

31 May 2024

Affordable Housing Development Contributions Strategy
Mornington Peninsula Shire
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Private Bag 1000
ROSEBUD VIC 3939

To Whom It May Concern,

RE: Affordable Housing Development Contributions Strategy

The Committee for Frankston & Mornington Peninsula (CFMP) is the peak advocacy body for the region.

We provide strategic leadership, advocacy and influence to help attract government support and private investment in Frankston and on the Mornington Peninsula. The Committee is an independent, non-partisan, member-based organisation which works beyond electoral cycles and partisan politics to enhance the social, economic, and environmental sustainability of our region.

Our Strategic Plan outlines the bold vision the Committee has for the region, and it includes priority pillars where governments should be investing, including:

- Homes and livelihoods
- Better infrastructure; better connectivity
- Sustainable development
- Smarter people; healthy communities
- A thriving local economy and world class destination

Under our 'Homes and livelihoods' priority, the Committee strongly argues for the opening up of surplus port-zoned land in Hastings to be zoned residential. The Committee also supports development of key worker accommodation across our region and we will continue to advocate to State and Federal Governments for the Shire to be included in appropriate funding programs to deliver more homes to local residents.

The Committee will advocate for a reduction in regulation and planning barriers which prevent appropriate developments increasing housing supply; including reductions in land tax, government levies, and unnecessary planning restrictions or delays. As a result of this advocacy objective, we make the following submission to the Mornington Peninsula Shire's *Affordable Housing Contributions Strategy*.

The construction industry, as one of the largest employers on the Mornington Peninsula is currently facing significant challenges due to a complicated and delayed planning process, increased materials and labour costs as well as a significant reduction in consumer confidence due to wider economic challenges such as rising interest rates and unstable markets.

The Committee believes the introduction of a municipal wide levy places the Shire at a development disadvantage to other municipalities by significantly increasing the cost of developing or building on the Peninsula.

For example, a single dwelling may not require planning approval and therefore avoid the levy; but the development of two dwellings requires planning approval, thereby attracting the levy.

This discourages landowners increasing housing supply given the costs implications of doing so.

The Committee believes this proposal does not demonstrate the following:

- The economic impact of its imposition: if projects become economically unviable due to inability to secure funding due to reduced margins, how will this affect the appetite for development on the Peninsula?
- It does not fully resolve how the levy will be paid. The imposition of a Section 173 agreement is not an obligation in itself for payment.
- How the market value will be identified and by whom. Additionally, there is no reference to when the payment must be made. If a development is staged or delayed, when is payment required?
- How the collected funds will be managed and allocated. The absence of a policy on where affordable housing should be provided within the municipality raises questions regarding the outcomes sought to be achieved by this proposal.

During a declared housing emergency, we believe the Shire should be considering every opportunity to encourage development of new housing and greater housing density on the Peninsula; not imposing inhibitive measures that discourage preparedness of landowners to develop their property and increase local housing supply.

We contend that a more appropriate approach would be to encourage and incentivise development rather than penalise appropriate proposals via the imposition of additional costs. Incentives such as fast-tracked planning approvals if housing contributions are included or identifying high density areas or properties where greater yields are welcomed and encouraged if affordable housing initiatives are included.

These actions should be considered before imposing levies on development, and the Committee is seeking to work collaboratively and proactively with the Shire to address the very serious housing problems on the Mornington Peninsula. This is a strategic objective we will continue to jointly advocate on in Canberra and Spring Street.

Thank you for taking the time to consider our submission.

The Committee for Frankston & Mornington Peninsula appreciates the partnership between the Shire and the Committee and we'll continue to advocate for better government outcomes, particularly around housing, for the Mornington Peninsula.

Yours sincerely,

Joshua Sinclair
CEO

On behalf of the Committee for Frankston & Mornington Peninsula