

# Out of scope

**From:** Gabby Boag  
**Sent:** Friday, February 23, 2024 5:42 PM  
**To:** James Kennelly (xxxxx.xxxxxxx@xxxxxxxxxx.xxxx.xx) <james.kennelly@parliament.govt.nz>  
**Cc:** Rachel Kelly <xxxxxx.xxxxx@xxxxxxxxxx.xxxx.xx>  
**Subject:** Heads Up: Update on Teitei Drive, Ohakune Development

Hi James – we're sending the below advice through as a heads up for the Minister. Apologies that it's coming through so late in the day on a Friday, but given the high level of community interest in the proposed Teitei Drive, Ohakune Development, we thought it best to provide the following high level update today:

- 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 \$5.2million 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 early next week (Tuesday).
- 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.

Regards

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