



**Residential Tenancies (Rooming  
House Standards) Regulations 2022 –  
Regulatory Impact Statement**

December 2022

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# Glossary

Acronym/shortened name	Full name
ABS	Australian Bureau of Statistics
BCA	Building Code of Australia
CAV	Consumer Affairs Victoria
CHP	Council to Homeless Persons
the Department	Department of Justice and Community Safety (DJCS) or Department of Government Services (DGS)*
FTE	full-time equivalent
FY	financial year
IDSC	Information and Dispute Services Centre
PCLC	Peninsula Community Legal Centre
PHW Act	Public Health and Wellbeing Act 2008
Prescribed Accommodation Regulations	Public Health and Wellbeing (Prescribed Accommodation) Regulations 2020
PV	present value
RAAV	Registered Accommodation Association of Victoria
RIS	Regulatory Impact Statement
RTA	Residential Tenancies Act 1997 (Vic)
the proposed Regulations	Residential Tenancies (Rooming House Standards) Regulations 2022
the Regulations	Residential Tenancies (Rooming House Standards) Regulations 2012
VPPs	Victoria Planning Provisions
VPS	Victorian Public Sector

\* Following the Victorian State Election held on 26 November 2022, several Machinery of Government changes were announced, including the transfer of the Consumer Affairs portfolio from the Department of Justice and Community Safety to the Department of Government Services, to be established from 1 January 2023.

# Executive summary

The purpose of this Regulatory Impact Statement (RIS) is to analyse the effectiveness and impacts of the current Residential Tenancies (Rooming House Standards) Regulations 2012 (the Regulations) and to support the development of the proposed Residential Tenancies (Rooming House Standards) Regulations 2022 (the proposed Regulations).<sup>1</sup>

The Regulations are made under *The Residential Tenancies Act 1997 (Vic)* (RTA) and will sunset on 27 February 2023, after having been extended for a period of 12 months. The RTA provides consumer protection for Victorians living in rental housing, outlining the rights and duties of rooming house operators, managers, and residents.

Under the RTA, the Regulations provide rooming house residents with minimum standards of privacy, security, safety and amenity. Rooming house operators who fail to meet the minimum standards are committing an offence under the RTA. Consumer Affairs Victoria (CAV) is responsible for enforcing the Regulations.

If the Regulations were to sunset without being replaced, rooming house minimum standards would only be subject to the provisions of:

- the Public Health and Wellbeing (Prescribed Accommodation) Regulations 2020 (the Prescribed Accommodation Regulations), which outline minimum standards relating to health and safety
- the Building Regulations 2018, which outline minimum standards for buildings relating to health, safety and amenity for the construction of new rooming houses or where building permits are issued.

This would likely lead to rooming house residents experiencing lower standards of privacy, security, safety and amenity. These lower living standards would likely be felt over time as facilities and fittings deteriorate and operators would no longer be required to maintain them in accordance with existing minimum standards.

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.

## Problem statement

Rooming houses residents are often vulnerable members of the community. These residents continue to experience issues related to the quality, safety and amenity of their accommodation, which has the potential to compound their vulnerability.

The characteristics of a rooming house are different from other residential rental properties, due to residents typically not knowing each other and/or being in a vulnerable situation. As such, additional problems not experienced in typical rental properties can arise, including:

- residents having a perceived or actual risk of other residents invading their private space
- insufficient provision of shared appliances and furniture, due to the transitory nature of residents' stays and their financial circumstances, and the lack of relationships between residents.

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<sup>1</sup> As public consultation of the proposed draft Regulations and this RIS are occurring in 2022, the proposed Regulations are currently referred to as such. However, the final Regulations will be titled *Residential Tenancies (Rooming House Standards) Regulations 2023*, and will commence on 26 February 2023.

If these problems are not addressed, residents may be exposed to greater risk of theft or assault or loss of amenity and safety (for example, if certain appliances, such as cooking facilities, or safety measures, such as locks on bathroom facilities, are not present in the rooming house).

Given the strong growth of rooming houses, there is a continued need to ensure that rooming house minimum standards remain fit for purpose and support affordable housing for an increasingly diverse range of residents.

### **Ongoing concerns about the liveability and safety of rooming houses**

The introduction of the Regulations in 2012 sought to address concerns about liveability and safety in rooming houses. The Regulations were introduced following recommendations from the 2009 Rooming House Standards Taskforce, which found that existing regulations were insufficient to guarantee a basic level of personal safety and security for residents.

Despite the introduction of the Regulations, residents and other stakeholders from within the rooming house sector continue to express concerns about liveability and safety a decade later. For example, recent research from CAV found that three-quarters of rooming house residents reported experiencing an issue with their accommodation in the last two years.<sup>2</sup> Most issues were related to operators ignoring maintenance and safety issues and the property being in a generally poor state.

