



Barry Murphy – President
Ohakune Ratepayers and Residents' Society Inc
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29 November 2023

Dear Hon Chris Bishop,

I am writing to you with an update to a report emailed to you in the last week from the Society regarding this same matter

We have grave concerns with respect to a letter received today by email and hand delivered in the neighbourhood surrounding the proposed build site at Teitei Drive Ohakune. ([See Appendix 1](#))

In summary, the letter explains that a new resource consent will be submitted in early 2024 to enable earthworks at the site and that the new resource consent *“does not include the subdivision of individual lots”* and that *“The land use and subdivision designs will be part of a second resource consent application”*.

We note that there is already two resource consents lodged with Ruapehu District Council in July 2023 and being processed with agreement that they will be notified and S.92 requests for further information extant and overdue. These two resource consents were submitted as Non Complying Activities rather than as Permitted Activities - on the basis of them being non notified, with less than minor effects - as per reports provided to the then Ministers to approve the above funding, (See [Appendix 3](#) & [Appendix 4](#)). We suggest this is a serious breach of duty to the then Minister by KO and officials and was a big part of the reason funding was finally approved.

We also note that the applicants have belatedly lodge applications with Horizons Regional Council in August 2023 and that these have requests for further applications outstanding AND agreement the applications will be notified and a joint hearing held.

It appears that this change in tack is a clear attempt to meet the initial condition of the funding agreement between HUD and KO relating to the IRG Covid Relief Government Grant for ‘shovel ready projects – this requires the project to be started within 12 months and the cut off date is 31 March 2024.

There is also still to be lodged a follow-up application for land use consent due on the initial time-line in mid 2024 (but likely delayed) to address the siting of the non-complying dwellings, access and parking breaches. Our independent technical and legal research shows that these current and the future resource consents would likely (as presently presented) fail to meet the policies and rules on a number of matters, including infrastructure design.

In addition, we note KO's own 2023 Policy Document Building Design requirements are also not complied with. With this knowledge and the prospect of protracted litigation – Judicial Review and/or Environment Court appeals - KO has now changed tack in a last gasp attempt to obfuscate the real issues surrounding the development. That is that there is a real issue around the use of the taxpayer's moneys via the aforesaid Grant.

We advise originally funding was declined on two occasions, due to concerns that the project was not "Shovel Ready" and that there were concerns with both the Working Group (WG) and the Steering Group" (SG). (See [Appendix 2](#))

"CIP working group perspective difficult to bring back Project 2 again to SG"

"cannot see SG changing their minds"

This Teitei Housing project has already incurred consultancy costs of over \$600,000 (not counting staff time) before breaking ground, before any infrastructure is put in place. Other development costings have been advised (but not verified), before appropriate consents have been approved (and conditions known if approved) and clearly without community support. We consider the proposal at this stage to not be practical or credible. We estimate that figure for consultants will rise to in excess of \$1m before works commencing, being a large amount of the balance Grant approved and that the overall project cost will continue to skyrocket.

In summary - With the addition of another consent relating solely to "earthworks", Kainga Ora & Ruapehu District Council hope to achieve compliance with the CIP/IRG Funding, viz. Breaking ground within 12 months of contract, being a condition of the agreement for this "Shovel Ready" Grant. They also are trying to get an approval that would then permit an add-on consent for subdivision (Because 'you' approved the earthworks.)

As taxpayers and ratepayers we are deeply concerned. We have currently troubled fiscal times, and there is doubt as to who is to pay for the very likely blowout in costs to achieve this unwanted development.

I ask that you carry out a full audit and investigation into this development proposal, its costings and future liability as a priority as it is time sensitive and critical.

Given the intention to commission an independent review into Kainga Ora's financial situation (#49 on the governments 100 plan), procurement and asset management we consider that pending this review (which may take some time as KO will obfuscate) a moratorium on development expenditure be put in place immediately

Many thanks for your time.

A handwritten signature in black ink, appearing to read 'Barry Murphy', with a long horizontal stroke extending to the right.

