

# Progressive Home Ownership

## A definition in five components for decent housing

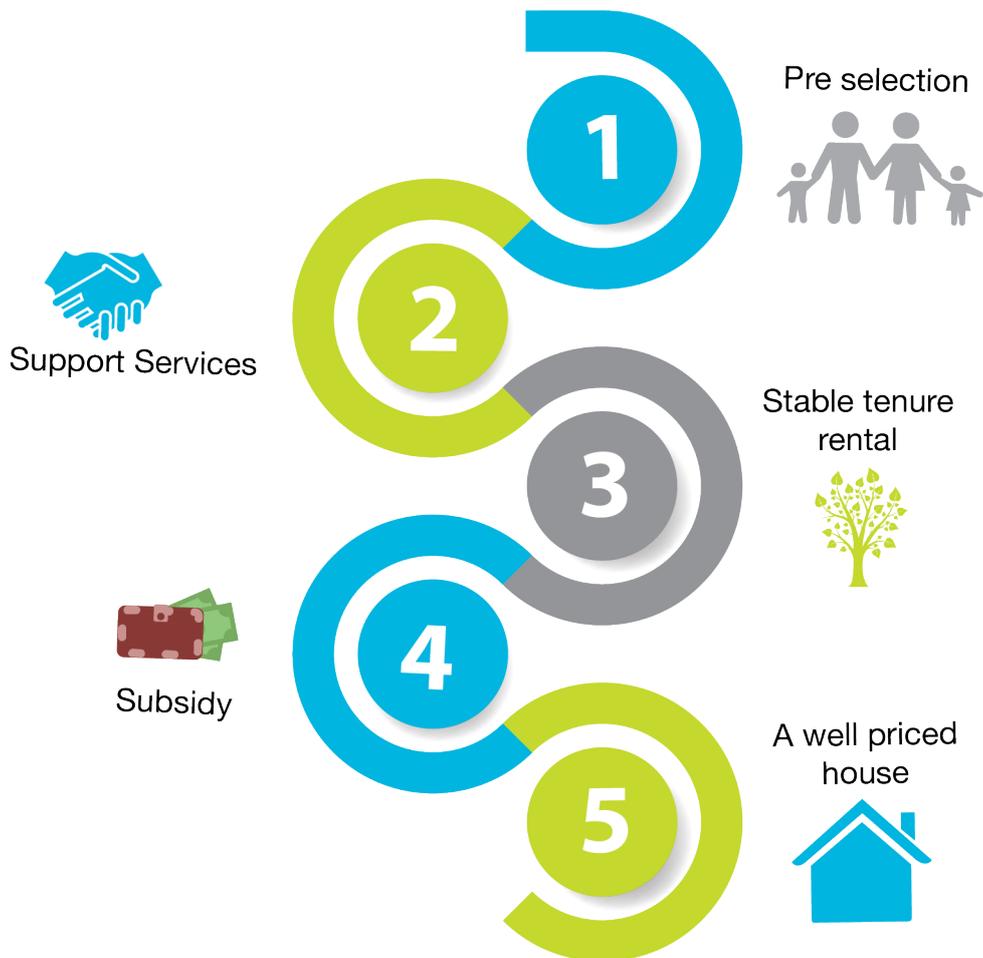
*Benjamin Ross, Habitat for Humanity New Zealand (2020)*

### Overview

The experience Habitat for Humanity has in assisting hundreds of families into home ownership over 25 years shows simple, decent housing creates lasting and positive impact for whole communities and across generations. It also demonstrates that there are many families for whom home ownership is not only possible but desirable, yet they are unable to achieve it on their own.

Habitat’s model of Progressive Home Ownership is both a product and a process to relieve poverty - permanently. It has five components.

## The five components of Progressive Home Ownership



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## 1. Pre-selection

The number of families with acute and demonstrated need for housing in Aotearoa has reached crisis levels. Progressive Home Ownership succeeds best when selection considers need beside future potential and willingness to partner.

### 1.1 Need

- Families with low or very low income, or in unaffordable housing.
- Families with vulnerable children, solo parents or other family considerations.
- Housing poverty, living in homes which are cold, damp, overcrowded or otherwise unsuitable.
- Families with psychosocial challenges including poor health, different abilities, or other factors.
- Extreme hardship.

### 1.2 Potential

With support many families can make dramatic changes to their livelihood. This might include education, access to childcare, government support, workplace support, or debt reduction.

### 1.3 Willingness

Working closely with families to understand their need and provide flexible support helps a family to meet partnership obligations and achieve the ultimate goal of home ownership. Families are required to contribute 500 hours of 'sweat equity' as part of their commitment to the partnership.

## 2. Support Services

Habitat both provides support services during the family's partnership, and assists them to navigate other social services. Habitat's services include budgeting, financial literacy, and home maintenance.

## 3. Stable tenure rental

A period of stabilisation, where the family pays a rent which is affordable, helps them to become ready for home ownership. The family's living situation improves immediately and continues to improve due to security of tenure and a suitable, affordable home to call their own. Over around five years, their payments build up a deposit which they can use to eventually refinance the home with a mortgage.

## 4. Subsidy

Both the social rental period and eventual independent home ownership require subsidisation. This could include financial mechanisms such as deferred settlement or shared equity, as well as subsidised rent. These are likely to be supported by existing government support such as the Homestart grant, accommodation supplement, income-related rent subsidy, Kiwisaver first home withdrawal and the Welcome Home Loan.

## 5. A well-priced house

The success of families through Progressive Home Ownership depends on the home being a suitable price - one that with the components above present and after a period of years, they are able to purchase the home with a bank mortgage at a rate which is affordable for them.