

# Submission on updated minimum standards for rooming houses in Victoria

27/1/2023



## The Registered Accommodation Association of Victoria Ltd (RAAV)

### Executive Summary

RAAV appreciates the opportunity to respond to the proposed Residential **Tenancies (Rooming House Standards) Regulations 2022 (RHS)**.

We have provided a great deal of comment and information below to assist you in understanding our position on the proposed changes to the RHS.

In general, given the diverse nature of the cohort of residents that exist in rooming houses we see it as not desirable to implement inflexible directives on how rooming houses should be operated. While certain requirements may be advantageous to residents in one situation it may not be in another. It is important to allow for differences in Rooming House operations and how they are set up. This is easily understandable when you appreciate the different arrangements that exist between rooming houses, for example Shared and Self-contained rooming houses.

Most of the commentary about residents' issues in the RIS focus on the disadvantaged who stay in rooming houses. RAAV's surveying of members has shown that this cohort of residents only represents circa 35% of the total population. The balance of people are students, and blue and white collar workers on low incomes and even semi-professionals and professionals. Making changes only in relation to one cohort of workers could impact negatively on others by rooming house operators having to make major alterations and subsequent rental increases.

A comparison is often made throughout the Regulatory Impact Statement with what is in the residential tenancy minimum standards and the rooming house minimum standards. This approach fails to consider the fact that rooming houses are regulated under many different acts including the Public Health and Well Being Act and the Rooming House Operators ACT 2016. Often something missing in the Rooming House minimum standards is covered in another act. "Doubling up" in different acts should be avoided as it creates added complexity and confusion for all parties.

## **Who is RAAV?**

RAAV is an industry association that brings together privately owned and operated rooming houses (RH) in the registered accommodation sector. RAAV members meet the needs of low-income residents who require medium and longer-term accommodation in addition to the growing number of professional and semi-professionals who are seeking this type of accommodation.

RAAV represents the views of the industry and creates a stronger, more cohesive and respected industry.

RAAV is an active voice on behalf of its members. The organisation's core activity is to ensure minimum and acceptable standards in operating registered accommodation and promote application of best practice to raise the image and performance of all privately owned rooming houses. RAAV encourages private rooming house owners and operators to adopt Best Practice Guidelines to assist in the good conduct of business, to meeting their obligations and the wellbeing of residents in rooming houses and other registered accommodation. This activity is partially funded and approved by Consumer Affairs Victoria.

RAAV'S other core activities include:

- Making RAAV's members aware of the legislative requirements as promulgated by the Victorian Government in operating registered accommodation;
- Providing information and assistance to the Government and Local Government in the operation of rooming houses;
- Encouraging un-registered and un-licensed rooming house operators to adopt best Practice in their rooming houses and to seek registration and licensing.

## **Regulatory Impact Statement (RIS) Issues:**

The mandating of certain activities in rooming house operations such as changing the existing ratio of residents to cook tops and ovens will cause extreme cost pressures for operators that will close rooming houses and cause homelessness. Disappointedly, the Regulatory Impact Statement (RIS) produced by Deloitte's has failed to understand the complexities in some of the proposed changes and so fails to reflect the true cost of change. For instance, in relation to kitchen and food preparation facilities, the lowering of the ratio of ovens and cook tops has been inaccurately scoped and costed. The RIS simply suggests that an oven (\$679) can be delivered (\$62) and placed in the house, whereas the reality is that a registered builder has given us a costing guide of \$5,520 to instal a new oven.

Deloitte's assessment doesn't account for the works in the kitchen to place the oven and provide power. The RIS also assumes that space is available in the kitchen to place the new oven. In many cases it will not be, given the requirement for extra food preparation areas, and the limits in general on space in 1B houses (max 300 sqm requirements) as the houses are designed to fully utilise all available space. Any increase in kitchen size will mean cutting into other space currently used for accommodation. In many cases the pricing and items used in the RIS are incorrect or way below the standard that would be expected. Overall, this RIS is seriously deficient, and its deficiency will not only cause existing rooming houses to close if implemented, but it will have a seriously detrimental impact

on future investment. Given the affordability issues with housing most rooming houses are not profitable unless they have nine or more rooms. With the proposed cook top and stove requirements applying at eight people, there will be a severe impact on the future viability of new rooming house investments if it is implemented.

Added to this the benefits of the RIS are not correctly measured. The RIS claim that the benefit of the changes will be the saving of lives. However, the standards that have been in place for the past ten years have achieved zero deaths in rooming houses over this period.

The RIS on page 43 attempts to justify the escalation of cost of option 2 to RHO by referring to the amount of money that is made weekly in a Rooming House. This figure is totally irrelevant as the most important figure is the profit not the money earned. Both cost and revenue must be considered. RAAV 's own financial modelling shows that a Rooming House needs nine bedrooms to break even financially. The majority of Rooming Houses Operators will have to meet any new costs out of their own pockets. Referring to figures of 2.5 to 3.1 percent of one year's earnings gives no real indication of the financial hit that these changes are going to make to individual operators. Also, as the costing figures in the RIS are inaccurate these percentages are false anyway.

In summary we believe there are serious deficiencies in the costing and benefits contained in the RIS and any justifications or conclusions drawn from it need to be considered with caution.

## **Rooming House Operators Voice and Unregistered Illegal Rooming Houses.**

The private residential providers are the key stakeholders who will be affected and called upon to make any proposed regulatory change. We are disappointed that our voice has not been included or factored into any of the comments that are made throughout the documentation that support the changes. This is in stark contrast to the view of advocates which have been actively sought and their information treated as **Foundational**.

