series of income, employment, residential status and asset status criteria to qualify. Ballots have been used in several developments, including Hobsonville Point, established under the Special Housing Area legislation in Auckland (Axis Series, 2020). Despite being considered a more arbitrary route into homeownership, several households reported that they had used them to access new housing at an affordable rate. Ballots are also used in the more recent KiwiBuild developments (KiwiBuild, 2020b). Purchasers are usually required to occupy the house and not sublet it for a minimum period. Following this, the house may be released for sale at the market price, so the affordable advantage is not passed on.

Viewed as an imperfect solution by several of those that had successfully accessed housing this way, some households felt uncomfortable that achieving homeownership was down to luck, with one noting that:

We shouldn't have to have a lottery to put a roof above [our] heads

6.1.5 Summary

In summary, the strategies adopted to exit the intermediate housing market were varied. As in the international literature, the most significant barrier to access is the accumulation of a deposit. Successful strategies for raising a deposit were contingent on informal support provided through family with intergenerational wealth transfer or opportunities to live with low or no rent (boomeranging). For those unable to use family support, options included renting unsuitably small or lower-cost, overcrowded accommodation, or more radical options such as purchasing in a co-housing arrangement, working offshore to save a deposit or relocating to less preferred areas to access lower-cost housing. Others were able to use private and government assistance programmes, such as shared ownership schemes, the First Home grant or First Home Loans. In a few scenarios,

households were able to secure affordable housing through a ballot process such as KiwiBuild, however, achieving housing through these means was often considered to be primarily luck-based.

6.1.6 Security and the meaning of home

Regardless of the entry point into affordable rental or homeownership, the positive impact on wellbeing and lifestyle was notable. Security of tenure allowed households to feel more invested in their community, providing security and stability for children often not afforded in the precarious private rental sector:

We feel settled now and have got to know many of our new neighbours. They are all great people, all different ethnicities. We think it's important to get to know your neighbours for security reasons, for the kids, they're all around the same age. They will be growing up near each other for the next 20 or 30 years.

Health and wellbeing benefits, both from reduced housing stress as well as through inhabitation of better-quality housing, were also noted:

We see material changes in households' wellbeing when they get into shared ownership through improved health, positive job changes, education for children.

Affordable housing also offers freedom of choice and the opportunity to pass on learnings and opportunities to younger generations. All of those that reported transition into affordable housing were proud of their status and felt a real sense of achievement:

My home is an extension to my kainga tuturu and it means everything to me and my sons to have somewhere they can call their own. Like their whakapapa genealogy, it is their foundation and they feel connected. It also provides me with peace of mind that I have done my utmost best for my sons and that if anything happens – no matter what they have a home to call their own.

In summary, being caught in the IHM has clear negative impacts both on physical and mental wellbeing. Those that exit the IHM through radical changes, such as migration to the regions, felt that the associated improved quality of life was worth the sacrifice.

The most significant impact on health and wellbeing was access to affordable housing in or near to a preferred location. An opportunity to find affordable accommodation within an existing community was invariably reported by those accessing housing through affordable housing programmes, either through CHPs or through ballots. These groups experienced freedom of choice, life satisfaction, security and health improvements. In the absence of systemic change, such as impactful new tax to universally lower the cost of housing or mass affordable housing development, it is recommended that access to shared equity, shared ownership, rent-to-buy and affordable rental schemes are significantly expanded to benefit a much greater proportion of society.

6.1.7 Pathways back into the IHM

In addition to accounts of successfully exiting the intermediate housing market, there were also many accounts of individuals falling out of homeownership. The drivers for this were varied and sometimes multifaceted; however, the most common cause was relationship breakdown. Breakdown of

relationships which for some resulted in, or were caused by, bankruptcy or failed businesses, all impacted on housing security:

More of us are single now, too, meaning more of us struggle to get a foothold in the property market, or become locked out of it when relationships fail: one income makes mortgages a good deal less likely. Divorce thrusts many mid-lifers back into the rental sector, suddenly pricing them out of ownership and back into the student digs they imagined they'd left behind.

Single incomes, when compounded by the expense of supporting children create the conditions for precarious housing:

This has been my experience. I never quite recovered financially. I'd spent all my savings during the few months after the initial separation and now saving can be a struggle. I've returned to an industry that I love but does not pay the same as a corporate job. And going from two incomes to one is an adjustment. All of my living expenses have gone up, I pay more in rent, and food prices seem to increase over the months.

