

Executive Summary**12.9 Engagement Results - Vacant Commercial Property Differential Rate**

Enquiries: (Cam Arullanantham: Corporate and Commercial Services)

Email: Cam.Arullanantham@frankston.vic.gov.au

Council Plan

Level 1: Connected Places and Economy

Level 2: Attract and invest in high quality property development to accelerate investment, generate jobs, enhance housing supply, and diversify revenue sources

Purpose

To present to Council the results of the community engagement on the proposed new differential rate on vacant commercial properties.

Recommendation (Director Corporate and Commercial Services)

That Council:

1. Notes community engagement was conducted through the 'Engage Frankston' platform and was open for consultation from 2 February 2026 to 4 March 2026 and received 230 responses;
2. Notes of the 230 responses, 15 submissions provided additional feedback;
3. Notes the submissions and feedback of community engagement and public submissions, which indicates a lack of community support for the proposal; and
4. Resolves not to proceed with the proposed Vacant Commercial Differential Rate, and notes that no amendments are required to the Revenue and Rating Plan 2025–2029.

Key Points / Issues

At its meeting on 8 December, it was resolved that Council:

1. *Writes to all potentially affected owners advising them of the proposal and the upcoming community engagement;*
2. *Proceeds with community engagement on the proposed new vacant retail differential rate;*
3. *Updates the Revenue and Rating Plan with the proposed rate; and*
4. *Reports the feedback from the engagement at a future briefing before the adoption of Budget 2026-2027.*

A presentation on the community engagement results was provided to Councillors at a Briefing on 23 March, with 7 Councillors in attendance.

Proposed Vacant Commercial Property Rate

The proposed differential rate was proposed to be 300% of the general rate and referred to any land that is not derelict land or vacant land, on which a building has been erected which:

- is designed or adapted for the sole purposes of retail or general business occupation.

12.9 Engagement Results - Vacant Commercial Property Differential Rate**Executive Summary**

- has not been open to the public for retail trade for (at least) or (a minimum of) 90 days in the last 24 months .
- no building/planning permit for the redevelopment or improvement of the building has been issued under the Building Act 1993 in the last 12 months.

Engagement Overview

Community Engagement was open from 2 February to 4 March 2026.

There were 230 responses completed, from 1,137 visits to the Engage Frankston page.

38.87% of the visitors stayed on the page for more than 1 active minute, meaning the majority of visitors are reading and engaging with the content (even though only 20.4% of them have completed a survey). This may suggest some visitors feel neutral towards the proposal and did not feel the need to provide feedback.

The majority of visitors (over 83%) were referred to the page from direct emails/letters from the project team, Engage Frankston notifications, or using a QR code/search engine after seeing it in newsletters.

16.18% of visitors were referred from social media.

The draft Revenue and Rating Plan was downloaded 48 times which is quite high and reflects that the community were interested in seeing the context in which this proposed rate sits.

15 submissions were received with additional feedback via the engagement.

Engagement Results

Question 1 (215 respondents): Do you support Council's proposed introduction of a differential rate for all vacant commercial properties in the Frankston city centre (FMAC) at 300 per cent of the general rate?

- 101 (46.98%) respondents strongly oppose the proposal (rating it 0/10) and 56 (26.05%) strongly support it (10/10).
- While there were minimal votes somewhere in between, when these are counted, there is a total number of 127 (59%) opposing the proposal, and 85 (39.53%) supporting the proposal.

Of the 137 residents who answered this question:

- In total – 48.9% residents oppose the proposal, and 51% support it.
- 53 (38.69%) strongly oppose the proposal (rating it 0/10)
- 47 (34.71%) strongly support it (rating it 10/10).

Of the 70 business owners who answered this question:

- In total – 71.4% business owners oppose the proposal, and 27.14% support it.
- 40 (57.14%) strongly oppose the proposal (rating it 0/10)
- 11 (15.71%) strongly support it (rating it 10/10).

Of the 53 owners of a commercial property in the Frankston city centre who answered this question:

- In total – 86.79% oppose the proposal, and 13.2% support it.
- 41 (77.36%) strongly oppose the proposal (rating it 0/10)
- 4 (7.55%) strongly support it (rating it 10/10).

12.9 Engagement Results - Vacant Commercial Property Differential Rate**Executive Summary**

Question 2 (212 respondents): Why or why not?

- 63.68% of comments were negative towards the proposal, with the following representing the main categories of comments:
 - Will not address issues causing vacancies (33.49%)
 - Should incentivise rather than punish (24.06%)
 - Would unfairly penalise small businesses (17.92%)
- 23.58% of comments were positive towards the proposal, with the following representing the main categories of comments:
 - Will encourage new tenants (14.62%)
 - Vacant properties reduce amenity (13.21%)
 - Will reduce landbanking (6.6%)
- 12.74% of comments were mixed towards the proposal, with the following representing the main categories of comments:
 - Minimal benefits that do not outweigh the impacts (4.25%)
 - 90 days not long enough (3.77%)
 - Needs clear rules to remove loopholes (3.3%)

Question 3 (230 respondents): What is your connection to Frankston City?

