

From: Andre Stuart

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

To: 'Humayun.Khan@hud.govt.nz' <Humayun.Khan@hud.govt.nz>

Cc: Aileen Maniti <Aileen.Maniti@kaingaora.govt.nz>; Ritashna Maharaj-Chand <Ritashna.Maharaj-Chand@kaingaora.govt.nz>; 'Jackie.Field@hud.govt.nz' <Jackie.Field@hud.govt.nz>

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- Kainga Ora - Homes and Communities has withdrawn as the developer of the proposed mixed housing development in Teitei Drive in Ohakune.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:
 - 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.

Thanks, Andre

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