A recent report from Peninsula Community Legal Centre (PCLC), which provides advocacy for rooming house residents, provided insight into the extent of the problem. PCLC found that 40 per cent of rooming houses they visited were operating in a considerable state of disrepair.

Living in poor-quality housing can have a significant negative impact on an individual's health and quality of life; for example, exposure to damp, mould, cold indoor temperatures and poor ventilation can increase an individual's risk of experiencing respiratory conditions and infectious disease as well as poor mental health. For rooming house residents, the impacts of living in sub-standard housing can further perpetuate the economic, health and social inequities they experience.

### **Power imbalance between rooming house operators and residents**

Rooming house residents are often vulnerable and disadvantaged members of the Victorian community. It is common for rooming house residents to experience poorer mental health and psychological distress, dependence on drugs and/or alcohol, a history of family violence or to be recipients of government assistance.

For many rooming house residents there is no suitable and affordable alternative form of accommodation available, so they are at risk of homelessness if they are not able to be housed in a rooming house. These factors create potential for operators to profit from this vulnerability. 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.

### **In the absence of regulation, rooming house standards would be expected to worsen**

If the Regulations are allowed to sunset without being replaced by the proposed Regulations, it is likely that rooming house residents will experience decreases in their living standards which would impact on their quality of life. Residents will face ongoing risks to their health, safety and wellbeing if living in accommodation that does not meet minimum standards. These issues are likely to lead to vulnerable residents continuing to face economic and social hardship, potentially increasing the demand on other social services, such as tenant advocacy organisations, or the public health system. The Regulations also seek to ensure there is consistent messaging on the basic standards that rooming house operators must provide, which is important for a decentralised regulatory approach, such as the approach that exists for rooming house monitoring and advocacy.

## **Objectives of the proposed Regulations**

The objective of the proposed Regulations is to ensure that rooming houses in Victoria provide vulnerable residents with an affordable housing option that is safe and habitable, through the

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<sup>2</sup> Consumer Affairs Victoria (2019). *Renter User Research*.

prescription of minimum standards relating to privacy, safety, security and amenity. A secondary objective of the proposed Regulations is to ensure the rooming house sector remains an appropriate housing option for Victorians seeking affordable accommodation.

## Options

Two options are considered in this RIS, the status quo (Option 1) and greater alignment of standards for rooming houses with the minimum standards for other rental properties (Option 2).

### Option 1: Status quo

The status quo involves remaking the Regulations as they currently are.

As the status quo would not involve any changes to the Regulations, Option 1 features the same obligations and requirements as the current Regulations. As a result, the Regulations will continue to be prescriptive in nature, providing detailed provisions that rooming house operators must comply with to ensure rooming houses are consistently maintained to minimum standards.

### Option 2: Greater alignment of minimum standards for rentals

This option involves remaking the current Regulations, as in Option 1, but with a number of changes. The purpose of this is to ensure that rooming house residents are no worse off than renters who are protected by the rental minimum standards under the Residential Tenancies Regulations 2021, as well as to clarify potentially ambiguous requirements in the current Regulations.<sup>3</sup>

A number of improvements to the Regulations are proposed under this option, including the requirement for provision of a washing machine in laundry facilities, a fixed energy efficient heater in a common area, and increased cooktop, oven and fridge space.

## Impact analysis of preferred option

This RIS provides an estimate of the costs to rooming house operators on a yearly basis. It is based on best available data and a range of credible and conservative assumptions for the time, money and resources operators may expend to provide the required fixtures and facilities.

Two key assumptions underpin the analysis undertaken in this RIS. The first, relating to the number of rooming houses in Victoria, was based on CAV rooming house register data. The second assumption, relating to the growth of rooming houses in Victoria, was based on the historical average growth rate of rooming houses over 2015–2021, derived from CAV data.

This analysis assumes that rooming house operators will bear the costs of the Regulations remaining in place over the next 10 years, as well as the costs associated with changes to the Regulations, while residents will benefit from the minimum standards. It is possible that the impacts of the proposed Regulations would be shared between rooming house operators and residents if operators choose to pass on the costs through rent increases. However, the extent to which rent increases may or may not occur is difficult to predict.

The RIS also considers the possibility that the proposed Regulations will lead to the closure of some rooming houses. This scenario would occur when rooming house operators consider the minimum standards to be too costly to comply with. This is considered an unlikely scenario given that many of the standards included under the proposed Regulations have been in place for the previous 10 years, meaning that compliant operators have already incurred sunk costs to meet these standards. The scale, impact and incremental costs compared to the status quo of the proposed changes are not considered substantial enough to force rooming house operators into closure.