- 147(63.91%) identify as residents
- 76 (33.04%) identify as a business owner
- 58 (25.22%) identify as an owner of a commercial property in the Frankston city centre
- The remaining 5 (8.6%) identify as a community group member, local worker/volunteer, visitor or other.

Demographics:

- Notably, there was a much higher number of participants who live outside of FCC than we usually get for engagements – 27.59% from Mornington Peninsula Shire, 22.41% from 'somewhere else' and 13.79% 'prefer not to answer'.
- There were 10 respondents (17.24%) who identified as living in Frankston, and 3 (5.17%) in both Frankston South and Seaford.
- There is a diverse mix of age groups, genders (much higher participation from males than usual) and unique identifiers reflected in the respondents' demographics.

An overview engagement report and survey summary report of the engagement results is attached to this report. A summary of these results will be published on Engage Frankston to report back to the community.

15 submissions were also received with feedback demonstrating strong opposition to the proposal. The feedback supported council's revitalisation objectives and but considered the proposal to be punitive, misdirected and counterproductive and risked unintended economic and reputational consequences. The submissions highlighted that the reasons for vacancies were exacerbated by parking access and affordability, safety, amenity, graffiti and antisocial behaviour and foot traffic and were not due to

12.9 Engagement Results - Vacant Commercial Property Differential Rate**Executive Summary**

deliberate land-banking or owner inaction. The feedback promoted a proactive approach to include incentive measures, grants, parking, safety and amenity improvements and recommended structured engagement with landlords and traders on practical economic development solutions and attraction incentives.

Economic Development Approach - Existing Vacancy Reduction and CBD Activation Measures

As part of Council's broader multi-department approach to reducing commercial vacancies and strengthening CBD activation, the Economic Development team already delivers a coordinated program of business attraction, trader retention, capability building, grant incentives and precinct uplift initiatives.

These initiatives are designed to address the underlying drivers of vacancy by supporting existing businesses to remain sustainable, attracting complementary operators into vacant sites, improving the presentation and desirability of commercial precincts, and reducing barriers for businesses seeking to establish or expand within Frankston.

This work is informed by regular direct engagement with local businesses, including one-on-one support, proactive outreach and the annual business survey, which helps identify trader needs, barriers to growth and opportunities for further activation. These insights directly shape the design of training, mentoring, grants, business concierge support, and targeted investment attraction activity.

Key Economic Development Initiatives Supporting Vacancy Reduction***Investment Attraction of quality operators***

Council's investment incentive program is strategically used to attract quality business operators to Frankston City that deliver strong long-term economic outcomes, improve the retail mix and generate local employment opportunities.

A key objective of the program is to provide certainty of financial support to targeted operators within commercial decision-making timeframes, enabling businesses to progress site selection, fit-out and opening commitments with greater confidence. This is particularly important where fit-out costs, timing pressures or early trading risk may otherwise delay or prevent activation of vacant premises.

The program is applied selectively to businesses that deliver broader city-shaping outcomes, including:

- economic return on investment
- strong employment generation
- increased customer dwell time, retail mix and/or anchor tenant
- improved day-to-night activation
- strengthening of the complementary retail and hospitality mix

Recent examples of this targeted approach include:

- Bounce, which will increase family visitation and extended customer dwell time within the CBD, complementing neighboring business.
- Highview Accounting, which delivered strong economic return and employment outcomes
- Bang Bang, which strengthened Frankston's premium dining and hospitality mix

12.9 Engagement Results - Vacant Commercial Property Differential Rate**Executive Summary**

These examples demonstrate how investment attraction and incentive-led attraction is being used not only to reduce vacancies, but to shape the quality, resilience and economic performance of Frankston's evolving city centre.

Retention and growth of existing businesses

A strong retention lens is applied to ensure sustainable businesses are supported to remain, reinvest and scale within Frankston. This includes support for expansion into larger premises, relocation within the municipality, various streams of business grants, mentoring, networking events, promotion of local businesses and business owners, connection with local high schools to encourage local employment and direct support navigating Council processes. Supporting existing successful businesses to grow locally is a critical vacancy reduction strategy, as it helps retain operators that may otherwise relocate to competing centres.

Façade improvement and precinct uplift

Council's façade improvement grants directly contribute to the visual uplift, safety perception and attractiveness of shopping precincts. Improvements such as refreshed shopfronts, signage, lighting and presentation upgrades improve passive surveillance, increase customer appeal and strengthen leasing outcomes across key commercial areas. Making Frankston feel safer and increasing foot traffic for business retention, as well as attracting new businesses by showing desirable street fronts.

Business concierge support

Council's free Business Concierge service provides direct, practical support to businesses looking to open a new site within Frankston City. The service is designed to reduce barriers to business establishment by guiding operators through Council processes and helping them understand the approvals required to commence trading.