RAAV is also disappointed to see that again effort for regulatory change is to be focused on the registered rooming house operators and not the unregistered. Registered operators on the whole wish to follow regulations whereas the unregistered don't. Consumer Affairs Victoria (CAV) own statistics show that Rooming House Operators diligently follow and uphold the existing regulations. Many of the claims by advocates seem to apply to Rooming Houses that could only be unregistered given the proven compliance rates.

Some of the suggested proposals made by advocates to change or enhance the regulations will work against their desired outcome. For instance, the requirement for a communal area in rooming houses for residents "social wellbeing". RAAV's members experience has been that most anti-social behaviour and disputes occur between residents in communal areas. Residents, in most cases, would be better served by minimising communal areas. This approach has been supported by the current Labor government. Martin Foley the former housing minister on the 4<sup>th</sup> August 2016 commented that *"Shared communal living, bathroom and kitchen facilities are an outdated model of accommodation, especially for women often impacting on their physical and mental health and their pathway to a better life. Apart from far better physical conditions for residents, it also means more*

*opportunities for residents to socialise with the surrounding community, reduced conflict among residents..”.*

There has been no evidence provided to support the addition or enlargement of a communal living area. In fact speaking to many residents, it is clear that most will avoid spending time in communal areas as they prefer the privacy of their own room. For many this is the reason they have chosen a rooming house as opposed to a share house. It appears that the renters rights groups are advocating for large communal areas as they are referencing share house accommodation, perhaps from their own experience, where groups of friends choose to rent a house together. This is not the situation in a rooming house.

## **Rooming House Industry Overview:**

### **The importance of the Rooming House sector**

The Rooming House sector plays a pivotal role in providing affordable accommodation in the state of Victoria. It is one of the few remaining affordable private accommodation options left for people who are financially vulnerable or on lower incomes. They allow people to live in areas where normally they would be priced out of the market. Rooming Houses have traditionally housed the more vulnerable of our community but in the last twenty years there has been a major shift in who resides in them. Residents now include nurses, trades persons and office workers. They are also an important form of accommodation to the Universities for both their interstate, rural and international students who seek practical and affordable lodging.

The affordability of the industry is borne out by a comparison of the September 2015 Department of Human Services (DHS) Rental Report where it shows that the average cost of a one-bedroom flat in Metropolitan Melbourne costs \$330 per week plus utilities. This compared with a rooming house where individuals can generally rent a fully furnished room, share a kitchen, bathroom and living room for between \$150 to \$200 per week including utilities depending on factors such as the size of the room and location.

This represents accommodation that is 40% to 55% cheaper than the normal residential market for single occupancy. Without this housing, the current 10,000 low-income people who are being provided accommodation would struggle to find an affordable roof over their heads.

### **Rooming House Industry Explained:**

Operational Model:

Very broadly speaking there are two types of operating models - the “**shared model**” and the “**self-contained**” model. The shared model operates with many more shared facilities such as toilets and showers while the self-contained model (also referred to as “New Generation or New Model”, see below comments) has more facilities in the rooms such as ensuites and/or kitchenettes.

#### Building Class:

From the building code perspective, the rooming house sector can be broken down into class 1B rooming houses (predominately “Shared model”, “New Model” and “New Generation”) and class three rooming house (“Traditional”). Each of the two types of rooming houses have these characteristics:

**Class 1B Rooming House** - They are normally residential houses that have been converted to rooming houses. They tend to be in the middle to outer suburbs. Based on surveys of our members the average number of residents in these rooming houses is seven but can be up to twelve or as little as four. There is no on-site manager who attends the rooming house daily or has an office on site. To have an onsite manager would simply make the operation of these rooming houses financially unviable. Most members report attending their 1B rooming house on average twice a week (weekdays and weekends) and taking phone calls and other communications from residents three to five times a week. The management structure of 1B rooming houses, as opposed to class 3’s, is that the 1Bs don’t have dedicated staff managing the rooming house. The smaller 1B rooming houses are often owner operated by a husband and wife or other proprietary partner arrangements. Most 1B rooming house operators only have one rooming house.

**Class 3 Rooming House:** A class 3 Rooming House tends to be a purpose-built multi-level residential building located traditionally in the inner-city areas. They house many more people than 1B rooming houses and often have various configurations of accommodation. These rooming houses are run on a much more commercial basis such as having dedicated office areas and often a manager who will attend the office daily. The economics of this sort of rooming house makes it feasible to have a manager. Over the past twenty years a number of these larger class 3 rooming houses have been sold and not replaced. Examples of this are the Oslo and the Gatwick in St Kilda both of which were sold to the Block Television show.

#### **Recent Changes in both the Private and Public Rooming House sectors:**

Rooming house accommodation has been going through a dramatic transformation over the past two decade. This has been because of the increased cost of housing in Victoria generally and Melbourne more particularly. Consequently, rooming houses have seen a shift in the demographics of its residents. Whereas previously most residents of rooming houses would have been considered vulnerable or from a lower socio-economic background we now find that rooming house residents are varied in their backgrounds. For instance, a survey by RAAV of its members found that many rooming houses now cater to students exclusively. Added to this we found that many more young working men and women choose to stay in rooming houses due to the affordability of this style of accommodation and their location close to work and transport.