Research undertaken in Aotearoa New Zealand, Australia, and the UK, indicates that the number of older women falling out of homeownership and into poverty, and in some cases, homelessness is growing. Homelessness among women is in part attributed to the gender pay gap, which is particularly prominent for mothers who have taken career breaks to raise children. (James and Saville-Smith 2018; Nesbitt and Johnson 2019; Reis 2019; Sharam 2017). The impact of separation in later life and as a parent is captured in the following quote:

[Being] a tenant of a certain age means I come with things: not least the furniture that estate agents inform me "doesn't work well at your end of the market". Still, at least it doesn't involve offspring, as it does for certain friends forced to persuade children sleeping on their rented floors they are "camping".

Other shocks that led to moving out of homeownership include loss of employment, ill health, and disability. As a result of the growing IHM, the term 'precariat', describing a class of people with low income and insecure jobs, is expanding to include those losing their homes due to limited savings and high debt to income ratios:

We find ourselves in the position of not getting back onto the property ladder after decades of homeownership.

We got into our first home very young, at 20 and 24 years old. Both of us had good jobs and survived the Muldoon years of 22 per cent interest rates. We updated to a larger home a few years before starting a family in our late 20s/early 30s.

Everything looked good for us to become freehold in around 2005, and the plan was for us both to keep working. Then came a bombshell.

Retirement was also a trigger for the loss of some homes, which, as noted above, can lead to considerable hardship in the private rental sector. Finally, migration and immigration, either nationally or internationally, was a significant factor in re-entering the IHM:

My husband and I are in our 50s and have had the misfortune to become renters in the past four years after moving to Auckland from the South Island.

Unfortunately, through circumstances beyond our control, we have missed the boat on the property market. We owned our own home all our married lives until moving here and it is galling to be at the mercy of a landlord and a property manager.

In summary, those who find themselves back in the IHM are often mid-life or older and have faced some kind of life shock or change that has resulted in them losing or selling an existing home to afford living expenses. Women are overrepresented in this group, as they are often more impacted financially by separation. However, there was also evidence of couples and single males experiencing falling out of homeownership due to unemployment and bankruptcy, separation, bereavement, ill health, or migration. These findings illustrate the range of ages and life stages represented in the intermediate housing market. The image of the millennial living with their parents or in a crowded flat-share, as dominates the academic literature, is by no means the full picture of the IHM.

As the IHM includes such a diverse and broad sector of the population, the narratives captured in the above phase were not homogenous. The second stage of analysis uncovers and describes these narratives further.

6.2 Housing pathway framework results

6.2.1 Developing a housing pathway framework

We adapted Clapham et al.'s (2014) approach for this research, informed by data and published literature, and the opinions, aspirations, attitudes and emotions recorded in the data. While the choice of the housing pathways framework is appropriate for this analysis, it is noted that the restrictive nature of our data (secondary rather than primary collection) creates difficulties for constructing dynamic sequences as seen in other housing pathways. Despite this, these data are rich enough to maintain focus upon the structural and non-structural, voluntary and involuntary components which affect and direct an individual's housing experience, as well as how they make decisions and respond to circumstance, both within the IHM and as they attempt to navigate out of it. As is typical with housing pathway studies, our analysis builds a selection of household profiles, illuminating subjective and diverse housing experiences.

6.2.2 Aotearoa New Zealand IHM pathways

The narratives of those in the IHM could not be reduced to single experience. Multiple pathways and stories reflect the multitude of experiences, socio-demographic characteristics and aspirations of a society caught in the IHM. We grouped common narratives by aspirations and drivers, barriers experienced (both systemic and personal); as well as tools, projections, impacts, and outcomes used to navigate the IHM. In addition, the personal characteristics common to each group were captured.

