

# City Investment Program - FAQ

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The City of Karratha is seeking proposals from key stakeholders regarding opportunities to invest in property development to alleviate current and future housing stress.

## 1. Why is the City considering investing in housing?

There is an undersupply residential properties available to rent or buy within the City, which is driving up prices and is not sustainable for our community. Council is concerned the undersupply could worsen considerably over the next few years if preventative measures are not taken.

## 2. What's the current situation?

Currently only 1.5% of housing stock is available, compared to approx. 7% over the past 5-6 years, and Council is concerned that unless efforts are made to stimulate the building industry and increase housing stock, housing availability could tighten further over the next few years. With more than \$65 billion in investment in our region over the next five years and anticipated population growth, Council's objective is to minimise the impact of housing stress on our community and economy.

## 3. Why not let the market sort itself out?

Karratha has a unique and volatile real estate market, as demonstrated during the last construction boom, and external conditions such as lending restrictions and high construction costs have created barriers to property development. Council is taking a proactive approach to the undersupply issue and investigating opportunities to partner with key stakeholders to address housing stress.

## 4. Who are the key stakeholders?

The City continues to meet state and federal government representatives, government departments, resource companies, major land owners, real estate industry bodies and local developers and builders regarding housing availability.

## 5. This is not normal Local Government activity, why should we get involved?

A few years ago the community told us housing availability was the number one issue for Council to address through our community survey. While this may not traditionally be a local government responsibility, the City has previously invested in commercial projects where there are demonstrated benefits to the community.

## **6. What are some of the investment options?**

Opportunities may include building on City-owned land, purchasing land in Madigan Estate, Jingarra Estate, Bulgarra and other areas for development, and partnering with developers and government to support large-scale developments.

## **7. Will my rates go up?**

No.

## **8. Can the City afford to invest?**

If the City is to proceed with a housing investment program it is likely to cost around \$20-35 million. Council has significant financial reserves and the capacity to fund this scale of project if it chooses to do so.

## **9. What are the benefits to ratepayers?**

Potential benefits include alleviating housing stress, stimulating the local construction industry and our local economy, creating local jobs, providing desirable urban renewal outcomes and a return for investment for the City.

## **10. Is the City just trying to manipulate the market for profit?**

No. While the City would receive a return on investment, this is not a money-making exercise. Failure to address the current and likely future housing shortage in the near future will invariably result in a spike in rent/house prices.

## **11. Are there any risks?**

Yes, investing in property development comes with a range of risks, which is why Council has requested key stakeholders present proposals for careful consideration.

## **12. What happens next?**

Council has requested proposals from key stakeholders that outline investment opportunities, which will then be considered. Community feedback will be sought.

## **13. Can the community have a say?**

Yes. Once Council has considered all the options available to alleviate housing stress, community feedback will be sought prior to a decision being made.