

Information Sheet: Reduced build costs and housing renewal activity

In the financial year ended 30 June 2026, Kāinga Ora delivered 2,136 new and upgraded homes, including newly built homes and significant upgrades to existing properties, while significantly reducing build costs.

Our average build cost is now \$2,713 per square metre, down from \$3,473 per square metre two years ago – a reduction of 22 percent.

The following Q&A outlines how Kāinga Ora has reduced build costs while continuing to deliver quality homes. It also explains our approach to renewing New Zealand's state-owned housing stock.

What factors have led to the reduction in your build costs?

Two key factors have driven down our build costs: a move to new standardised housing designs and significant improvements to our procurement processes.

Previously we developed bespoke designs for most new housing projects. We now use standardised housing designs, allowing us to build homes faster and at less cost. We developed the designs alongside our build partners and tradespeople to make sure they're practical and efficient, while still meeting the needs of our customers. Some of the improvements include:

- Streamlined layouts that are easier and quicker to build.
- Fewer cladding types for simpler construction.
- Standard sizing for walls, floors, windows, and cladding to reduce waste and cost.

These efficiencies have reduced costs without compromising the quality, durability or performance of our homes.

We've also reviewed how we buy materials and services to ensure we're getting the best value for money.

How do your build costs compare to the market and to Community Housing Providers?

Direct comparisons between Kāinga Ora build costs and those of private developers or Community Housing Providers can be difficult because projects are often built to different specifications and requirements. For example, our homes include some accessibility features,

like wider hallways. Also, unlike most private developers, we retain ownership and receive rental income over the full life of each home, so durability, maintenance costs and whole-of-life value are important factors in our design and construction decisions.

Do you buy homes from other developers to help meet your delivery targets?

Alongside our build programme, we routinely purchase newly built homes and residential developments in areas where there is high demand for social housing. In these cases, the developer manages the construction and consenting process, while Kāinga Ora works with them to ensure the homes meet the needs of our customers before purchase.

We may also acquire existing homes from the market where there is a specific need identified, for example, to help meet urgent housing demand or customer requirements. These homes are purchased at market value.

Why are you focusing on renewing your homes rather than growing the number of homes you own?

Kāinga Ora is a large asset manager with around 78,000 homes. As part of our Reset Plan, we committed to improving the quality and suitability of those homes.

It makes sense for us to focus on renewing our portfolio as around half of our homes are at least 40 years old, and many no longer meet modern expectations for social housing. These homes are also significantly more expensive to maintain, with around 65% of our maintenance budget spent on them.

By replacing these homes with modern homes, or retrofitting them, we can meet current standards, reduce long-term maintenance costs and provide better quality homes for whānau.

What's involved in retrofitting a home?

Retrofitting improves the warmth, comfort and energy efficiency of a home while extending its life by up to 50 years. It can also reduce maintenance requirements and help preserve homes that are located close to schools, jobs, shops and other services our customers need.

Typical work includes adding insulation to walls, ceilings and floors, installing double glazing, and updating heating systems and flooring. In some cases, the work may also include fitting new kitchens and bathrooms.

How do you decide whether to retrofit or replace?

We assess each property individually, considering factors such as its condition, location, demand for social housing in the area, nearby services and amenities, and whether the site has redevelopment potential.

Typically, we renovate older homes if they are close to the services and support our customers need and if the land is unsuitable for redevelopment.

If an older home is close to amenities, and it is possible to increase the number of homes on the same land, replacing the home with multiple new homes may be a good option.

We may decide to sell an older home and replace it with a new home elsewhere if it is no longer suitable for social housing, costly to maintain and isn't close to the amenities our customers need.

Your delivery numbers differ across the regions. Why is that?

Delivery activity varies across the country because housing needs, the condition of existing homes and opportunities for redevelopment differ from region to region.

Following the Kāinga Ora reset, our focus moved from growing the overall number of homes we own to prioritising the renewal of older homes, improving housing quality and making sure investment is directed to areas with the greatest need.

In some regions, this means fewer new homes are being built because our existing homes remain fit for purpose, demand for additional social housing is lower, or there are fewer opportunities for redevelopment. In other regions, we may be focused on retrofitting and upgrading existing homes rather than delivering large numbers of new homes.

We continue to review housing demand and the condition of our homes across the country to ensure our investment is targeted where it will have the greatest impact for customers and communities, as advised by the Ministry of Cities, Environment, Regions and Transport (MCERT).