



Shelter NSW Update September 2019

Summary & Policy Implications of Shelter Brief no.64

“Boarding Houses in NSW: Growth, change and implications for equitable density”

Summary

“Boarding houses in NSW: Growth, change and implications for equitable density” a research report by Chris Martin of City Futures Research Centre, UNSW, commissioned by Shelter NSW is the most comprehensive overview of the boarding houses sector in NSW published since the introduction of the Boarding Houses Act 2012 and the State Environmental Planning Policy (Affordable Rental Housing) 2009 (AHSEPP).

This research report provides an in-depth analysis (informed by quantitative and qualitative data) of the impacts of state government policies that seek to regulate the sector, retain the existing stock and encourage new development. The report discusses what a boarding house is - considering a range of perspectives including legal, as a built form, the size of the sector and the profile of its residents. It offers important policy implication insights based on a typology of boarding houses in NSW in 2019. In this Shelter NSW Update, we summarise the main themes of the research and implications for potential housing and planning policies reforms.

Main themes

Laws, policies and practice over the last ten years have rendered unclear what a boarding house is, what’s its role in the housing system and for whom is it designed. Legal definitions of *lodging* as opposed to *tenancy* are informed by subtle differences linked to who exercises control over the premises, the transient nature of occupation, and built form, mainly whether kitchens and bathrooms are shared between occupants. Statutory definitions and case law show sometimes inconsistent understanding of lodging. The legal system alone fails to provide a clear definition of what a boarding house is in NSW, and there are inconsistencies between applications for boarding houses development under the AHSEPP and the number of boarding houses registered. Overall, there is a need for greater clarity around boarding houses and their role in the housing system.

The size of the boarding houses sector is relatively difficult to determine, with numbers of boarding houses inconsistent between Census figures, the NSW Boarding Houses Register, and the data that can

be obtained through granted land tax exemptions for boarding houses renting rooms below a certain price point. According to this research there are approximately 940 boarding houses in NSW, catering to 12,400 residents (excluding student only accommodation). These boarding houses are geographically concentrated, small in size (median number of residents is 10) and cater to an older, male dominated population.

The research also paints a picture *as a negative* of the informal boarding house sector, which is likely larger than the registered boarding house sector and growing. It also suggests that considering the nature of the growth, it is likely that a significant proportion is due to late registration rather than new boarding houses being developed. A high proportion of the growth in 'boarding houses' is more accurately defined as student living, 'co-living', and micro-apartments. This is supported by evidence showing that the number of boarding houses exempted from land tax is stable. Overall, the research shows that the development of new boarding house stock under the AHSEPP has added very little to the stock of rental housing that is affordable to very low and low income people.

Considering the cohorts that boarding houses cater to, it is important to distinguish between the different types of housing products that co-exist under the boarding house "banner". While these are not legal definitions (precisely one of the potential issues identified), the report and the rest of the literature distinguish between the 'traditional boarding houses' and 'new generation boarding houses' (NGBH). The former tends to be older buildings, catering to people on very low and low incomes on the margins of the private rental sector and fulfilling a role that can be described as *private temporary and transitional accommodation*. The latter, however, is very much a product of the AHSEPP 2009, which sought to incentivise new boarding house development. Considering that most of its residents occupy a self-contained room under a residential tenancy agreement, with a socio-economic profile much closer to private rental market tenants, one ought to consider whether they are boarding houses at all.

Policy Implications

There are a number of implications for potential reforms of state housing and planning policy that flow on from our research. Underpinning these is the need for greater clarity around boarding houses and their role within the housing system, and the consequences for how different housing products should be regulated and delivered through the planning system.

1. **Residents of boarding houses need to be better protected and their rights guaranteed.** Firstly, this requires more regulation and compliance work to be undertaken by local councils to ensure boarding house operators comply with their obligations under the Boarding Houses Act 2012. This however, has to be balanced to ensure it doesn't go against the interest of residents by reducing low-cost accommodation available and/or closure of premises resulting in residents exiting into homelessness.

Second, all stakeholders should consider a clarification of what 'lodging' is in order to be able to better classify and regulate the sector. This could start as part of the review of the Boarding Act 2012 review (open until 8 October 2019). Following this clarification, State Government should

prescribe standard forms of occupancy agreements, which could be further developed into standard forms adapted for different types of services. This should go hand in hand with the development of an enhanced scheme of registration and accreditation based on the differences between the clientele served and the types of services provided by boarding houses operators.

2. **The Affordable Rental Housing SEPP 2009 should be amended to ensure it meets its objectives; the delivery of rental housing that is affordable to people on very low and low incomes.** The AHSEPP generous provisions should be linked to an affordability requirement, such as rooms being let at a discount to market rent or at a price point that is affordable for target clientele. This is also recommended by recent research (Troy et al., June 2019) and advocated for by Inner West Council in its Local Housing Strategy, (the council with the highest number of boarding houses). Incentives for new boarding houses development, however, should be provided as part of a wider housing strategy designed to increase supply of housing that is affordable to lower income households, including public and community housing. Although boarding houses are relatively affordable, they lack privacy and security of tenure, and too often comfort and safety. Incentivising their development can only be considered a small part of the response to housing affordability issues for lower income households.

3. **‘Micro-apartments’ need to be investigated further in the context of design standards for multi-unit housing.** Considering NGBH contribution to increasing affordability is at best marginal, Shelter NSW recommends that developments delivering self-contained dwellings at market rates attract less generous contributions than currently, in line with the previous recommendation. However, Shelter NSW research, along with other research focused on Central and Southern Sydney (Troy et al., June 2019), has identified demand for micro-apartments, currently delivered under AHSEPP. Considering micro-apartments are not boarding houses, but potentially respond to a need, there needs to be further study and consideration of the role they can fill within the housing system, their contribution to housing diversity and their potential impact on affordability. Our position is that this should be done in the context of design standards for multi-unit housing (SEPP 65) or under a specific planning instrument and *not under a SEPP specifically designed to deliver housing that is affordable to people on very low and low incomes*. There are international examples of much smaller dwellings allowed to be built in high density, well serviced areas with high levels of amenity and in particular public open space. While they could certainly contribute to housing diversity and address the need for cheaper housing for highly mobile young professionals and students, it is extremely unlikely that facilitating their delivery by the private rental market through planning incentives would have significant impact on affordability for people on very low incomes, similarly to other housing diversity interventions.

We strongly encourage you to read the full report available on Shelter NSW website www.sheltersnsw.org.au/uploads/1/2/1/3/121320015/cfrcjuly2019_boardinghousesnsw_shelterbrief64.pdf . We are interested in your thoughts and feedback. Please contact Thomas Chailloux, Senior Policy Officer at Thomas@sheltersnsw.org.au should you wish to discuss these comments further.