



Registered Master Builders Association
of New Zealand Incorporated
Submission on RMA Package 2: Primary Sector

July 2025

The Registered Master Builders Association submission on Submission on RMA Package 2: Primary sector

The Registered Master Builders Association (Master Builders) welcomes the opportunity to submit to the Ministry for Environment on *RMA Package 2: Primary sector*

About Master Builders

The Master Builders represents over 3,000 commercial and residential builders and are the leading sector advocates on the built environment. Our members have been building the places where New Zealanders live, work, and play, since 1982.

Our sector is a key contributor to the New Zealand economy. For the year ended March 2024, the construction sector contributed 6.2 per cent of the country's real Gross Domestic Product (GDP) accounting to over \$17.2 billion¹. It also employed 294,100 people (or 10 per cent of the country's total workforce) in the year ended September 2024².

We are working hard to lead the change our sector needs by ensuring we have the regulatory systems and processes in place to build faster and better. We are supporting our members to grow their capability and business acumen to ensure a strong and healthy sector; to innovate and make the most of new technologies so we meet the climate change challenge; and to attract, train and retain skilled talent. We are proud to be New Zealand's best builders.

At Master Builders we are committed to transforming the sector and rebuilding our economy. We are focused on building better homes, communities and workplaces, and ultimately better lives for all New Zealanders. We want to ensure that the houses that we build now are well-built, accessible, affordable, and appropriate to the needs of our ever-changing society. We are building a better New Zealand.

Our members are supported on the ground by 23 branches across 6 regional hubs:

Branch hub	Serving
Auckland	Auckland, Northland, Coromandel
Midlands	Waikato, Tauranga, Whakatāne, Rotorua, Taupō
Central North Island	Taranaki, Whanganui, Hawke's Bay, Manawatū, Gisborne
Cook Strait	Wellington, Wairarapa, Nelson, Marlborough, West Coast
Canterbury	Canterbury, Ashburton, South Canterbury
Southern	Otago, Central Otago, Gore, Southland

¹ Statistics New Zealand – Infoshare: Gross domestic product – March 2024

² Statistics New Zealand – Infoshare: Household Labour Force Suvey – September 2024

1. Introduction

- 1.1 Master Builders appreciates the opportunity to submit on the RMA package 2: Primary Sector. We strongly support the proposal to ease restrictions on building houses on productive land, particularly the removal of Land Use Capability (LUC) Class 3 land from the definition of “Highly Productive Land” under the NPS-HPL.
- 1.2 We believe that making land more accessible is crucial for tackling New Zealand’s housing crisis.
- 1.3 We agree with the Government’s acknowledgment that the current NPS-HPL “has gone too far by protecting too [great] a quantity of land that could be better used for housing”.

2. Understanding Land Use Capability (LUC) Classes

- 2.1 New Zealand’s land is classified into eight Land Use Capability (LUC) classes based on its productive potential, LUC 1 being the most versatile and LUC 8 the least.
- 2.2 LUC 1 and 2 land have minimal to slight limitations and are well-suited to high-value horticulture and cropping, which is why they remain protected under national policy.
- 2.3 LUC 3 land has moderate limitations such as steeper slopes or lower soil quality and is typically used for grazing or limited cropping. It makes up the majority of land currently classified as “highly productive” under planning rules.
- 2.4 The proposed reforms would retain protections for LUC 1 and 2 land while removing blanket restrictions on LUC 3, allowing more flexibility for housing development where appropriate.