As a result of this change many residents have started to demand higher levels of amenity and privacy in their accommodation. In response Rooming House operators both in the private and public sector have started to provide more services within the tenant’s room. This change is so widely recognised that in the options paper produced by Consumer Affairs Victoria as part of the Residential Tenancy Review reference was made to the “New Generation” rooming houses (pg 137 section 9.1), see below:

***“a new class of so-called ‘new generation’ rooming houses is emerging to cater to young professionals (such as health professionals wanting to reside near hospitals) and international students. ‘New generation’ rooming houses may include purpose-built developments providing residents with their own ensuite facilities and may be operated as rooming houses but designed to have very few shared facilities.”***

The main difference between the “New Generation” and the traditional rooming house model is that residents are provided with more services in their rooms (shower, toilet, bench top etc) while providing less space for shared areas such as bathrooms, kitchens and communal living areas. The resident is provided with a more “self-contained” bedroom model within the context of the overall self-contained dwelling. Added to the enhanced amenity for residents this model has been widely recognised as providing a safer and better environment for the residents to live in, especially for females. So much so that this self-contained room design has been supported by former Minister for Housing, Disability and Ageing Martin Foley who announced on the 4<sup>th</sup> August 2016 a \$10 Million upgrade to a number of government owned rooming houses to convert them to self-contained rooms. Martin Foley said:

*“The rooming houses, which currently have shared facilities, will be converted into community housing properties with security and **self-contained accommodation**. The project provides an opportunity to not only improve the **safety** and **amenity** of rooming house accommodation, but will allow disadvantaged residents to better engage with community and support services. **Shared communal living, bathroom and kitchen facilities are an outdated model** of accommodation, especially for women often impacting on their physical and mental health and their pathway to a better life. Apart from far better physical conditions for residents, it also means more opportunities for residents to socialise with the surrounding community, **reduced conflict among residents..”***

In 2018 there was a great deal of media coverage generated by Kate Langbroek’s alleged assault at the hands of a rooming house resident staying at the Regency Rooming House in St Kilda. In response to Kate’s request for action Minister Foley announced that they would spend “ \$6 million to convert the building into 37 self-contained units for mature-aged, disadvantaged women” (<https://www.theage.com.au/national/victoria/residents-booted-from-st-kilda-boarding-house-over-violence-drug-use-20180308-p4z3h6.html>).

This concept of self-containment within a building has been legislated in New South Wales under their **Affordable Rental Housing 2009** legislation sections 25 to 30. This legislation allows for Boarding House rooms to be totally self-contained including their own kitchen and bathroom. This legislation allows for the provision of only minimal shared areas within the building with most services and amenity being provided in the tenant’s room.

To assist in your understanding of the “New Generation” rooming house we have included a photo of an actual room in an existing building with the tenant’s commentary:



*“I had to find a new place to live after a relationship breakdown. Being heartbroken I was not in a mental state to be able to cope with living in a shared house. I love living here as I have my own space and everything I need to get back on track. Also, being close to work and friends was important”*

Tenant is a primary school teacher of moderate income.



Fairfield Rooming House - Providing residents their own space means a much higher level of amenity compared to residents sharing common areas.

### **Enforcement of the minimum standards and regulatory changes**

RAAV has generally supported regulatory changes over the last decade. During this period there has been extensive change in the Legislation that covers rooming houses. This has included:

- The introduction of the RESIDENTIAL TENANCIES (ROOMING HOUSE STANDARDS) REGULATIONS 2012
- The introduction of the ROOMING HOUSE OPERATORS ACT 2016,
- Changes to the Planning and Environment Act 1987
- Changes to the RESIDENTIAL TENANCIES ACT 1997
- The introduction of Disability Standards under the Building Code of Australian.

Many of these changes were initiated from the Rooming House Standards Taskforce (Task Force) that RAAV participated in at the time.

RAAV firmly believes that a clear concise set of minimum standards is required to ensure a viable and healthy rooming house industry. However, we are very concerned about adding more regulations to an already highly regulated industry without enforcing the existing regulations across all rooming house operators and developing a cohesive approach from all parties with enforcement authority.

The following statement is taken from the Executive Summary of the Regulatory Impact Statement: -

*“It is important to note that the Regulations are intended to promote clear, enforceable minimum standards for registered rooming houses, rather than addressing broader systemic issues related to the unknown number of unregistered rooming houses operating illegally. The primary function of the Regulations is to operate as a mechanism for redress for residents living in registered rooming houses”.*



RAAV does not disagree with the premise of this statement. However, if the issue of unlicensed operators and unregistered rooming houses is not dealt with far more effectively than it is now, then any number of new standards will not solve the problems residents face who are residing in these unregistered rooming houses that are being referred to in this paper.

The examples and numbers, that the Peninsula Community Legal Centre and Tenants Victoria refer to either are unclear in their source or do not differentiate between registered or unregistered rooming houses. In fact, the following sentence was taken from the Executive Summary :

*“Without the Regulations there would be a greater risk of rooming house residents being exploited, **noting most registered rooming house operators seem to be compliant with the Regulations**”.*

If most registered rooming houses are compliant with the regulations then clearly the problem is with the unregistered rooming houses and this is where the emphasis should be directed.

Furthermore, the following statement is taken from section 2.2.3 Compliance with minimum standards: -

*“CAV rooming house inspection data over the past 10 years is provided in Table 2.1, showing that only 247 infringement notices were issued by CAV between 2013-2022. Compared to inspections over the same period, this points to a compliance rate of approximately 95 per cent, once warnings have been remediated.”*

A 95% compliance rate would hardly suggest that there is a problem with registered rooming houses complying with the standards and it would not be expected to find very many registered rooming houses among the examples given by the accommodation rights groups.