The preferred option for the remaking of the Regulations is to remake the current Regulations with greater alignment with minimum standards for other rental properties (Option 2). Option 2 is the

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<sup>3</sup> Section 65A of the RTA requires residential rental providers of a premises with a residential rental agreement under Part 2 of the RTA to comply with the prescribed rental minimum standards. The rental minimum standards are found in Schedule 4 of the Residential Tenancies Regulations 2021.

preferred option as it provides greater benefits and protection to rooming house residents, without major incremental costs to operators.

Option 2 is estimated to impose compliance costs of \$28.60 million (net present value) over 10 years, or an average annual (undiscounted) cost to operators per rooming house of \$1,936. The total cost of the proposed Regulations includes \$19.02 million of costs already associated with the status quo and incremental costs of \$9.59 million. The per-house costs associated with Option 2 are estimated to be 2.5-3.1 per cent of the annual revenue of a typical rooming house.

The preferred option requires continued government monitoring and enforcement resourcing. This resourcing will be unchanged from current government monitoring and enforcement activities, which are estimated at an average annual cost of \$618,000 per year, or a total cost of \$5.01 million (NPV) over 10 years.

The proposed Regulations are expected to breakeven if they result in 3.7 avoided deaths over the lifetime of the regulations (10 years). This is considered feasible, given there were five deaths in rooming houses within two years prior to the Regulations being introduced. Additionally, there are a range of other more prevalent unquantifiable benefits that are expected to result from the proposed Regulations relating to the safety, security and amenity of rooming houses and the health of rooming house residents.

### **Small business and competition impacts**

It is unlikely that the proposed Regulations will have a significant adverse impact on competition in the rooming house market or the ability of small rooming houses to operate.

While the proposed Regulations will likely impose a per-bedroom cost that is higher for smaller rooming houses (due to the fact they have fewer rooms over which to recover fixed costs relating to fixtures in common areas) this impact is likely to be minimal and offset by other provisions in the Regulations which scale with the size of the rooming house. These competition impacts are necessary to achieve the Government's objectives and the benefits are expected to outweigh any minimal costs of restricting competition.

Similarly, the proposed Regulations are not expected to disproportionately limit the ability of small rooming houses to operate, particularly as the minimum standards apply consistently across all rooming houses and the costs associated with complying with the proposed Regulations mostly scale with the size of the rooming house. As noted above, the per-bedroom cost of the proposed Regulations may be marginally higher in smaller rooming houses, but this effect is expected to be minimal. Additionally, the changes to the Regulations are not complex and are likely to be easily understood by rooming house operators. For rooming houses already in operation, upfront costs related to complying with the minimum standards will largely have already been incurred and any costs associated with upkeep and maintenance will be spread over the next 10 years, meaning costs for smaller operators will likely be manageable.

### **Implementation and evaluation strategy**

The Department of Government Services (DGS) will be primarily responsible for the implementation of the proposed Regulations. DGS will communicate the new minimum standards, as prescribed by the proposed Regulations, to rooming house operators and other stakeholders through various communication channels once the proposed Regulations take effect.

The enforcement and administration of the proposed Regulations will also be undertaken by CAV, using the same enforcement and compliance processes and officers that CAV has in place for the current Regulations.

DGS and CAV will together monitor risks arising from the implementation of the new minimum standards through monitoring the frequency and nature of complaints to CAV about non-compliance. Ongoing engagement with stakeholders by DGS and CAV will contribute to implementation and monitoring. Compliance monitoring specifically will be undertaken by CAV. CAV will ensure compliance with the new minimum standards through its existing monitoring and enforcement activity undertaken as part of its day-to-day operations.

In terms of the evaluation strategy, DGS will monitor the proposed Regulations and their ongoing effectiveness in ensuring that rooming houses meet basic quality standards. The effectiveness of the proposed Regulations will be monitored by CAV on an ongoing basis through analysis of data on complaints and contacts to CAV and data on CAV's investigations of rooming house operators.

The effectiveness of the proposed Regulations will be formally evaluated by DGS before they expire.



# 1 Background

This chapter outlines the purpose of the proposed Regulations and the requirement for a Regulatory Impact Statement.