Support includes advice on the permits and licenses required, assistance with completing and submitting applications, referrals to relevant internal departments. By providing a clear point of contact and responsive support, the service helps streamline the path from business concept to operation, making it easier for operators to activate vacant premises and invest with confidence in Frankston City. The service also provides businesses with response certainty, with enquiries typically responded to within three business day

Training, mentoring and entrepreneur development

Free workshops and training, mentoring and entrepreneur support programs help existing and emerging businesses build the capability required for long-term sustainability and growth. These initiatives strengthen business resilience, improve operator confidence, and support a future pipeline of local businesses that may transition into commercial premises.

Strategic engagement with new developments

With the significant volume of high-density residential and commercial developments underway, Council's is taking a proactive approach to working with developers to pre-lease commercial spaces and reduce vacancy risk. Strategic outreach by the Investment officer helps developers plan for occupancy prior to building completion, providing certainty and supporting cashflow for both developers and incoming businesses.

This engagement also positions Frankston as a business-friendly Council, demonstrating that collaboration with developers can accelerate leasing outcomes, encourage investment confidence, and signal to the wider development community that Frankston is a commercially supportive location. By facilitating these early connections,

12.9 Engagement Results - Vacant Commercial Property Differential Rate**Executive Summary**

Council can help attract complementary operators into new precincts, enhancing street vitality and ensuring long-term economic returns for the CBD.

Furthermore, ensuring commercial spaces are activated from day one of a high-rise development provides confidence to operators, enhances the presence and vibrancy of the precinct, and generates foot traffic that benefits neighbouring sites. This early activation also helps build broader business confidence, encouraging further investment in nearby commercial premises.

Special Economic Priority Area

Frankston's Special Economic Priority Area (SEPA) proposal is a targeted pilot that pairs temporary tax relief with partnership-based place making to unlock development, deliver hundreds of new homes and foster health, wellness and construction related enterprise. The concept will test a replicable model that other Australian cities can adapt if successful. Council's Plan for a Special Economic Priority Area is comprised of 2 parts;

- *Tax incentives to accelerate development and housing supply:* a proposed **three-year land tax holiday** for new developments that include affordable housing, targeted stamp-duty relief in central Frankston, and payroll tax adjustments to reflect outer-metro status — all limited to a pilot period of 3 years.
- *Place-making & partnerships:* funding for a strengthened **Health-Lifestyle-Study Corridor** linking Monash and local health facilities, support events to boost visitation, and coordinate with developers and education providers to deliver housing and jobs.

Outcomes-focused approach

Taken together with existing initiatives, Council has a substantial and proactive framework to be a catalyst for the reduction of vacancies, retain quality operators, and attract complementary businesses.

The recommendation is that Council continue to prioritise these targeted economic development and activation measures, allowing the market to respond to population growth, new developments, and increased city centre visitation before considering differential rates. This ensures vacancy reduction continues through collaboration, incentives, and strategic market shaping, while avoiding unnecessary intervention during a period of significant CBD transition.

Financial Impact

There are financial costs, however, these costs can be accommodated within existing budgets.

Under rate capping legislation a new differential rate would not raise additional revenue for Council, rather it would reapportion the rates burden across other cohorts of ratepayers.

Consultation**1. External Stakeholders**

Finance wrote to all CBD commercial property owners, Frankston Business Collective and Estate Agents advising of the new potential differential rate and highlighted the community engagement. Community Engagement was open from 2 February to 4 March.

12.9 Engagement Results - Vacant Commercial Property Differential Rate**Executive Summary****Legal / Policy / Council Plan Impact**Charter of Human Rights and Responsibilities

The Charter of Human Rights and Responsibilities has been considered in the preparation of this report but is not relevant to the content of the report.

Legal

Introducing a new differential rate requires community engagement. The criteria for implementation will require legal review.

Policy Impacts

A new rate would require a new Revenue and Rating Plan to be adopted and be reflected in the Adopted Budget.

Gender Impact Assessments

No gender impact assessment was required. This initiative has no impact on our community or the public.

Officer's Declaration of Interests

Council officers involved in the preparation of this report have no Conflict of Interest in this matter.

Risk Mitigation

There are no risks relating to this report.

Conclusion

The overwhelming feedback from the engagement was opposed to the introduction of a new rate for vacant commercial properties. While respondents support Council's revitalisation objectives, they rejected a penalty-based mechanism and prefer a proactive approach to include incentive measures, grants, parking, safety and amenity improvements and recommended structured engagement with landlords and traders on practical solutions and attraction incentives.

Frankston City is currently undergoing a period of significant and unprecedented change, particularly within the CBD. With multiple major developments and high-rise projects recently completed or nearing completion, it is important that we allow the market time to stabilise and respond organically.

Based on the feedback, it is not recommended to proceed with the proposal for a differential rate on vacant commercial properties.

ATTACHMENTS

Nil