



Rent-to-own

A policy to rebalance the housing market

Good housing is a human right, not a privilege, and it leads to strong communities

Everyone should have a home that allows them to live in peace, put down roots and be part of a community. To make this a reality we plan to rebalance the housing market and provide affordable pathways to home ownership.

The Green Party is focused on a rent-to-own scheme that will make home ownership a genuine choice for those least able to access it. It's for people who can't get into the housing market because of student debt, high rents, low wages, high housing costs, and high costs of raising a family. It's for people who can pay their weekly rent, but can't get ahead to save for a deposit.

The Green Party's confidence and supply agreement with the Labour Party commits us to delivering innovative home ownership models within government and community housing programmes, including a Rent-to-Own scheme.

How Rent-to-Own works

1. The government builds a home, or works in partnership with a community housing provider or iwi to build a home. Once built, a household moves in, knowing that one day the home will be theirs.
2. For the first few years, the household pays rent – but unlike a private rental or state house tenancy, part of their payment will go towards building equity in the home.
3. After a few years, combining this rental equity with their KiwiSaver, they will have built-up sufficient deposit to buy the home for themselves, and can continue paying off a mortgage rather than paying rent.

How Rent to Own is funded

Rent to Own schemes can be financially self-sustaining, with initial capital injection. The government supports the scheme with the upfront capital cost of the scheme, most likely from borrowing. Rent paid by the household goes towards offsetting interest and other costs.

Because Rent-to-Own means households pay rent and then buy their own home, over the lifetime of the programme the new home is paid for by the household.

Examples of Rent-to-Own

Progressive home ownership programmes like Rent-to-Own have been proven overseas:

- In Scotland the scheme is offered by the Scottish Government in partnership with local councils. The scheme provides affordable home ownership for local communities that come under intense housing pressure from tourists and seasonal workers:
<https://www.world-habitat.org/world-habitat-awards/winners-and-finalists/rent-to-buy-scheme/>
- A similar scheme in Northern Ireland called Co-Ownership is available for people who can afford to rent but cannot raise a mortgage:
<https://www.nidirect.gov.uk/articles/rent-to-own>

Here in Aotearoa New Zealand, a KiwiBuy programme very similar to our Rent-to-Own policy is running on a small scale through Habitat for Humanity and the Housing Foundation.

KiwiBuy

Under KiwiBuy Progressive Home Ownership you partner with a Community Housing Provider to help you on your journey to home ownership. You can move into a new home, paying a rent that is affordable based on your income, while you build up a deposit to buy your home, at its original value.

For more information about the KiwiBuy programme and Rent-to-Own:

Ben Ross, Habitat for Humanity: 027 523 1988

Campbell Roberts, Salvation Army: 027 450 6944

<https://kiwibuy.kiwi>