Using an adaptation of Clapham et al.'s (2002) housing pathway framework, the heterogeneous experiences of housing are described through the development of eight personas, named 'radical life-changers', 'proactive climbers', 'the boomerang kids,' 'the lucky few', 'precarious owners', 'the 'boomer'angs', 'happy renters' and 'trapped renters'. The housing pathways demonstrate that individuals are not passive receivers of their circumstances and instead adopt formal and informal strategies to navigate the housing system to meet their aspirations. These narratives, drawn from secondary data, do not capture all possible experiences but demonstrate commonalities of experience within groups, although demographic characteristics do not demarcate these. For example, access to intergenerational wealth is more prevalent among the offspring of existing homeowners. It is analogous then that Māori and Pacific people, underrepresented in homeownership, have less access to housing asset wealth to support their children into homeownership. In contrast, Māori and Pacific families are well represented in the uptake of community housing assisted homeownership, many of whom learnt about community housing through workplace presentations and word of mouth by friends and whānau. This demonstrates that routes to housing access can be variable and exemplifies the importance of socialising alternative pathways to secure housing tenure for groups that may otherwise be excluded.

Radical Life Changers

Radical Life Changers are determined to exit the intermediate housing market and are prepared to make significant sacrifices to become homeowners. They are motivated by their experiences of poor quality, expensive, insecure and unhealthy rental housing. They feel that their lifestyles are compromised by long commutes and believe that their housing situation negatively affects their wellbeing. They are often young families with easily transferable employment. Consequently, they believe that they can achieve the safety, security and lifestyle that homeownership affords by enabling radical changes, such as relocating overseas to earn better salaries or permanently shifting to areas of Aotearoa New Zealand with lower cost housing, even though such moves may mean sacrificing employment and social ties. They are also willing to make sacrifices such as working overtime, living frugally, or long-term house sitting, and are prepared to make use of any tools available to them, such as KiwiSaver, First Home Grant (formally KiwiSaver Home Start grants) or First Home Loan (formally Welcome Home loans). Barriers faced by Radical Life Changers in achieving homeownership include job availability in new locations and concerns about relationship management with extended family.

Proactive Climbers

Like the Radical Life Changers, Proactive Climbers are also determined to exit the intermediate housing market and begin climbing the housing ladder. Proactive Climbers are financially literate and view homeownership as a rite of passage and primary means to attaining financial security and independence. Generally, Proactive Climbers do not have access to intergenerational wealth and thus rely on many of the available tools to help them into homeownership, including KiwiSaver, First Home Grant or First Home Loan shared equity mortgages alongside novel ownership arrangements such as co-ownership arrangements with friends or family. Proactive Climbers seek to pay down their loans rapidly and may seek to leverage their home as an asset for further investment. With this determination, Proactive Climbers are often quicker to attain homeownership than their peers and typically accumulate asset-based wealth and associated lifestyle and wellbeing outcomes earlier as well. Despite their intentions, Proactive Climbers may encounter difficulties accessing mortgage products for non-traditional ownership arrangements such as co-ownership. These arrangements can also require contractual agreements, which necessitate significant and potentially costly legal support.

The Boomerang Kids

Boomerang Kids are middle-class, tertiary-educated children of homeowners who aspire to recreate their parents' housing wealth and security. Boomerang Kids can (return to) live in their parents' home while they save for a mortgage deposit, often paying low or no rent enabling them to accumulate savings rapidly. This also allows them to move from poor quality and unstable rental properties and improve their mental and physical wellbeing. Retaining family and community ties is vital for Boomerang Kids; consequently, they aspire to achieve homeownership without making radical life choices such as moving far from the places they know well. Boomerang Kids are commonly recipients of intergenerational wealth; their home purchases may be secured through financial gifts or mortgage guarantor agreements with their parents. However, intergenerational wealth transfers are often contingent upon parental tenure status, which may expose both parties to greater risk of mortgage

stress and/or default. Alongside intergenerational financial assistance, Boomerang Kids may also take advantage of First Home Grant or First Home Loan. Barriers faced by Boomerang Kids are the necessity for their families to have suitable accommodation and financial means to house them and the potential presence of a large student loan.

The Lucky Few

With experiences of poor-quality rentals that have compromised their health and the desire to achieve housing stability by breaking the intergenerational cycle of renting, the Lucky Few are those who have managed to attain affordable housing through CHP rent-to-buy and shared ownership schemes. The Lucky Few are often low-income families typically underrepresented in homeownership, such as Māori and Pacific people, single-parent households and key workers, who have little debt and a stable income. They typically hold strong community ties and rely on their social support networks. With barriers such as compromised mental and physical wellbeing and low financial literacy, the Lucky Few may lack awareness of the opportunities available to them, which mostly arrive via word-of-mouth. Once they are informed, the Lucky Few are quick to take advantage of the tools available to support them into homeownership, including shared ownership schemes, First Home Grant or First Home Loan, shared equity mortgages, and rent-to-buy schemes, which are often coupled with financial literacy training, low interest rates and support and advice from community housing providers. Those Lucky Few who manage to transition into homeownership report improved physical and mental wellbeing, a sense of security and pride, and the stability to create better educational, work and social opportunities for their whanau.

