Building the Future:

Backing First Home Buyers

Introduction

Owning a home is a central part of the Kiwi dream. Home ownership provides families with stability, financial security and a stronger stake in their communities. It is also part of what makes New Zealand an attractive place for ambitious young people to build a career, raise a family and invest in their future.

National believes that New Zealand should be a country where if you work hard, you should be able to get ahead.

That's why a re-elected National Government will introduce no new taxes, boost KiwiSaver savings, extend paid parental leave, implement a rates cap and lower the repayment rate for student loans. It's all part of our plan to make it easier for Kiwis to get ahead and build their future in New Zealand.

The next part of that plan is to support more New Zealanders to achieve the Kiwi dream of owning their own home by making it easier to get a deposit for a house through the First Home Loan scheme.

National will:

- **Widen access to 5 per cent deposit home loans** by extending the First Home Loan income cap to $300,000.
- **Apply the $300,000 income cap to all applicants** – a change from the current criteria of the First Home Loan scheme where the income cap for individual buyers with no dependents is $95,000 and multiple buyers combined or individual buyers with dependents is $150,000.

National wants more Kiwis to own their own home because that is part of how people build their financial security. Our long-term objective is to restore New Zealand to peak homeownership rates of around 74 per cent, up from 66 per cent currently.

Evidence increasingly suggests conditions are improving for prospective home buyers:

- First home buyers reached a record market share of 29 per cent in July 2026.
- Deposit affordability has improved by 11 per cent since December 2023.
- Mortgage serviceability has improved by 61 per cent over the same period as interest rates have come down, with the Official Cash Rate falling from 5.5 per cent in December 2023 to 2.75 per cent today.
- Housing supply continues to expand across major urban centres.
- Rents have remained broadly flat, after they went up an average of $180 per week under Labour.

These improvements demonstrate that increasing housing supply remains the most effective long-term solution to improving affordability.

However, affordability challenges remain, particularly for younger New Zealanders attempting to save a deposit while managing everyday living costs.

For many households, the largest obstacle to purchasing a first home is not servicing a mortgage but accumulating an adequate deposit.

Most lenders require borrowers to contribute a minimum deposit of 20 per cent. On a $750,000 home, that requires savings of $150,000 before a purchase can proceed.

The First Home Loan scheme helps overcome this barrier by allowing eligible buyers to purchase a home with a deposit of as little as 5 per cent. First Home Loans are issued by selected banks and other lenders, and underwritten by Kāinga Ora. This allows the lender to provide loans that would otherwise sit outside their lending standards.

The scheme was originally established in 2003 as the 'In Reach' pilot programme and was rebranded as the First Home Loan in 2019. It is administered through Kāinga Ora in partnership with participating lenders and has already helped over 33,000 households into home ownership. Between 1 July 2025 and 30 April 2026, more than 7,700 First Home Loan applications were approved.

The scheme has proven effective, but the income thresholds that determine eligibility have not kept pace with wage growth and current housing market conditions.

To be eligible for a 5 per cent deposit under the current scheme, individual buyers with no dependents must earn $95,000 or less. Multiple buyers combined or individual buyers with dependents must earn $150,000 or less

The average gross income of first home buyers is now approximately $146,000. This means around half of ordinary working households buying their first home exceed the current eligibility cap despite still facing significant deposit constraints.

To address this, a re-elected National Government will increase the income cap to $300,000, which means more Kiwis will be able to access a 5 per cent deposit rather than the standard 20 per cent. We will apply the $300,000 threshold to all applicants, including individuals without dependants.

Backing First Home Buyers

The current income limits under the First Home Loan scheme increasingly exclude many working New Zealanders who are capable of servicing a mortgage but still struggle to save a 20 per cent deposit as they juggle everyday costs like rent, food and childcare.

Current income limits under the First Home Loan scheme are:

Applicant Type	Current Income Cap
Individual buyer with no dependants	$95,000
Multiple buyers or individual buyers with dependants	$150,000 combined

Examples of people excluded from the current First Home Loan scheme:

- A junior doctor earning around $100,000.
- A young couple comprising an electrician earning $85,000 and a secondary school teacher earning $78,000.
- A couple comprising a civil engineer project manager on $130,000 and a nurse practitioner on $150,000.
- Two or three mates who have recently graduated from police college earning more than $77,000 each.

What National's changes means for first home buyers

The First Home Loan scheme reduces the size of the deposit required to purchase a home. For example:

Home Value	Standard 20% Deposit	First Home Loan 5% Deposit	Difference
$700,000	$140,000	$35,000	$105,000
$800,000	$160,000	$40,000	$120,000
$900,000	$180,000	$45,000	$135,000

National's changes mean that all first home buyers earning up to $300,000 will be able to access the scheme, no matter whether they are single without dependents or a couple.

Nobody will get a bigger mortgage than their bank says they can afford. The First Home Loan lowers the deposit hurdle, not the income servicing test. Lenders will still assess every applicant against stress-tested interest rates and their responsible lending obligations, and the lender ultimately makes the final decision.

This policy complements National's wider housing programme focused on increasing housing supply, improving affordability and lifting home ownership rates over time.

For three decades, a jungle of red tape constrained the supply of new homes, pushing rents higher and putting the dream of home ownership out of reach for tens of thousands of New Zealanders.

For the first time in a generation, that's changing. In July this year, first home buyers made up 29 per cent of all purchases – the highest monthly share in more than 20 years.

This Government's reforms have accelerated that success, by enabling greater housing supply in our city centres, close to rapid transit, and on greenfield sites on our urban fringe. That is because of work advanced by National including:

- The Going for Housing Growth programme
- Fast Track
- Permissive granny flat rules
- Earthquake-prone-building reform
- Improvements to the Building Act
- Tackling joint and several liability
- Major changes to the Credit Contracts and Consumer Finance Act
- Self-certification for trusted builders
- Unlocking safe overseas building products
- Upzoning Auckland through Plan Change 120
- Resource Management Act reform.

Fiscal Impact

The First Home Loan scheme cost approximately $14.5 million to administer during FY2024/25 while supporting 3,085 loan underwrites. This included the cost of Government subsidising the cost of Lenders Mortgage Insurance. The decision in Budget 2025 requiring borrowers to meet the full cost of Lenders Mortgage Insurance then substantially reduced the ongoing fiscal cost of the scheme.

Allowing for a doubling in the size of the First Home Loan scheme, the fiscal impact of this policy would be $4-6 million, which is expected to be funded from existing baselines.