Barry Murphy

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28 November 2023

Teitei Drive development update

Kia ora,

Ruapehu District Council has partnered with Kāinga Ora – Homes and Communities and Ngāti Rangī to enable the development of residential zoned vacant land at Teitei Drive in Ohakune.

We are writing to provide an update on the resource consent application for this proposed mixed housing development of 44 homes, including 15 affordable homes, 14 long-term worker-rental homes and 15 public homes.

What's happening?

To enable the development of the land at Teitei Drive for these homes, \$5.2million funding from the Crown Infrastructure Partners (CIP) was committed in late 2021. This funding is essential for the development of the infrastructure on the site to make sure the future homes will have access to power, telecommunication, water and roading.

We are planning to submit a resource consent application (Stage 1) early 2024 for enabling earthworks on the site. Once this is granted, we will be able to get the infrastructure work underway to align with the timing requirements of the CIP funding.

What does this mean for you?

It's important to emphasise that this resource consent application is about initial infrastructure work and does not include the subdivision of individual lots or more detailed designs and plans for the homes. The land use and subdivision designs will be part of a second resource consent application (Stage 2) to be lodged in mid-2024.

Undertaking the consent in two stages will allow us to get the infrastructure work underway with central government funding, and also undertake further engagement with the community to provide opportunities for you to give feedback on the proposed plans for the mixed housing development.

Keeping in touch

For more information on the proposed development and the resource consent application, please visit: [Teitei Drive :: Kāinga Ora – Homes and Communities \(kaingaora.govt.nz\)](https://www.kaingaora.govt.nz/teitei-drive)


If you have any further questions, please feel free to contact:

Renee Regal – Manager Community Engagement and Partnerships Kāinga Ora
0800 801 601 (please ask to be transferred)
communities@kaingaora.govt.nz

Clive Manley – Chief Executive Ruapehu District Council
info@ruapehudc.govt.nz

Helen Leahy - Pou Ārahi /Chief Executive Nga Waihua o Paerangi (Ngāti Rangī Trust)
helen@ngatirangi.com

Appendix 2 – CIP Minutes 11 December 2020



Ruapehu DC – Notes from CIP Meeting – 11 December 2020


Via Zoom - attendees: Sean Wynne, Ngahua Leighton, Malcolm Hope, Clive Manley, Ree Anderson, Ewen Skinner

Notes from Meeting:

Key points from Sean:

- Ministerial requirements for CIP projects:
 - Underway immediately
 - Good employment
 - Strong public benefit
- CIP
 - 2000 applications - \$1378 in total
 - Evaluated
 - Commercial/legal/accounting/engineering (regional engineer)
 - Sector experts also involved
 - Brought back to core group with ranking – 1 (high) to 5 (low)
 - Mapped against regions of NZ - emphasis on regions when prioritising
 - Presented to Ministers – if selected then given to agents (CIP)
 - Do Due diligence - more detailed evaluation
 - Process is - Working group then to Steering Group (SG) then recommend to Minister
- This project has gone to SG twice – first time unsuccessful – failed at overall DD with PM and governance costs too high
- Further work undertaken and revised submission – can see further work which was good – went to SG earlier this week – Project 1 (Moore Street – recommended although there are cost issues) and Project 2 (Teitei – will not be recommended)
- Clive - why do you not believe we can get 50 houses on the ground? Would like to understand what issues stopped the project – key fundamentals
- Sean – not in a position to share further detail. Cannot give info to us before it goes to Ministers. Interested whether RDC want just to progress with project 1 alone. Project 1 – more in line with 'shovel ready'. Project 2 – there are issues and they are not going to progress the project – projects need to be underway within year 1
- Clive – confident demand is there in Ohakune. Brought in consultants – RA/MEQ/ML – needed support to get it going
- Sean – restated that SG not recommending Project 2 – although noted that Minister could overrule. No issues with Clive lobbying Ministers
- Ngahua – from CIP working group perspective difficult to bring back Project 2 again to SG – cannot see SG changing their minds. Presented 2 stage process – but not supported by SG