Precarious Owners

Like the Proactive Climbers, Precarious Owners believe that homeownership is the only path to wealth creation, stability and status. However, unlike the Proactive Climbers, Precarious Owners tend to earn low-to-medium level incomes and entertain high levels of debt without any form of intergenerational support. The cost of renting and LVR restrictions create difficulties for raising a mortgage deposit, often leaving them living frugally while working overtime or multiple jobs to overcome their financial burden. Because they do not qualify for assistance programmes, Precarious Owners will pursue ownership through typical mortgage pathways at the expense of the security of their ownership. With large mortgage burdens, Precarious Owners are at high risk of exiting homeownership due to economic shocks, such as health decline, family breakup or financial depressions. Because of their unpredictable financial situations, Precarious Owners' housing positions may impact upon life decisions such as having children.

The Boomer'angs

Having exited homeownership due to a life or economic shock such as unemployment, family breakdown, sickness or business failure, the Boomer'angs wish to become homeowners again. As older families or those who are single or separated, the Boomer'angs are motivated by a fear of vulnerability in retirement and a perception that renting is perceived as inappropriate at their stage in

life. The Boomer'angs ability to re-enter traditional homeownership is often stifled by poor credit, loss of savings or bankruptcy, limited opportunities for employment, or failing health. Due to these circumstances, as well as an unwillingness to live in shared rental arrangements, the Boomer'angs often become reliant on the support of their children for housing, either through sub-dwelling or multigenerational housing arrangements, which can include co-ownership.

Happy Renters

Happy Renters are risk-averse and are mostly unwilling to take on housing stress. Rejecting the view of renters as inferior, they view renting as a positive choice that enables them to live in better-quality accommodation and in more desirable areas than they otherwise would afford. A mix of those who have previously owned property and younger people who have never been homeowners, Happy Renters prioritise a favourable work-life balance and a high mobility lifestyle. They desire to remain debt free and display high levels of financial literacy, allowing them to invest in alternatives to the family home, such as growth funds, share portfolios, or rent-vesting (ownership of low-cost rental property in the regions). Despite this, they remain sceptical about mainstream ideologies that pressure them into asset accumulation.

Trapped Renters

Trapped Renters span several socio-demographic groups, including young people who have never owned property, new migrants, single parents, low-income groups who do not qualify for social housing, and previous property owners who have experienced housing shock. Trapped Renters aspire to escape poor quality rental houses and achieve safe and secure homeownership where they can retain their strong community and social ties. However, they face numerous barriers to achieving this, including the inability to save a mortgage deposit due to low wages and high rent and costs-of-living, discrimination including ethnicity, and family and relationship status. Many have limited investments and are fearful of retiring into continued insecurity. Trapped Renters will try to find rentals through family and friends and prefer absentee landlords who do not undertake frequent inspections. Rather than accumulating tools to help them into homeownership, Trapped Renters will do what they must to find and keep a roof over their heads, including concealing information such as family size and relationship status, and refraining from bringing up any maintenance or other issues. Despite this, many Trapped Renters find themselves moving house frequently, creating discontinuities in social support networks and community ties, as well as in education for children.

The development of these housing pathway narratives for the Aotearoa New Zealand context helps to contextualise the different experiences had in the IHM. The pathways are not meant to capture all experiences, as there will invariably be groups that do not fit within any profile. For example, those with complex needs such as disabilities may not be represented here. The exercise does, however, illustrate that the broader social context heavily influences housing outcomes. Pathways through the housing continuum vary, and there is no level playing field at which prospective buyers start. Furthermore, individuals have agency in the housing outcomes they achieve; they are not passive recipients but instead work hard to use the tools available to them. Again, the success of this strategy is very dependent on the individual's socio-demographic background.

