

From: Graeme Broderick <Graeme.Broderick@kaingaora.govt.nz>
Sent: Friday, 14 June 2024 4:09 PM
To: Clive Manley
Subject: RE: CONFIDENTIAL: Recovery of costs Teitei Drive, Ohakune Housing Development
Sensitivity: Confidential

Kia ora Clive,

Thank you for your time recently to discuss the recovery of Council costs.

Kāinga Ora was invited to partner with Council and Ngati Rangī to deliver much needed housing for the Ohakune community. We entered the partnership in good faith and acknowledge that the intention was for the project to be cost neutral for all parties on delivery of the outcomes.

We value the collaboration and partnership we have built with Council, however, as we discussed, Kāinga Ora has no liability to cover Council's costs, and regretfully it is not in a position to cover these costs.

Ngā mihi

Graeme



Graeme Broderick

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From: Clive Manley <Clive.Manley@ruapehudc.govt.nz>
Sent: Thursday, May 9, 2024 9:37 AM
To: Graeme Broderick <Graeme.Broderick@kaingaora.govt.nz>
Cc: ree@reeanderson.co.nz; Quentin Speers <Quentin.Speers@ruapehudc.govt.nz>; Melissa Jackson <Melissa.Jackson@ruapehudc.govt.nz>

Subject: CONFIDENTIAL: Recovery of costs Teitei Drive, Ohakune Housing Development
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RE: CONFIDENTIAL Teitei Drive Housing Development - Recovery of Costs

Kia ora Graeme

As we had previously discussed, I am now approaching you to assist the Council in recovering costs that it has incurred during the period that it worked and partnered with Kāinga Ora to advance public, market rental and affordable housing at Teitei Drive, Ohakune.

As you are aware, the Council's original application for funding of \$5.2M for the development of 44 housing lots at Teitei Drive was not approved in late 2020 by Crown Infrastructure Partners (CIP). Rather, CIP subsequently entered a Funding Agreement directly with Kāinga Ora on the basis that Kāinga Ora would work with RDC and Ngāti Rangī on the Teitei Drive housing development. These Agreements (between Kāinga Ora and MHUD; and RDC and Kāinga Ora) were not signed until 4 April 2023. However, ongoing partnering, due diligence and business case studies were undertaken throughout 2021-2023 to enable government and Ministers to have confidence in the Teitei Drive housing project and enter into Formal Agreements.

As you will appreciate the Council has engaged planning, engineering and legal consultants throughout this time so that it could assist Kāinga Ora, the Council and Ngāti Rangī to meet mutual and shared goals of providing more social and affordable housing in Ohakune. Work undertaken by Council's consultants, in particular Ree Anderson Consulting Ltd, Morrison Low, and Le Pine and Co has included:

- 2021-22. Workshops, meetings and site visits with Kāinga Ora and Ngāti Rangī to confirm possible partnering arrangements, meetings with PwC, the provision of information from previous due diligence, provision of advice and information on Council infrastructure, building and resource consent data, reports to council/committee
- 2022-23. Meetings, site visits, review Development Partner Agreements; liaison, reports to committees
- 2023-24 Attendance at DPM (Development Partner Meetings) and site visits, review of documentation such as Project Plan, advice on previous due diligence, review of technical reports including consenting documents and provide feedback, responding to LGOIMA requests liaison on Council infrastructure, reports to council/committee

The total consultancy and legal costs for this work over the last 3.5 years is \$268,158.60. A copy of the excel spreadsheet that itemises these costs for each financial year is attached.

It was acknowledged as the Teitei Drive project advanced, and as part of the due diligence process between CIP and Kāinga Ora that some of the Council costs were not going to be covered by the CIP funding, in particular the costs to Council of engaging consultants to participate in the development of the proposal and the partnering process. It was then agreed with Kāinga Ora that Council's land at Teitei Drive (effectively 1.6 hectares for the Super Lot and creation 44 lots) would not now be given as a local share but would be sold to Kāinga Ora. This was included

in the Sale and Development Agreement between RDC and Kāinga Ora. The sale of the land for an agreed **s 9(2)(j)** + gst (if any) would then cover costs incurred by the Council. At the same time, the sale of the subject land and payment was not expected until mid 2025 (following the completion of milestones as per the Sale and Development Agreement).

As Kāinga Ora has now withdrawn from the Project, the sale of 1.6 ha of Council land at Teitei Drive to Kāinga Ora will not proceed and it means that Council has incurred costs that it thought would be recoverable. Council always entered into arrangements on the basis of the project being cost neutral as per its original CIP funding application.

As we discussed, my request is that costs incurred by Council be reimbursed by Kāinga Ora. It is accepted that work with Kāinga Ora commenced in January 2021 and concluded in February 2024, following the announcement of Kāinga Ora to withdraw from the project. It is also acknowledged that the proposed sale of the approximately 1.6 ha of land at Teitei Drive would not have been completed for another year and that a portion of the **s 9(2)(i)** would be available for work undertaken by consultants to Council from March 2024-June 2025 if the project were proceeding. I therefore propose seeking reimbursement from Kāinga Ora to cover costs to date incurred since January 2021.

I ask that you consider this request. I am very happy to discuss and look forward to resolving this matter with you.

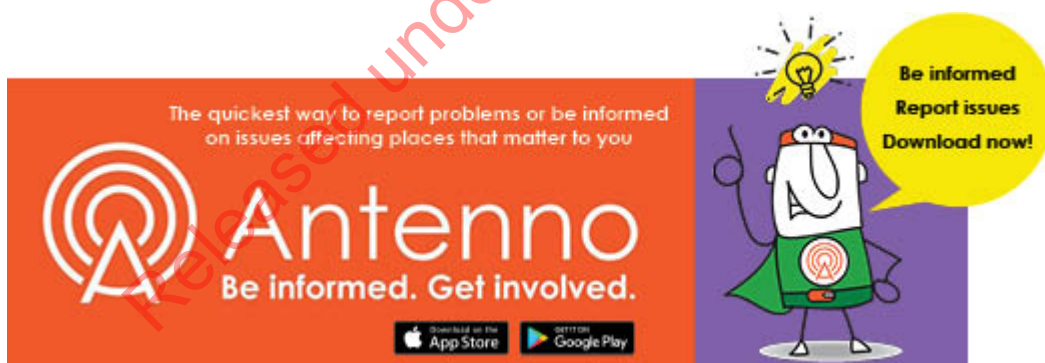
Many thanks..

I look forward to hearing from you soon.

Kind regards,
Clive Manley

Clive Manley
Chief Executive
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