Therefore, it would seem far more effective to improving rooming house standards if effort was increased to police and improve the unregistered rooming houses rather than imposing additional standards upon already compliant registered rooming houses.

### **Advocacy Groups Commentary and the lack of an Operators Voice in the RIS:**

RAAV's members are rooming house operators who are ideally placed to understand how rooming houses are run and the consequences of and the need for change.

RAAV members operate close to half of the rooming houses in Victoria and interact with their residents daily. They visit their rooming house/s several times a week on average. The number of interactions that our members have with their residents over a year runs in to the hundreds of thousands. Despite this our views have not been sought to form the foundational comments in relation to the regulatory change or the RIS. This we feel is a lost opportunity to have a balanced view in this process.

To not be fully informed of all the issues being raised could lead to a very significant negative impact on affordable accommodation in Victoria. Added to this we see many issues raised within the RIS from advocates that seem to reflect people's feelings and opinions. This is instead of quantitative measurements of what a problem is and what it is doing to the industry at large. If the industry is to be regulated on how people feel instead of measurable standards not being achieved, we are bound to fail.

Over an extended period RAAV has supported many legislative changes because we support a well-regulated industry. Over the last decade of extensive legislative change, we have observed continual

advocate calls for change. It is the position of RAAV that many of these changes fail to show an understanding of the extreme cost, disruption and operational difficulties that would be involved in implementing them. Added to this we question how wide ranging the issues raised are and whether the events take place in a registered or unregistered rooming house. Often, we have no way of knowing this as no detailed evidence is provided of numbers of occurrences or status of the rooming houses. An example of this is the Peninsula Community Legal Centre report "Open the Door!". The report states that their objective was to visit people in "registered and unregistered" rooming houses and that they interviewed fifty residents only in the southeast. Given the fact that there are over 1,400 REGISTERED Rooming Houses and approximately 10,000 residents, it would appear that their comments and conclusions are irrelevant given the insignificant sample size. Despite this the draft regulations and RIS often cite this document to justify change, a very concerning fact.

Additionally, the cohort of people that most advocates represent are only one of the many different types of residents that reside in rooming houses. Based on surveys done by RAAV on their members the residents who are dependent on government assistance form only about 35%. There are also large numbers of students, white and blue collar workers staying in rooming houses. Many of the issue that advocates have raised do not apply to these other cohort of residents in rooming houses. This means that many of the changes they request create red tape and additional costs whilst providing no additional benefit to large portions of rooming house residents.

RAAV is at a loss as to why we have not been contacted when the RIS was being prepared by Deloitte. It seems to have been developed by someone who has never operated a rooming house but more concerning it appears that it has been developed by someone who has never managed any form of housing renovation. For instance, to assume you can simply place a four-burner oven in a kitchen with no support work around this is a major lack of understanding of renovation work especially in a Rooming House. Given the multiple public submissions over more than a decade that RAAV has made this information is not difficult to access. This contrasts with the works of many advocate groups that is cited in the RIS.

## **RAAV's Response to Proposed Minimum Standards Changes:**

Please see below RAAV's response to the proposed changes to the Rooming House Standards (RHS).

### **No. 7 Standard for door to resident's room.**

RAAV Supports this standard.

### **No. 8 Standard for power outlets in resident's room.**

RAAV Supports this standard.

### **No. 9 Standard for windows in resident's room.**

RAAV Supports this standard.

However, in reference to the type of window covering stated in Standard 9 clause 2 (b) the addition of the following should be made (in red)

(b) is of a kind ordinarily acquired for personal, domestic, household or rooming house **but with some flexibility as to the type of window covering so long as it is within the scope of the standard.**

Furthermore, given the cost and time required to meet this change to the standard, it will be necessary to make the compliance date as from February 2025.

## **No. 10 Standards for lighting in resident's room and No. 19 Standards for ventilation.**

### **Requirement to Meet Building Code of Australia (BCA):**

RAAV fully supports the requirement to meet the BCA of Australia when building or making major renovations to Rooming Houses. Rooming House Operators (RHO) are required to meet the BCA when they apply to build or convert a house into either a class 1B or 3. However the BCA requirements are not retrospective so whenever a change is made to the BCA existing stock is not impacted. The approach taken in the RIS is to call out certain sections of the BCA and require that the standard is met. We believe this is not an appropriate way to use the BCA as it makes any change to the BCA retrospective. This approach has been used for both **Lighting in resident's rooms** and **Ventilation**. In effect making the BCA requirement retrospective goes against the approach of the BCA itself and could have many unintended consequences. For instance, being required to meet a change in the BCA for the latest version of such could mean that a building permit is required to affect the change. Most building permits cost \$3,500 not including the building costs. Further, a building permit could in some 1B rooming houses mean that disability is triggered a cost that was estimated by the federal government to cost \$45,000 over ten years ago. Given the time elapsed and the experience of RAAV we would suggest that this cost would be closer to \$80,000.

Given the above RAAV suggests that the requirement to meet the BCA is redundant as it is already required to meet as part of permit or performance conditions. We would suggest the below change to the regulations.