7.0 Discussion and conclusion

7.1 The experience of the IHM

This investigation complements wider analytical work undertaken as part of the development of Auckland Council's affordable housing policy programme. Using content analysis of secondary data and applying a housing pathways approach, this report introduces concepts and narratives detailing the experiences of navigating in and out of Aotearoa New Zealand's intermediate housing market. Narratives are important as they go beyond the mechanics of how a policy, intervention or situation arises, and detail the impacts at an individual and community level. These are not only measurable outcomes, such as economic impacts, but also less-tangible outcomes such as wellbeing and the sense of pride or failure related to circumstances of the individual.

Underpinning this work, the examination of international literature allows the lived housing experience of low to medium-income earners in Aotearoa New Zealand to be compared with similar cohorts globally. The findings show that Aotearoa New Zealand shares many commonalities with other countries.

The evaluation of the experience of Aotearoa New Zealand's IHM indicates that it is a broad church. The IHM captures a multiplicitious cross-section of society, representing varying personal and social conditions that determine individual and household trajectories or stagnant periods along the housing continuum. People in the IHM are principally bound by a common, yet humble, aspiration to achieve warm safe affordable shelter; an aspiration highlighted by the UN Special Rapporteur on Housing in Aotearoa New Zealand as a basic human right.

In Aotearoa New Zealand, aspiration for homeownership is prevalent, and like other countries, the drive for homeownership is rooted in the belief that housing provides one of the only opportunities for wealth creation. Both nationally and internationally (in western economies), housing is seen as an opportunity to build prosperity and future security, not only for individuals but also for future generations, through intergenerational transfers of wealth. Asset-based welfare is also backed by political discourse, which supports 'home ownership' over social welfare models of housing provision and retirement security. Lack of housing security and autonomy in rental tenure also drives the desire for homeownership, as people seek to reduce the impact of poor-quality housing on their physical and mental health.

In contrast, the international literature, and the data reviewed from Aotearoa New Zealand, indicated a minority of younger cohorts who challenged conventional political wisdom, rejecting the notion that 'everyone should aspire to homeownership'. The rationale for choosing not to pursue homeownership was based on a fear of being burdened with unmanageable mortgage debt. This is in addition to the rejection of homeownership on ethical, moral and environmental grounds (Arundel and Ronald 2020; Gallent 2019). Their choice to reject the notion of homeownership is supported by work by Arundel and Ronald (2020), who warned that creating nations of homeowners to equalise the potential of housing wealth and reduce state support is unsustainable.

Most people in the IHM, both within Aotearoa New Zealand and internationally, live in the private rental sector, the experience of which is widely seen as negative. Common to many tenants were

reports of poor-quality housing, with health and safety issues, as well as high levels of insecurity and misuse of power by landlords. Tenants also viewed their tenant status as inferior to homeowners, describing a perception of themselves as flawed, failed, or deviant consumers. This is analogous to findings across the international literature, especially in the UK (e.g. McKee 2011). Conversely, homeownership is equated with elevated social status and achievement. Those that returned to the rental sector after a period of homeownership, were particularly downbeat about their status. Older women in particular reported concerns about their precariat tenant status as they approached retirement.

There is a growing trend of older people inhabiting private rentals both in Aotearoa New Zealand and internationally. This trend is projected to grow as homeownership rates decline. The majority within this analysis are represented by the 'boomer'ang' pathway profile, but many also fit within other profiles, such as the 'trapped renter'. As a disproportionately affected cohort, older women are considered to be particularly vulnerable to poverty in retirement due to the fall in homeownership, often compounded by a significant gender pay gap (James and Saville-Smith 2018; Nesbitt and Johnson 2019). As such, in the event of a break down in a relationship, they can be left with very limited retirement savings. The economic impact of COVID-19 has been disproportionately felt by women, accelerating and increasing the impact and numbers of women in a position of housing vulnerability (Caro, 2020). Investigating the experiences of older women in the IHM presents a future opportunity for more in-depth research.

Relationship status may also impact upon experiences within the rental market, as well as the ability to navigate out of the IHM into homeownership. The high cost of housing and living expenses, in concert with low wage growth, results in severe housing stress for many single-income households. This stress is further exacerbated when households also have children to support. The rental experience for single parents can be further complicated due to landlord discrimination. This is evidenced by parents who may find themselves paying much higher bonds and rental charges as they compete against 'more desirable' professional couples without children. In this analysis, those in these circumstances are typically defined as 'trapped renters'.

