

12 June 2023

Ohakune Ratepayers and Residents' Society
fyi-request-26176-17c4b8fb@requests.fyi.org.nz

Tēnā koutou Ohakune Ratepayers and Residents' Society

Thank you for your email of 9 May 2024 to Kāinga Ora – Homes and Communities requesting further information on the proposed development at Teitei Drive, Ohakune, which Kāinga Ora withdrew from in February 2024. Kāinga Ora has considered your request under the Official Information Act 1982 (the Act).

I will respond to each part of your request in an asked and answered format below.

3./ What changed between the shortfall of \$2.3m discovered 1 month (May 2023) after contract signing (April 2023), and the shortfall that ultimately killed the project with letter sent end of feb 2024

KO RESPONSE: What changed between May and April 2023 and the decision not to proceed with the redevelopment, is that Kāinga Ora progressed further through the design and planning phases over this period. The construction cost estimate was further refined, and the estimated land development construction cost increased from the initial estimate.

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Q 1./ In relation to the above, please provide documentation supporting this statement. O re-enforce that the contract was signed April 2023 and that KO increased the budget a month later (May/June) and KO emailed CIP to update the budget to reflect such. So again, please provide supporting documentation , budgets and refinements and the amounts changed for each part of the project to account for the additional \$2.3m budget increase.

Kāinga Ora has interpreted this as a request for the feasibility budget documents. We are declining your request for these documents under section 9(2)(j) of the Act, 'to enable a Minister of the Crown or any Department of organisation holding the information to carry on, without prejudice or disadvantage negotiations (including commercial and industrial negotiations)'. In making our decision we have considered the public interest in providing the information but determined that it does not outweigh the need to withhold it.

I note that Kāinga Ora has already provided you in previous responses with QS construction cost estimates that demonstrate the budget increase.

4./ "The Partners" advertised "Affordable" housing and "Workers Accommodation" throughout campaign, knowing \$7.5m or \$170,454 (EXCL GST) average per lot and before any cost overruns, please provide supporting documentation to support the claim of being affordable when compared to market available lots (with more land) under this price being available.

KO RESPONSE: 'Affordable housing' and 'workers' accommodation' refer to sale or rent of the finished built home to an end purchaser or renter, comparable to properties available on the market at the time. There was no set price.

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Q2./ KO has previously stated it would not make a loss on the project; based on the numbers I have quoted in my question, would KO have sold LOTS below \$170k (market rates) or would they have covered costs, i.,e. selling LOTS above \$170k. Please provide a detailed response.

The lots for the 15 affordable homes and 14 homes earmarked as long-term rentals would have been on-sold to a potential developer or developers to deliver this component of the sale and purchase agreement, as Kāinga Ora only builds social housing. In order for developers to deliver these conditions of affordable and build-to-rent homes, the vacant lots would need to be sold below market prices.

Q3./ Two documents are referenced in the cost estimate, KOHC Concept Drawings 21.9.2022, please confirm these are the ones already released under OIA on your website that were hand drawn, if not please provide a copy. Second document is 200801 Rev 1.18, if this is date related (2008) we have not seen a copy, I also do not recall seeing this titled document, so please send a copy.

The documents you refer to are:

- Teitei Drive Concept document: 21 September 2022
- Ruapehu District Council Teitei Drive Site Development Feasibility Report 200801 Rev,1:18 December 2020.

I attach a copy of the 21 September 2022 Concept document. The Site Feasibility Report of 18 December 2020 is publicly available here: [01.-RDC-emails-Feb-to-July-2022.pdf \(kaingaora.govt.nz\)](#)

Q4./ The report provided in Feb 2023 (2 months before signing the April 2023 agreement with CIP/HUD) shows a total cost of \$5.57m. Is Kāinga Ora admitting that at the time of signing the agreement with HUD that the documentation signed was not true (KO signed for the \$5.3m with no partner funding required), or did you not fully account for the contingencies when signing the April 2023 agreement?

The funding agreement signed between Kāinga Ora and HUD was an agreement for the allocation of \$5.2m CIP funding for stage 1 land development. It is not an agreement for how much the final total land development was, or was not, expected to cost.

Q5./ In May 2023 & June 2023, KO discussed in DPM meeting and emailed CIP stating that a \$2.3m shortfall would be covered by KO, this was 3 months after the supplied report and 1 month after signing the agreement with HUD. What price increase was discovered for KO to email CIP requesting the budget be increased to \$7.5m?

I refer you to my response to Q1, above.

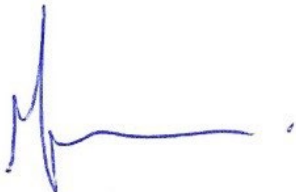
Q6./ The land in the report is shown as \$1, was any amount from Q5 allocated to sudden land increase costs and if so how much?

I can confirm that the \$5.57m referred to specifically relates to land development costs, not land acquisition values.

You have the right to seek an investigation and review by the Ombudsman of my decision on your request. Information about how to make a complaint is available at www.ombudsman.parliament.nz or Freephone 0800 802 602.

Please note that Kāinga Ora proactively releases our responses to official information requests where possible. Our response to your request may be published at kaingaora.govt.nz/publications/official-information-requests/ with your personal information removed.

Nāku noa, nā

A handwritten signature in blue ink, appearing to read 'Mark Fraser', with a long horizontal stroke extending to the right.

Mark Fraser
General Manager – Urban Development and Delivery