### **Proposed Change:**

We have suggested some wording to assist, see change in Red below,

#### Lighting.

“to have light satisfying Performance Requirement P 2.4.4 of the BCA Volume Two **at the time of obtaining the most recent building permit or satisfying a performance requirement**”

The lighting change would also apply to class three and other types of buildings.

#### Ventilation.

“have ventilation satisfying Performance Requirement P 2.4.5 of the BCA Volume Two or the Acceptable Construction Practice set out in Part 3.8.5 of the BCA Volume Two **at the time of obtaining the most recent building permit or satisfying a performance requirement**”

The lighting change would also apply to class three and other types of buildings.

## **No. 12 Standards for toilet or bathroom facilities.**

### **12 (1) to (3) Common Bathroom Locks**

RAAV is concerned with Sub Regulation (2) Part (ii) “is installed by a suitably qualified person;”

This will restrict the installation to either an expensive Locksmith or Carpenter indentured tradesperson and consequently restrict the opportunity of a competent “Handy Man” maintenance person who would normally be engaged to fit such a device. RAAV requests the following amendment to this sub regulation.

Change below in red.

Sub Regulation (2) Part (ii) “is installed by a suitably **competent** person;”

RAAV is also concerned with the provided Example of a “snib catch” which is a term not recognised in the Australian Standards Handbook ‘HB 50-2004 Glossary of Building Terms’. Furthermore, as quoted in HB 50 “Catches are generally small and have little security value”. The inclusion of “cabin hooks” in the list of items and prices in the RIS is also not an appropriate means of providing security and privacy in a bathroom.

RAAV supports the fundamental intention of the standard to be able to securely latch a bathroom and/or toilet door to ensure privacy. However, it needs to be in line with the Building Code that requires the ability for doors to be accessed or removed from the outside in the event of a person collapsing on the inside and blocking access. Therefore, any privacy latch, catch or bolt must be able to be accessed from the outside in the event of an emergency.

### **12 (4) – (5)**

RAAV Supports this standard.

## **No. 13 Standard for kitchen or food preparation facilities.**

### **13 (a) – (d)**

RAAV doesn’t support this standard for the reasons below.

### **Changes to Ratio of Ovens and cooktops in Kitchens**

This proposal is that the number of cook tops move from four for every 12 people to four for every eight people. Also, the number of ovens should be one for every eight people as opposed to one for twelve people. Complicating the discussion around this change is that the RIS on page 68 details the complete cost of this change being an average cost of \$692 for the oven and \$62 for the delivery, a total cost of \$754. The cost is in fact closer to \$5,520. Below we have detailed the serious flaws in the reasoning for the change, the costings and consequence of it.

While well intentioned this change is attempting to fix a problem that doesn’t exist in Rooming Houses. Even the PCLC “Open the door” report refers to issues with hygiene and conflict in kitchens and not the lack of stove tops and ovens. Rooming Houses are not like share houses or family homes as the residents are not related and live mostly independently of each other. What is important to

understand is that residents in rooming houses follow very different timelines where some may be working shift, uber driving, studying, working from home or doing a nine to five job. As a result, you don't see kitchens being required by the residents at the same times as you see in share houses or families. Instead, the use of kitchens is much more spread out due to residents differing schedules. It was with this understanding that the original standards were created to allow for a reasonable capacity in the kitchen and the dining facilities to cater for the maximum number of people in a room who are related. RAAV member's experience is that their residents don't experience ongoing issues with shared kitchens under the existing standards.

The RIS has failed to properly cost this proposed change. The RIS takes the view that you can merely order an oven cook top from "Betta", pay for delivery and then put it in the kitchen. This proposition shows a basic lack of understanding of rooming houses and the operational challenges in running them. The reality is that added to this proposed costing there will be the need to accommodate the oven and cook top into the electrical board by running a new circuit to the switch board. Most rooming houses of this size will have a full electrical switch board due to the current house needs so there is every likely hood that a new electrical switch board will be needed.

The next issue that will arise is where to put the oven and cook top. The RIS seems to assume that it can just fit straight into the kitchen. This will not be possible as a space will need to be created within the kitchen. This will most likely involve having to do carpentry work to create a space. In many situations a space may not be available, so other areas in the house, such as a bedroom, must be lost and added to the kitchen to provide the necessary space to meet these new regulations. The loss of a bedroom will mean a resident will have to leave and increase the likelihood of homelessness.

The carpentry work to create a space for the oven cooktop presents the possibility that a building permit will be required that will mean the provision of disability access as part of the permit. This work has been estimated by the federal government to cost \$45,000 per house. Based on our experience in building rooming houses this building expensive is currently closer to \$80,000.

The RIS also states that based on CAV figures that only 9.7% of rooming houses will be affected. We don't believe that this number is correct. We have carried out a quick survey with responses from 54 rooming houses where more than 80% of them have 9 or more residents. This shows that the CAV numbers cannot be correct. While the effect of this change will be extreme on those it impacts it will also be widely felt within the industry, much more than is claimed in the RIS.

RAAV believes that this change will also lead to the kitchen becoming a much more **dangerous** place for residents. By having another stove top and oven you have the potential for the kitchen to become over-crowded. This could lead to residents having accidents within the kitchen that most likely was never originally designed to have two ovens and another set of stove tops in it. Therefore, the possibility of fires resulting from mishaps like spilt fat or oil igniting in a crowded environment, is very high so safety must also be considered here and as RAAV is suggesting, no decrease in the ovens to residents ratio should be made.