The main barrier to transitioning out of the IHM is the rapid appreciation of house prices. Relative to incomes, house prices have grown at such pace that homebuyers must take on significant mortgage debt, often leaving them with little disposable income or savings. Prices are further exacerbated by the deposit required under the LVR legislation. Although this was temporarily paused in an attempt to offset the impacts of the COVID-19 pandemic on the economy, it was reinstated in early 2021 (Reserve Bank of New Zealand 2020). The ability to save a deposit in a rising market was a major challenge for most potential homebuyers in this study. For those attempting to save a deposit while also paying rent, this was even more challenging. The most effective route to an adequate deposit was to avoid paying full market rent, as demonstrated in the 'boomerang kids' profile. Options for deposit savings included returning to the parental home and paying a significantly reduced rent, entering into multi-occupancy rental tenure, or renting a dwelling that is unsuitable in size or location. These are similar to the sacrifices made by IHM cohorts within the international literature. More radical options included working off-shore for some time to access higher wages ('radical life changers'). Most accounts of successful navigation out of the intermediate housing market include the use of

financial tools such as KiwiSaver, First Home Grant or First Home Loan. For many, these tools can help to bridge the deposit gap.

Both in Aotearoa New Zealand and across the international literature, access to intergenerational wealth transfer, either through financial transfer or through the use of a guarantor agreement, was the most effective strategy for navigating out of the IHM. Access to this option was limited to 'boomerang kids' and unlikely to be a feasible option for most within the IHM. Those from lower-socio economic backgrounds have fewer opportunities to access asset-based wealth due to their parents being more likely to rent. Likewise, opportunities to return to the family home to save for a deposit are constrained for some due to limited space or rental conditions restricting the number of people allowed in a household.

'Radical life changers' shared common compromises in order to transition out of the private rental market into homeownership (without assistance from an affordable housing scheme). Compromises included severing social contacts and support networks, enduring long commutes and limited public transport, or completely changing employment in order to access more affordable homeownership.

Despite not being formally defined in Aotearoa New Zealand, there exists a broad narrative that asserts that 'key' or 'essential workers' are the most affected by housing insecurity and barriers to ownership. Internationally, in some jurisdictions, including the UK, key workers' plight accessing affordable housing is recognised formally in policies, including specific inclusionary criteria. As noted, there is no formal housing policy definition for 'key workers' in Aotearoa New Zealand.

The recent experience of the COVID-19 response has highlighted that the term, 'key workers', or 'essential workers', is complex in definition. Those classified as 'key' or 'essential' workers for the COVID-19 response included local authority workers providing operational services such as refuse disposal, supermarket workers, public service cleaners and many more. Clearly, 'key workers' and 'essential workers' are a much broader group than previously documented in the media. This highlights the challenge of defining who can or cannot access preferable treatment in housing policy. In effect, the term could be defined as a job essential to an urban centre's functioning, that can be transferred across urban centres with a salary on or below the median income threshold. Without a definition for this group, there is a danger that any interventions to assist key workers in affordable housing could result in dangerous value judgements over who is most worthy of help.

The experiences of 'key workers' in the IHM has limited coverage in international literature. Findings in Australia indicated that although many key workers want to migrate for cheaper housing opportunities, demand for limited roles can restrict opportunities where housing is more affordable. It is unclear from the data used here if the same pressure is felt by those wanting to migrate from urban centres in Aotearoa New Zealand. However, the data did indicate that some essential services, including teaching, healthcare and policing were struggling to retain and recruit staff in areas of high housing costs. Further, accounts were given of teachers, care workers, corrections officers, nurses and police workers making radical decisions to move out of Auckland to pursue homeownership. In contrast, others remained as 'unhappy renters' or 'precarious owners'. These accounts may demonstrate that without salary weighting in area of high-cost housing, key workers' recruitment and retention may be negatively impacted. Loss of key skills in high housing cost areas has an inevitable

knock-on societal impact, as essential services become increasingly stressed. Recommendations on adopting a 'key worker' housing policy are beyond the scope of this document.

Accounts of successful strategies for navigating out of the IHM often included the use of multiple sources of finance. Less prevalent were shared equity schemes and co-housing arrangements, as demonstrated by the 'proactive climbers'. However, when undertaken with careful legal assistance, these options provided a practical pathway out of the IHM.

