

Extract from Weekly Report for period ending 1 March 2024

Update on Teitei Drive, Ohakune Development

The updated masterplan for the mixed-housing development at Teitei Drive in Ohakune was finalised in December and the associated costs have now been updated.

It has been established that the land development costs are higher than was originally anticipated and as such, the \$5.2 million that has been allocated by the Crown Infrastructure Partnership (CIP) is no longer sufficient to complete the project as currently scoped.

This means that the project is not financially viable for Kāinga Ora.

We have considered multiple options, but none work with the allocated funding. Kāinga Ora is not able to provide funding above that which would be incurred in its normal residential social housing redevelopment activity.

Therefore, we will not be able to proceed as the master developer, as per the sales and development agreement signed between Ruapehu District Council (RDC) and Kāinga Ora.

However, we will continue to support RDC as a partner should they choose to proceed with the project.

We are proposing to offer:

- to remain on the project as development managers, ensuring the council has access to the required expertise and as delivery agent of the \$5.2million CIP funding.
- to pre-purchase the 15 lots allocated for public housing to help fund the project.
- to deliver the 15 public homes.

Through recent engagement with the community, we had indicated that we would be lodging a resource consent for enabling works on the site in February. Given the current position, we will no longer be submitting this application.

- Given the partnership agreement, it is our intention to formally advise RDC and Ngati Rangī this week.
- We will work with our partners to update the community thereafter.
- We will continue to keep your office informed.

We remain committed to working closely with Ruapehu District Council and Ngati Rangī to explore opportunities to deliver affordable housing, as together we recognise the need for housing in Ruapehu District.

Mark Fraser
GM – Urban Development and Delivery

Out of Scope

-----Original Message-----

From: Humayun Khan [mailto:xxxxxxx.xxxx@xxx.xxxx.xx]

Sent: 26 March 2024 10:31 AM

To: Andre Stuart [mailto:xxxxx.xxxxxx@xxxxxxxxxx.xxxx.xx]

CC: Aileen Maniti [mailto:xxxxxx.xxxxxx@xxxxxxxxxx.xxxx.xx], Ritashna Maharaj-Chand [mailto:Ritashna.Maharaj-xxxxx@xxxxxxxxxx.xxxx.xx], Jackie Field [mailto:xxxxxx.xxxxxx@xxx.xxxx.xx]

Subject: RE: Ohakune Social Housing Project - Status / Monthly Report

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Hi Andre

Thank you for the formal confirmation of the Ohakune Social Housing Project Status. If I have any questions or if there is any follow up required from HUD, I will get in touch.

Regards
Humayun

[IN-CONFIDENCE:RELEASE EXTERNAL]

From: Andre Stuart

Sent: Monday, March 25, 2024 8:54 AM

To: Humayun Khan

Cc: Aileen Maniti ; Ritashna Maharaj-Chand ; Jackie Field

Subject: Ohakune Social Housing Project - Status / Monthly Report

Morning Humayun,

I trust you have had a good weekend.

I wanted to formalise the conversations we have had regarding the Ohakune Social Housing project with the below commentary. This month's report was a repeat of the January report, while we work through the next steps.

Any questions please drop me a line.

- Kainga Ora - Homes and Communities has withdrawn as the developer of the proposed mixed housing development in Teitei Drive in Ohakune. As Kāinga Ora has progressed further through design and planning phases, it has become clear that the CIP funding will not be sufficient to complete the project as it was originally proposed three years ago. This, combined with current economic and market pressures, has meant that the project is not financially viable for Kainga Ora, and they would be unable to deliver on the affordable housing outcomes.
- It is estimated that, if Kāinga Ora were to proceed, the project would be completed at a deficit of between \$2-3million.
- The Teitei Drive development was proposed to have Kāinga Ora as the master developer. This would mean they would undertake planning and design work to deliver 44 homes in Stage 1, including land development and public infrastructure.
- Costs facing housing builders and developers across the country have risen significantly since this project was initially proposed by Ruapehu District Council in 2021. In addition, Kāinga Ora's ability to deliver affordable housing outcomes in this development has become increasingly challenging.
- Kāinga Ora has considered multiple options, but none work with the allocated funding and address the market risk associated with the affordable and rental housing in this location. Kāinga Ora is not able to provide funding above that which would be

incurred in its normal residential social housing redevelopment activity, or address the market risk.

- Therefore, Kāinga Ora is not proceeding as the master developer, as per the sales and development agreement signed between Ruapehu District Council (RDC) and Kāinga Ora.
- However, Kāinga Ora has offered to continue to support RDC as a partner should they choose to proceed with the project.
- Kāinga Ora offered:
 - <!--[if !supportLists]-->• <!--[endif]-->to remain on the project as development managers, ensuring the council has access to the required expertise and as delivery agent of the \$5.2million CIP funding.
 - <!--[if !supportLists]-->• <!--[endif]-->To pre-purchase the 15 lots allocated for public housing to help fund the project.
 - <!--[if !supportLists]-->• <!--[endif]-->To deliver the 15 public homes.

Thanks, Andre

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Andre Stuart

Senior Programme Manager - Funding
Urban Development - Delivery

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Report on correspondence

Ministerial number	MI 24 0059
Correspondent Address	Barry Murphy, President Ohakune Ratepayers and Residents' Society Inc service@ors.nz
Subject	Development at Teitei Drive, Ohakune

Summary of correspondence

On 29 February 2024, Barry Murphy, President of the Ohakune Ratepayers and Residents' Society Inc (the Society) wrote to the Minister of Housing, Hon Chris Bishop to advise that the Society is considering class action litigation against Kāinga Ora. The Society's concerns are both local and national, and relate mainly to how Kāinga Ora engages with communities over new developments, and its management of disruptive behaviour.

Background

Kāinga Ora has responded to Mr Murphy and/or the Society across approximately 100 Official Information Act requests or items of ministerial/general correspondence, for a range of information related to the Teitei Drive development along with related information, such as management of disruptive behaviour and alleged conflict of interest.

All information requests have been responded to within the legislated timeframe and we have addressed all concerns raised in Ministerial and general correspondence.

Proposed response

The proposed response thanks Mr Murphy for his email and notes his concerns regarding the consultation practices and disruptive behaviour management at Kāinga Ora. It advises that the independent review of Kāinga Ora includes these matters in its terms of reference.

The response advises that the Government's recent Interim Letter of Expectations to the Kāinga Ora Board directed the organisation to ensure policies are in place to genuinely engage with communities, as well as strengthening management of disruptive behaviour by tenants.

The response also confirms that Kāinga Ora has withdrawn as the developer of the proposed mixed housing development in Teitei Drive, Ohakune, and is no longer submitting an application for resource consent.

Consultation and approval

- Aileen Maniti Project Director
- Tiana Miocevich, Principal Advisor – UDD
- Linda Heerink, Senior Communications Advisor
- Barbara Walker, Senior Advisor ODCE Central
- Lucy Kitching, Senior Advisor - Communications