The effect on the provision of new Rooming Houses will also be severely impacted. Based on RAAV's analysis of investing in a Rooming House you now need to have at least nine bedrooms to be profitable. This means that new existing rooming house will tend to be at least nine bedrooms in size to make them viable. Going forward the extra cost of fitting out kitchens will have to be incurred by

many new rooming houses. Given the complexity and cost of starting a Rooming House currently this change will prove to be a major disincentive to creating more affordable housing supply.

RAAV also notes that this change is meant to be done immediately. We ask how this can be done given the extent of work and cost that is required to achieve it? There is no possibility this change can be done immediately as appears to be the requirement.

In summary this change is completely unnecessary and will cause extreme cost to Rooming House Operators, homelessness and decrease the supply of new affordable housing. The cost of this change in the RIS has been estimated as being \$754 for every impacted rooming house. Based on the above analysis we have had a registered builder familiar with Rooming House construction cost the work at \$5,020, significantly more than currently shown. Please see the break down below where we have not, to be conservative, added the cost of losing a bedroom, a building permit or paying for disability access costs under a building permit detailed above:

<b><u>Additional Cook Top and Oven</u></b>	<b>\$</b>
· Wiring of a dedicated oven circuit	1,200
· New Mains Board	1,000
· Removal of bench and cupboards for oven space	360
· Removal of overhead cabinetry	360
· 'Make good' the walls and floor from above removals	900
· Provision of a flued rangehood	1,700
Total	5,520

**Proposed Change:**

RAAV feels that this change should not go ahead. It will not fix any existing problems but will cause much unnecessary cost to operators and affect residents adversely through rent increases and loss of affordable housing.

**13 (e) – (f)**

RAAV Supports this part of the standard.

**No. 14 Standard for dining facilities.**

RAAV supports the change but has suggested an improvement.

### **Dining Facilities:**

While RAAV supports this proposed change we suggest that it could be improved. For context, many operators provide tables in residents rooms to give the residents the option to eat privately. The feedback that operators get from residents is that they prefer to eat in their room because this is where they have the most privacy. RAAV would propose that the option is given to provide a table and chairs for dining in all the tenant's rooms as an alternative to providing one in a common area. Given that most residents eat in their private bedroom already it would be better to encourage operators to provide a table in the bedroom than the common area. This change is very similar to other options currently available to RHO to provide facilities in bedrooms such as cooktops and ovens instead of in common areas.

### **Proposed Change:**

See change below in red.

(c) Alternatively, chairs and a table can be provided in every bedroom that accommodates the maximum number of people being accommodated in each of the resident's room.

### **No. 15 Standard for laundry facilities.**

RAAV Supports this standard.

### **No.22 Standard for electrical safety checks.**

RAAV doesn't support this change.

There has been no evidence provided that this change from 5 years to 2 years will benefit anyone. The lack of deaths and accidents due to electrical faults over the past ten plus years is proof that the change has been adequate. We see this change as being unnecessary.

### **No. 23 Standard for windows in a rooming house.**

RAAV doesn't support this change.

RAAV is not against rooming houses having window coverings in living rooms but as with other suggestions we would not recommend that it is mandated. The reason that window covering was not mandated initially is that the requirements for privacy in a rooming house is centred around the resident's room. Given that residents are living with non-related people the concept of privacy in the communal areas is not as critical as in their bedrooms where the resident expects privacy. Also, we have been given feedback from operators that where communal areas have blinds or curtains, they are almost always left open and effectively not used. The comparison with family rentals is not appropriate given that fact that the house contains nonrelated people who have a much lower expectation of privacy in communal areas.

This standard will add extra cost to the operation of a rooming house, create unnecessary work and not achieve any real benefit to residents.

### **No. 24 Standards for corded internal window coverings.**

RAAV Supports this part of the standard.

24 (2)

RAAV supports this change but is concerned that many rooming houses have had window coverings that are in good working order that were installed by a previous owner. How is the current RHO meant to apply with section 24 (2) (a) when they don't know who installed an existing corded internal window. Added to this in section 24(2)(b) how are warning labels or swing tags able to be attached if they are not present when the RHO starts managing the property?

**Proposed Change:**

See change below in red.

(c) Changes 24 (2) (a) and (b) do not apply to corded internal window coverings that were present before the Rooming House Operator started to manage the property unless the Rooming House Operator has the relevant information, swing tags or labels.

**No. 25 Standards for external windows.**

**External Windows:**

RAAV supports the change to this standard. We also suggest that in addition to a latch that both a Bolt and Awning Window are additional options to secure against external entry. Given the many varied types of windows in Rooming Houses this would make a more sensible change.

RAAV seek clarification that any keyless mechanism that locks a window in the shut position would meet the "functioning latch" requirement of the standard. With this clarification we would support the standard.

**Proposed Change:**

See change below in red.

(b) each window is to have a functioning latch or bolt to secure the window against external entry.

(c) In addition to (b) an awning window is sufficient to secure a window against external entry.

**No. 27 Standards for heating**

**Heating:**



RAAV doesn't agree that this change needs to be implemented as a mandatory requirement. As we have argued in relation to most changes that involves common areas an approach is being taken that equates Rooming Houses to shared or family houses.

Secondly, the current proposal offers very expensive options from the 25<sup>th</sup> February 2025. What we would suggest is that in addition to the current options that are listed under the definition of an **energy efficient fixed heater** that an **electric energy efficient space heater** is added. This addition would allow an option that doesn't involve breaking through walls, running ducts and installing items within walls or on external walls and roofs. It would provide heating as required but would be done much more cost effectively and less disruptively to the household.