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- Sean - Project 1 will go up to Ministers in February. Sean to talk to Mark Bins to see if he can share his perspective and feed back to Clive
- Clive - mentioned that he had a Ngati Haa contact (Tim) who could follow up with Mark Bins – to follow up on this and Clive to also lobby Ministers
- Summary
 - CIP SG recommending Project 1 – not project 2 to Ministers
 - Sean to talk to Mark Bins and feed back to Clive (next week)
 - Clive to follow up with Mark Bins (via Ngati Haa) and Ministers (lobby)

Appendix 3 – Project Risks, see highlighted

4 Project Risks

Risk	Status	Caused by	Mitigated by
Overall project risk		<p>The project's main objective is to address the local housing challenges in Ohakune through the delivery of 44 new homes in a new residential subdivision at Tei Tei Drive. This will have a long lasting and beneficial outcomes for the local community in terms of new, high quality housing stock and job creation. This investment will also catalyse the development of Stage 2 of this residential subdivision, having a potential yield of 200 more homes in this location.</p> <p>The project carries an element of delivery risk. For example, it may be challenging for Kainga Ora to secure an approved local build partner, of scale. However, it is considered that good procurement processes, and contractual arrangements will mitigate such issues and reduce overall project risk.</p> <p>Beyond the initial land development phase (funded by the CIP) there is an element of disposal risk in relation to the long-term rental stock (which will include the sale of 14 dwellings 'in one line' with a tag on the title requiring this housing stock to remain in the local, long-term rental market for a minimum period of, say 5 years). A strong sales and marketing strategy and targeting strategic media, should go a long way to achieving this result for Ruapehu District.</p> <p>In addition, while some indicative costings have been provided, bulk and location studies were not prepared for this project and inputs in relation to the development mix and vertical costs were informed by high level estimates only.</p>	<p>Kainga Ora will engage with an approved build partner to complete vertical construction.</p> <p>Sensitivity analysis has been undertaken to understand sensitivity (and risk) of changes in the revenue and costs inputs in relation to the project's feasibility.</p>

11

[UNCLASSIFIED]

Confidential and commercially sensitive

ANNEX 3 - Te Tūāpapa Kura Kāinga and Kāinga Ora

			The development mix was informed by the typical typology found in the local market; size and typology of the dwellings designated for social housing were informed by the composition of the households represented on the social housing waiting lists provided.
Project will not commence on time & within 12 months		Project commencement (consenting/site works) will likely proceed within the 12month period. The subdivision consent should be pretty straightforward (permitted activity), and Council already contracts a local provider Cheal Consultants for engineering and land development works and services. The project risk is assessed as medium risk.	

Appendix 4 – Key terms of agreement, see highlighted

Confidential and commercially sensitive

ANNEX 3 - Te Tūāpapa Kura Kāinga and Kāinga Ora

Co-funding	Not applicable
Cost overruns	RDC has to fund any shortfall.
Procurement	<p>As noted above, RDC already contracts a local provide Cheal for engineering activities. In addition Council utilises an independent consultant planner in specific circumstances, including circumstances such as where there is actual or even perceived conflicts of interest.</p> <p>RDC also has robust procurement processes in place to select providers of service. The Council's procurement processes accord with best industry practise. Council has recently updated and adopted a Procurement Strategy for Ruapehu which prioritises social procurement models where local employment, including apprenticeship schemes will form part of the evaluation criteria.</p> <p>As this community housing project is in partnership with Kainga Ora, procurement in the initial project establishment phases of this housing development, may also be guided by Kainga Ora's requirements.</p>
Fast-track consent	This process is not required. The land use and resource consents, particularly the subdivision consent is likely to be reasonably straightforward.
Reporting	<p>RDC will provide CIP with monthly reports by the 10th Business Day following the end of each month (excluding December), and quarterly reports by the 10th Business Day following the end of each January, April, July, and October to the End Date.</p> <p>RDC must provide CIP with a Post Contract Outcomes Report within 6 months of the completion of the Project(s).</p> <p>Further, each monthly report, quarterly report and Post Contract Outcomes Report must include the information for the Project, (as set out in Schedule 3 of the CIP Funding Agreement)</p>
Assurances	RDC are a capable entity to complete on time and in budget.
Benefits	The primary benefits identified are scheduled in Part B of the CIP Funding Agreement.