In Aotearoa New Zealand, community housing providers (CHPs) are key agents of change, enabling the lucky few at the lower-income thresholds an opportunity to navigate out of the IHM. Accounts from those that had achieved affordable housing, either through a rental or house purchase scheme, reported high levels of satisfaction with their housing. Mental and physical wellbeing was improved as a result of moving out of poor-quality housing. The decrease in housing rent burden provided an opportunity for increased time with family, reduced stress and requirements to work overtime. Recipients of support through community housing providers reported improvements in feelings of success and worth, and, in many cases, an ability to retain important social and employment ties.

Through limiting debt burden, providing financial literacy training, assisting in community development, and reacting to individual households needs, including cultural needs, CHPs offer an opportunity for households to staircase into homeownership systematically. In the event of changes in circumstances, CHPs provide a high level of pastoral care to minimise risks that could jeopardise a household's security. The international literature revealed where 'for-profit' entities offered shared equity and shared ownership, without pastoral care, homeowners more commonly reported more precarious housing positions. This demonstrates that to protect those in staircasing schemes, such as rent to buy and shared ownership, care should be taken in how, and by whom, these schemes are implemented.

The demonstrable limitations of assisted homeownership schemes in the international context should also be a valuable reminder for Aotearoa New Zealand policymakers to resist the temptation to couch them as a silver bullet solution to housing affordability issues. For example, the international literature raised the issue of stagnation in housing no longer fit for purpose. Some older homeowners found they were unable to transition out of properties due to a lack of equity and value in housing they had accessed through 'right to buy' social housing policies.

There is some distinction between the perception of shared homeowner schemes in the international context and Aotearoa New Zealand. Those in shared ownership in Aotearoa New Zealand reported high levels of satisfaction with their shared housing status. In contrast, in the international literature, some shared owners felt that their property did not feel like their own. They had concerns about the freedom to adapt the property, or quickly exit or transition into another property. This could reflect that Aotearoa New Zealand schemes are more effective or could be a reflection of the source of the account in Aotearoa New Zealand, having been reported on CHP owned websites. Further investigation into the experience and impact on a sense of place and ownership in shared ownership schemes would be beneficial in the Aotearoa New Zealand context.

Furthermore, without addressing the commodification/finalisation of housing, assisted homeownership can only have a marginal and highly discreet impact on those able to access them. It will not address market- and demand-led price escalation caused by property speculation.

Finally, we considered the context of the COVID-19 pandemic; this is summarised in the Addendum below. To date, the full impact of the economic contraction caused by the pandemic is not fully understood. Further evaluation will be required in due course as economies around the world stabilise.

7.2 Conclusion

Those in the IHM predominantly want to become homeowners for financial security, a sense of pride, wellbeing and an opportunity to provide a legacy of financial security for their children. Despite this, the belief that housing is a means to secure wealth accumulation and security ad infinitum is not borne out by research. Increasing housing costs in the context of slow-growing wages creates more insecurity for first-time homebuyers servicing mortgages with a more significant proportion of their income (Collins 2013).

The eight personas illustrate that those in the IHM are not passive recipients of their housing situation, but for the most part, are actively engaged in seeking out pathways and adapting their lifestyles to meet their housing aspirations. They also demonstrate that housing status is intricately entwined with wellbeing, sense of self-worth and view of future prosperity and success, mirroring a similar picture at a national scale of the importance of housing in Aotearoa New Zealand's future.

The international literature warns against this relationship of dependence. Housing markets, which have become central to economic success, have also become more volatile. Those entering the housing market with more significant debt, are less likely to weather downturns and risk exiting the market due to negative equity (Arundel and Ronald 2020; Collins 2013). Despite this, the predominant narrative by politicians in Aotearoa New Zealand and globally is to favour homeownership and ensure that property assets continue to grow in value.

An alternative policy approach is advocated for in Australia by Parkinson et al. (2019), who recommend that the "goal of policymakers should be to enable young people to move towards secure independence through a tenure neutral mix of housing assistance". Their approach reflects the rationale of the 'happy renters' identified in the housing pathways. To support renting as a positive lifestyle choice, policy should support mixed tenure housing allowing for people to "live near opportunities for study and work; balancing flexibility with security within the dwelling and community; providing diversity and real choice in dwelling type, size and location; and helping households move towards independence and long-term financial freedom and security in owning or renting" (Parkinson et al. 2019, 1).

This recommendation takes the focus away from homeownership, which, without assistance schemes, often results in financial stress, dislocation of families, long commutes and poor environmental outcomes. However, as the desire for asset accumulation is so strong, alternative methods to ensure future security need to be created, either by reducing the housing market's inflation or through enabling financial security and wealth accumulation through alternative, non-housing related paths.