3. The Housing Crisis and Land Supply Constraints

- 3.1 A core driver of this crisis is the insufficient supply of developable land in areas where people need housing. Urban land comprises only a tiny fraction of NZ’s area, yet until recently up to 15% of the country’s land was effectively off-limits to development under the Highly Productive Land policy.
- 3.2 By including all LUC 1, 2 and 3 land in the protected category, councils were directed to avoid rezoning or subdividing vast peri-urban areas for housing. This artificially constrained land supply has had predictable economic effects: *inflated land prices and reduced housing affordability*.
- 3.3 Auckland is one of the primary examples of the housing crisis and a joint Housing Technical Working Group commissioned by the Ministry for Housing and Urban Development (MHUD) and the Treasury found that land-use restrictions (such as urban growth boundaries) added approximately \$378 per square metre to the price of land immediately inside the city’s rural-urban limit.
- 3.4 For a typical section, this eventuates in thousands of dollars extra cost attributable to land scarcity. It is clear that restrictive land use-rules have been a major factor in limiting housing supply responsiveness and pushing prices of reach for many New Zealanders.

4. Impact of LUC3 Restrictions on Housing Supply and Affordability

- 4.1 LUC Class 3 land has moderate limitations for agricultural use and makes up the majority of land currently classified as highly productive. LUC 3 land accounts for 64% of the land area currently protected under the NPS-HPL. Including in this category is a land area of roughly 10% of New Zealand’s land area that might otherwise have been used for urban growth that is mostly situated

on the fringes of cities and towns that will be the areas that would be logical to accommodate future growth.

4.2 By fencing off peri-urban paddocks from housing development the NPS-HPL has severely reduced councils' ability to rezone new greenfield areas for residential use. This does not follow the intent of the National Policy Statement on Urban Development (NPS-UD) which requires councils to ensure a sufficient 30-year supply of development capacity for housing.

4.3 LUC3 land is less versatile and productive for agriculture than Classes 1 and 2. Therefore many LUC3 areas are used for pastoral farming or have lower crop yields. As the NPS-HPL itself notes, Class 1 soils are the most versatile, Class 2 have only slight limitations, whereas Class 3 soils have "moderate limitations" for use.

4.4 Blanket protection of *all* LUC3 land ignored these nuances and imposed a high opportunity cost on society. It forced communities to forego thousands of homes in locations that are arguably of modest agricultural value.

4.5

5. The Need for More Infrastructure-Enabled Greenfield Land

5.1 While intensification within existing urban areas is an important part of the solution (and we continue to support the MDRS and NPS-UD measures to enable building "up" in appropriate locations), it alone cannot resolve the housing shortage.

5.2 Rapid population growth and years of accumulated undersupply mean we need both urban intensification and urban expansion. Unlocking new greenfield land, especially on the fringes of high-demand cities, is essential to provide the mix of housing types that New Zealanders require from apartments and townhouses to traditional family homes with a backyard. Greenfield developments can particularly cater to family-sized housing and lower-density affordable options that may not be delivered through inner-city intensification.

5.3 We believe that while the freeing up of land is a step in the right direction, it will not succeed unless the land is properly infrastructure-enabled. This particularly applies to new urban growth areas that includes transport links, water supply, wastewater and stormwater.

5.4 We support the government's focus on innovative infrastructure funding and financing tools that proposes for development levies to fund trunk infrastructure and the intention to make housing growth a priority for NZTA transport funding. Much of this relates to Going for Housing Growth Pillar 2 and will be covered in our other submissions.

6. Conclusion

6.1 Master Builders fully supports increasing the supply of infrastructure ready greenfield land for housing that will make it easier to deliver more affordable and attainable homes for Kiwi families.

6.2 We commend the Government's balanced approach of protecting the highest quality soils (LUC1 and 2) and truly important food-growing areas, while lifting undue restrictions on Class 3 land that can be better purposed for housing.

- 6.3 We fully support the proposed amendments to the NPS-HPL to remove LUC3 land from urban development restrictions. This will significantly benefit Auckland's growth and reduce the land cost premium. Sensible urban expansion onto lower-value productive land can greatly assist in alleviating the housing crisis, without endangering New Zealand's food security or environment.
- 6.4 Master Builders would like to thank you for the opportunity to contribute to this consultation. We welcome the government to proceed with LUC3 exemptions and related measures to "go for housing growth" and would like welcome further engagement as the changes are finalised and implemented.

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