Added to this currently the standard refers very broadly to heaters being placed in common rooms. We would suggest that a heater shouldn't be mandated in a kitchen, which is a common room, due to the fact that ovens etc already generate a large amount of heat. We would suggest that the addition of heaters be targets to be installed in a "common room not including a kitchen".

#### **Proposed Change:**

As mentioned above, RAAV opposed the standard which mandates the provision of heating in common areas due to the very low use of these areas as discussed in this submission already. However, if the change must be made then at least the following changes should be made to the standard.

See change below in red.

In standard 27, relace the term "common area" with "**common room not including a kitchen**"

Change to energy efficient fixed heater definition under section 5 Definitions:

Add,

(e) **An electric, energy efficient, domestic space heater.**

#### **No. 28 Standard for structural soundness**

RAAV Supports this change.

#### **No. 29 Standard for mould and dampness**

RAAV Supports this change.

#### **No.30 Requirement to keep record of gas safety check**

RAAV supports this standard for keeping gas safety check records, however we are concerned about the implications of regulations 36(3) and 37(3) of the Gas Safety (Gas Installation) Regulations 2018 for each Type A gas appliance that is part of that installation.

RAAV Supports in principle the compulsory biannual servicing of open flued gas appliances prior to completing a gas safety check, but not the compulsory biannual servicing of all gas appliances prior to

a safety check, for instance the only servicing on a gas cook top is to regrease the gas cock valves, performing this every two years when they are designed and assembled with special high quality grease designed for a 10 to 20 year life is over servicing, and trying to service a modern forced draft instantaneous gas hot water system that OEM manufactures state should not be opened up to avoid contamination or disturbance of the intricate electronic control systems is also over servicing, additional servicing of appliances should be determined by the results of the gas safety test on an as required basis only.

### **No.31 Requirement to keep record of electrical safety check.**

RAAV supports this standard.

## **Items for Consideration:**

### **A minimum level of ceiling insulation and Draft Proofing:**

Any attempt to retrofit existing rooming houses with insulation or draft proofing would represent a considerable expense. In addition, many residential houses that have flat roof with very little space between the internal ceiling and the external roof would involve the complete removal of the external structure to allow the installation of the insulation. Once the insulation was installed the roof material would then have to be reapplied. This process would in affect be the same as taking off and then replacing the roof. Based on our analysis the cost of this for a standard three bedroom home in Victoria would be \$6,000 to \$10,000 dollars, rooming houses are often much bigger. This cost doesn't include the cost of the insulation. RAAV would recommend that given the cost that this exercise would dramatically reduce the current stock of affordable accommodation as many operators would see this as an excessive economic exercise and leave the Rooming House Industry.

### **Living Rooms in Rooming Houses:**

RAAV has been very vocal that living rooms in Rooming Houses should not be mandated. What our RAAV members have found is that most of the anti-social behaviour, mess, noise, drug taking, and violence happens in the communal living area. Many people who advocate for living rooms and communal areas mistakenly think of rooming houses like family homes or even share accommodation. In these households' families and friends decide to live together. In rooming houses residents almost exclusively come on their own and then reside under the same roof with unrelated parties. The residents are normally of different ages, gender, culture and nationality. Our experience is that these residents overwhelmingly are not interested in joining in with other residents to share their day-to-day activities. In fact, most rooming house operators report that their houses are empty during the day and early evenings as people are out working, studying or socialising. The residents of rooming houses tend to want to be left to themselves and not be disturbed by the other unrelated residents in the house. By far the most common complaint that rooming house operators get from residents in houses with living rooms is the anti-social behaviour and noise that other residents make there.

Another problem with retrospectively mandating living rooms in a rooming house is that you would have to either repurpose an existing bedroom or add more floor space. To change a bedroom into a living area would mean dramatically reducing affordable accommodation in Victoria. To create more floor space would require very expensive building works. Additionally, this building work could trigger disability requirements under the Disability Access Standards which have been estimated by the

federal government to cost \$45,000 per house. Based on our experience in building rooming houses this building expense is often higher at about \$80,000.

RAAV's position has been supported by the actions of the current Labor Government in Victoria. For instance, the former Minister for Housing, Disability and Ageing Martin Foley announced on the 4<sup>th</sup> August 2016 a \$10 Million upgrade to a number of government owned rooming houses to convert them to self-contained rooms. Martin Foley said:

*"The rooming houses, which currently have shared facilities, will be converted into community housing properties with security and **self-contained accommodation**. The project provides an opportunity to not only improve the **safety and amenity** of rooming house accommodation but will allow disadvantaged residents to better engage with community and support services. **Shared communal living, bathroom and kitchen facilities** are an **outdated model** of accommodation, especially for women often impacting on their physical and mental health and their pathway to a better life. Apart from far better physical conditions for residents, it also means more opportunities for residents to socialise with the surrounding community, **reduced conflict among residents..**"*

The Labor Government has spent over 16 million dollars of tax payers money to remove communal areas such as living rooms from Rooming Houses. Why would it now make any sense to start reversing this?

RAAV is not taking the position that rooming houses shouldn't have living rooms just that they should not be mandated for the very good reasons above. To enforce such a requirement would lead to much reduced accommodation and a decrease in investment in the industry.