It is unlikely that society will shift from a view that housing financialisation is positive. Accordingly, the best approach appears to be expanded access to the tools and services demonstrably effective at transitioning people into affordable homeownership, such as shared ownership and shared equity schemes. It is vital that in order to reduce risk to potential buyers, wrap-around services, such as

financial literacy training, are offered in tandem and for the whole period of the shared ownership/equity scheme. Policy on access to affordable housing delivery also needs to reflect that individuals are also part of communities. They are both dependent on them for work, social interaction, family support and wellbeing. As well as, inherent to their success, individual community members are teachers, shop workers, nurses, childcare workers and children of an ageing population, and much more. In summary, those in the IHM reflect the cross-section of society that make communities thrive. Access to housing is not location-neutral, and every effort should be made to expand access to affordable homes within existing communities.

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Addendum. Preliminary insights into the response and impact of COVID-19

The COVID-19 pandemic abruptly disrupted ordinary life in March 2020. The full impacts of the six-week nationwide lockdown, and subsequent shorter lockdowns, are still emerging. It is widely acknowledged that Aotearoa New Zealand's economy has contracted significantly, which has already led to wide-scale job losses and the near collapse of some sectors. We have therefore summarised some of the preliminary Government economic response policies and how these may impact on the intermediate housing market. We have also included some potential secondary impacts on those within the IHM. This section is caveated by the fact that robust evidence on the impacts of COVID-19 is still emerging and limited.

The Government quickly implemented several policies to support individual households at housing insecurity risk, as well as policies and programmes to stimulate economic recovery. The individual measures primarily focused on protecting both homeowners and tenants from losing their properties and included rental price freezes. These were introduced through the [COVID-19 Response \(Urgent Management Measures\) Legislation Act 2020](#). This protected tenants by preventing residential rent increases until September 2020. Beyond the control period, some landlords may try and recapture losses and increase prices adding to household rent burden and potential insecurity.

Between March and June 2020 tenancy terminations were also prevented by the legislation. This temporary protection of tenants may have prevented the liquidation of assets for some landlords, although hardship requests could be put before the Tenancy Tribunal. Many landlords in the private sector are small-scale, with limited rental yield. The marginality of some housing investments could result in a drive to liquidate assets and reduce economic liability in a contracting employment market, this in turn could result in eviction of tenants when the legislation period expires.

Mortgage payment deferrals have also been introduced by the Reserve Bank of New Zealand. For those facing reduced or lost employment because of the COVID-19 pandemic, these deferrals could prevent exit from the house market and foreclosure on property.

Lower mortgage rates could result from the official cash rates predicted fall. The OCR could fall below 0 within 12 months, which if passed on through mortgage lenders could offer existing and potential home buyers the cheapest loans ever available in Aotearoa New Zealand. Banks are, however, tightening their lending criteria, which will make it more difficult to get a loan regardless of the Government's LVR requirements.

LVR restrictions were temporarily lifted in April 2020 as part of the Government's response to the COVID-19 pandemic and to stimulate the economy. Enabling first-time homebuyers into homeownership during a recession, demonstrates the ongoing financialisation of houses and the reliance of the economy on the housing sector.

The construction sector is regarded as one sector to drive economic recovery post-COVID. The term 'shovel-ready projects' has gained traction around the globe, and the Aotearoa New Zealand Government has implemented new powers to enable construction, including in the residential housing sector. For example, the inclusion of the Unitec redevelopment project listed under the Government's

'fast track' consent scheme for approximately 300-400 dwellings. The drive to build needs to be accompanied with a drive to provide complimentary access options, such as shared ownership, rent to buy in order that the construction drive benefits the intermediate housing market, rather than creating an asset investment opportunity.

For those in the intermediate housing market, the COVID-19 pandemic's impact will very much depend on the individual's preparedness for shock. There is potential for both positive and negative impacts. Unemployment levels are predicted to rise because of economic contraction, with whole sectors appearing to be at risk of collapse. As a result, it is inevitable that housing affordability will be an ever-growing issue with increasing unemployment. There is also potential that an economic downturn may reduce house prices, making access more possible for those that maintain employment. As noted, the full impact is still not fully understood, and may take years to become apparent.

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