HUD2023-003460

Ohakune Ratepayers and Residents' Society Inc
fyi-request-24691-921fc9f0@requests.fyi.org.nz

Dear Ohakune Ratepayers and Residents' Society Inc

On the 9 November 2023, you emailed Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development (HUD) regarding 6 Teitei Drive, which is also known as the Ohakune Social Housing Project (the Project).

Please find below some background information regarding the Project.

History

Following local body elections in 2019, Ruapehu District Council (RDC) identified housing as a key need for the district and developed objectives to address housing supply and affordability issues.

The Project is a multi-stage development on 9.5ha of residentially zoned RDC-owned land in Ohakune. Stage 1 will focus on building houses on 44 lots to address acute local housing challenges. The Project will be delivered via a partnership between RDC, Ngāti Rangi and Kāinga Ora – Homes and Communities to develop 44 dwellings, comprising a combination of social housing, market price-capped housing stock, and houses designated for long-term rental accommodation for local residents. Stages 2-3 comprise 90 build ready sections to be developed by RDC.

There are two parts to Stage 1 of the Project:

- Land development to provide 44 individual, serviced and ready to build lots.
- House construction for delivery of 44 homes comprising 15 public homes, 15 affordable homes and 14 worker-rental homes under a separate sale and development agreement with RDC. The public homes will be retained by Kāinga Ora.

Land Development

On 21 December 2021, the Infrastructure Reference Group Ministers approved the release of $5.2 million in Crown funds to HUD and Kāinga Ora as a grant for the land development of the Project. In consultation with Crown Infrastructure Partners, HUD and Kāinga Ora have negotiated a standalone shovel ready funding agreement.

The primary role of Kāinga Ora is to be the Government's delivery agent for the land development of the Project. The $5.2 million in funding is being distributed by HUD.

On 4 April 2023, the standalone funding agreement was signed between Kāinga Ora and HUD for the land development. The total funding to be distributed by HUD as by the funding agreement, is up to $5.2 million plus GST (if any). Kāinga Ora is required to fund all other costs (including any and all cost overruns and any funding shortfall) required to complete the land development of the Project.

House Construction

HUD is not a party to the house construction part of the project. Any house construction questions will need to be directed to Kāinga Ora.

In response to the questions you raised within your email of 9 November 2023:

Funding agreement Q1282 between Kāinga Ora & HUD

This opinion and any questions need to be directed to Kāinga Ora as item 3.6(a) in the agreement is the responsibility of Kāinga Ora.

Questioning the Funding – Notes from CIP Meeting 11 December 2020

The funding has been through many stages as outlined in the information (appendices 2,3 and 4) you provided.

In April 2021, the rescoped Moore Street project was approved by Ministers. In December 2021, an update proposal for Teitei Drive Stage 1 was signed off by Ministers.

Any questions regarding feasibility and cost queries need to be addressed to Kāinga Ora.

Questioning whether the conflicts of interest have all been fully disclosed

Any questions regarding conflict of interest need to be addressed to Kāinga Ora.

On the 23 January 2024, you requested further information relating to the Project under the Official Information Act 1982 (the Act). We advised you on the 25 January 2024, that we had transferred questions 2, 3 and 7 to Kāinga Ora, under Section 14 of the Act, which is a mandatory transfer requirement in circumstances where the agency dealing with the request has a genuine belief that the information is either held by another agency, or more closely connected with another agency's functions. You can expect a response from Kāinga Ora in due course.

In response to your questions of 23 January 2024:

1) **Please provide the most recent documentation that refers to the "RDC will provide $2.3m of co-funding for the land development of the Project”**

This was an error by HUD. Any cost overrun above the $5.2 million will be funded by Kāinga Ora.

2) **On 4th April an agreement was signed between HUD & KO for $5.2m, the next month this was increased (at KO expense). We have sighted emails between May - July 2023 stating the figure had ballooned to $7.5m which KO would fund by "selling houses". Please provide copies of emails or documents that relate to this change and any discussions around them between this same time frame.**

As advised, HUD has transferred this question to Kāinga Ora, however as previously stated, HUD is clear that any cost overrun above the $5.2m will be funded by Kāinga Ora.

3) **On 4th August 2023, we discovered a Conflict of Interest (COI) between a Project Lead, Giles Tait, who owns a property via Trust that neighbour’s stage 1 of the project, It was stated a verbal COI was given when he joined in October, but he only registered an official COI in on 7th August after written parliamentary questions and media questioning. The**

contract between HUD & KO has provisions for registering conflicts, please provide copies dates and conflicts registered against the project.

As advised, any questions regarding conflict of interest need to be addressed to Kāinga Ora.

4) **Does HUD have any involvement in Stage 2 or Stage 3, if so, please provide documentation and proposed dates.**

No, HUD is only involved in Stage 1.

5) **You mentioned "There are two parts to Stage 1 of the Project", are you aware that on 28th November KO sent a letter out to residents and ratepayers that they are changing it to a 3 parts. They had committed to notify the consents, 2 of which are with RDC (lodged July 2023) and 1 which is with Horizon (lodged August 2023). The intention is now to lodge a new consent, non notified, to complete earthworks to receive funding before funding expires late march 2024. For context, see. We believe, according to the contract, HUD would need to approve this change. Please provide copies of emails or documents related to this change.**

The reference to two parts to Stage 1 meant:

1. Land Development – Enabling the land with section infrastructure so houses can be constructed.
2. House Construction – Building house on sections.

HUD is only involved in distributing and managing the $5.2 million Crown funding for land development.

6) **Was the change in scope referred to in point (5) above approved by HUD? Please provide approvals relating to this change.**

No. Contact Kāinga Ora for information on approvals.

7) **While funding and all communications talks about 44 lots, 46 residential lots have been applied for. Please provide documentation or emails relating to the use or ownership of the additional two residential lots.**

As advised, any questions regarding residentials lots need to be addressed to Kāinga Ora.

8) **Has HUD or is HUD aware of any incentive being provided to Ngāti Rangi to have them partner on the project?**

No.

9) **Is HUD aware of the draft agreement between KO & Ngāti Rangi for an incentive (land or priority access to housing) to have them partner on the project?**

HUD is aware of a draft agreement but has not seen a copy.

You have the right to seek an investigation and review of my response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website at: www.ombudsman.parliament.nz.

As part of our ongoing commitment to openness and transparency, the Ministry proactively releases information and documents that may be of interest to the public. As such, this response, with your personal details removed, may be published on our website.

Yours sincerely

Tony De Gregorio
Head of Finance
Te Tūāpapa Kura Kāinga – Ministry of Housing and Urban Development