### **Time Requirements Under Option 2:**

RAAV is of the position that all changes should be phased over a three-year period as a minimum given the speed with which these changes are being made. There has been little to no time to properly assess these changes or prepare for them. This is borne out by the poor analysis presented in the RIS. Some items such as the changes to kitchens and food preparation facilities which RAAV are opposed to are being implemented immediately. This is a completely unreasonable given the amount of work and cost involved. This would require at least 3 years to be implemented given the detailed activities we mention above.

### **Mailboxes: An unneeded change:**

While individual mail boxes have not been mentioned we know that this is a topic often raised so we wanted to comment on it. While we understand that some stakeholders seem to have concerns about resident's mail, there is no evidence provided that this issue is of any real concern to tenants. As operators, we have been surprised that this issue is raised given the lack of concern generally expressed by our tenants and more importantly the position taken by Australia Post that only ONE mail box can be provided for each address.

RAAV sees a very real negative impact that this additional burden would bring to running small 1B registered rooming houses. This change will cause an extreme administrative burden, legal exposure and cost to Registered Rooming House Operators (RHO) in an already heavily regulated sector. We have explained our position below and very much hope that any further discussions about this issue can now be ended.

Our approach is to explain the severe consequences that this change will have on registered rooming houses.

**Extreme Administrative Overhead that won't be feasible:**

The advice provided by Australia Post is they will not service multiple letter boxes, the alternative it would seem is for operators to manage the collection and issue of mail. This is totally unfeasible due to the management structure of 1B rooming houses (RH), as opposed to class 3's. Quite simply 1B RHs don't have dedicated staff managing the rooming house. The smaller 1B rooming house are often owner operated by a husband and wife or other proprietary partner arrangements. To require an operator to attend the house daily during the week and then spend time sorting through the tenant's mail will be an extremely costly management overhead, without even considering the delivery of parcels and registered mail.

Not only are the management structures not in place to be leveraged to handle mail but they simply don't exist. What this means is that rooming house operators will have to somehow find time every Monday to Friday of the week to drive to their rooming house(s) and then sort through the mail of their tenants. On average this will add one and a half to two hours every day Monday to Friday to travel to their rooming houses and then sort mail. Added to this they will invariably be contacted on a daily basis by tenants wanting to enquire about their mail and if it has arrived. This is a totally impractical situation that would be an unacceptable burden upon rooming house operators.

**Regulatory Impact Statement (RIS) must be done for this option:**

The Rooming house minimum standards were introduced in 2012 only after going through a very thorough RIS. What this meant was that any proposed changes were first properly checked to make sure that they weren't going to cause any dramatic increase in cost that would severely restrict the supply of affordable accommodation. As we have already stated above this change to secure mail at the front and in the rooming house will have a severe effect on the viability of operations. Below we have provided some information as to the cost of providing the secure mail service. This example will be at the lower end of the scale as it assumes an operator only has one house. If this change is considered it must have a RIS done.

Assumptions:

Number of rooming house = 1

Distance to travel to the rooming house and back = 1.5 hours

Time to collect and sort mail at each house = 30 mins

Cost to receive 2 to 3 calls per day from tenants = 10 mins

Total time require in any one day = 2 hours and 10 mins

Cost per hour to hire a company to provide a person and car to travel to rooming houses with all associated insurance and costs = 50 dollars per hour.

Total cost for operations per week = **\$541.60.**

Total cost for operations per year = **\$28,166.67.**

Of course, this cost will only be larger for any operator with more than one house.

It may be argued that an operator could provide this service themselves but most operators of 1B rooming houses already have a full-time job where no time would be available for this, and it certainly does not make financial sense to leave their employment to undertake this task. Given this cost far exceeds the profit that the average 1B rooming house makes it is apparent many operators would choose to remove themselves from the rooming house industry if forced to do it.

### **Legal Ramifications to Rooming House Operators of the Secure Mail Regulation:**

The rooming house advocacy groups state that residents are not receiving important mail such as notifications of legal hearings. It must be remembered that rooming house operators' main purpose is to provide affordable, safe and appropriate housing. There is no doubt that no other form of private residential housing in Victoria has the same high level of regulation when it comes to amenity or safety. Any change to make operators responsible for securing tenants mail will lead to operators becoming embroiled in legal matters of the tenants. We can now envisage situations where one party in a matter either a tenant or an external party attempt to engage the operator in legal proceedings to do with the delivery of mail. That is to either determine if mail was delivered or not. The fact that the secure mail regulation will force rooming house operators to become part of the chain of delivery of mail means that there is a very real danger that the operator will unwittingly become involved in the personal disputes of their tenants. This situation is completely unacceptable to operators whose sole intention is to provide accommodation and not be exposed to legal matters of their tenants. Added to this the impact on the cost and ability of obtaining insurance for rooming houses will suffer terribly due to this new liability.

### **Is this Option Legal?**

Given that rooming house operators would be asked to become part of the Australia Post's mail operations in the state of Victoria is it even legal to do so? We would ask Consumer Affairs to seek legal advice in relation to the points we made above as to the effect to operators becoming embroiled in tenant's legal matter and also whether you can legislate to make Rooming House Operators become part of Australia Posts Distribution Network.

In Summary RAAV and it's many members would be deeply concerned if the issue of sorting mail by the rooming house operator is being considered again. There is no doubt whatsoever that this will cause so much administrative and cost pressure on small 1B rooming house owners that many will be forced to leave the industry. Certainly, the smaller operators, that we estimate to be 85% of registered rooming houses in Victoria, will have great difficulty in being able to meet any form of secure mail requirement.