## 1.1 Introduction

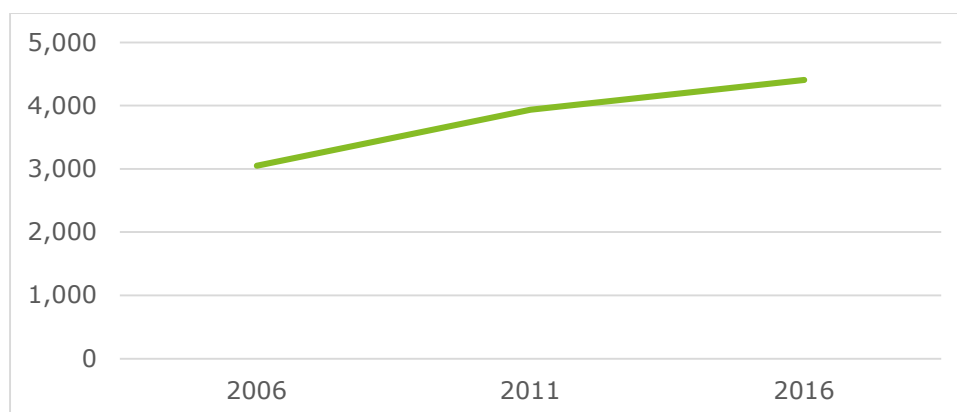
The Regulations, which prescribe a range of minimum standards for rooming houses relating to privacy, safety, security and amenity, are due to sunset on 27 February 2023.

The purpose of this Regulatory Impact Statement (RIS) is to analyse the effectiveness and impacts of the Regulations and to support development of the proposed Regulations. As the proposed Regulations may impose material obligations on operators of rooming houses, a RIS must be developed to understand the impacts that remaking the Regulations will impose on sectors of the Victorian community.

A rooming house, as defined under the RTA, is a property where four or more people can occupy the rented rooms, some of which may be shared. On average, however, rooming houses generally have six to eight residents residing in them at a time.<sup>4</sup> Residents of rooming houses are typically vulnerable cohorts of the Victorian community, with rooming houses often providing 'last resort' or crisis accommodation to these cohorts.<sup>5</sup>

The Australian Bureau of Statistics (ABS) defines rooming house residents as homeless because rooming houses lack core elements that make up a home, such as a sense of privacy and security and ability to control one's living space.<sup>6</sup> ABS data indicates that the number of rooming house residents has trended upward since 2006 (see Chart 1.1) and is increasing more rapidly than the size of the general population.<sup>7</sup>

Chart 1.1: Persons living in rooming houses in Victoria



Source: ABS Census of Population and Housing: Estimating Homelessness, 2016

Since 2006, Census data suggest 3,000-5,000 Victorians have been living in rooming houses, but homelessness researchers from RMIT, Chamberlain and Johnson, estimate that there could be almost triple that figure. While the 2016 Census recorded that there were 4,406 Victorians living in rooming houses, Chamberlain and Johnson estimate that 7,300 rooming house residents were

<sup>4</sup> Peninsula Community Legal Centre (2020). *Open the Door: The Resident's View of Life in a Rooming House*.

<sup>5</sup> Ibid.

<sup>6</sup> Australian Bureau of Statistics (2012) *A Statistical Definition of Homelessness*, Catalogue No. 4922.0.

<sup>7</sup> ABS Census of Population and Housing: Estimating Homelessness, 2016 (latest release).

missed in this Census.<sup>8</sup> It also appears the ABS undercounted the number of rooming houses in suburban Melbourne, identifying and accounting for only 11 per cent of the number of registered rooming houses in this area.<sup>9</sup>

A census of population and housing estimating homelessness and rooming house residencies has not been conducted following 2016, so the effects of the COVID-19 pandemic on this trend are unknown.

With inflation and housing prices currently rising faster than wages, some Victorian residents will experience a reduction in their real income and purchasing power. This could push more people into rooming houses in the near future, increasing the importance of minimum standards in these properties.

## 1.2 Overview of rooming houses and operations

### 1.2.1 Rooming house characteristics and agreements

Traditionally, rooming houses were purpose-built dwellings which typically comprise many bedrooms and on-site management. Now, the majority of rooming houses are standard suburban family homes that have been modified to accommodate more residents and operate as rooming houses.<sup>10</sup> Rooming houses are largely located in metropolitan Melbourne, with four of the five Local Government Areas with the highest number of registered rooming houses located in this area.<sup>11</sup>

All rooming houses must be registered with the applicable council, as mandated by the *Public Health and Wellbeing Act 2008* (PHW Act). Figure 1.1 summarises the characteristics of a 'typical' (average) rooming house. More detailed data on key rooming house characteristics are provided in Appendix A. In addition to the definition of rooming house outlined above, a rooming house can also refer to a building that has been declared a rooming house by the Minister for Housing.<sup>12</sup> Rooming houses differ from share houses; where share house residents have exclusive possession of the rented property, rooming house residents have exclusive possession of only their room, with shared access to communal facilities, such as bathrooms, kitchens, and laundries. Rooming houses are often viewed as a 'last resort' for housing, and often are employed by emergency housing services as crisis accommodation due to shortages of affordable housing.<sup>13</sup>

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<sup>8</sup> Chamberlain, C and Johnson, G. (2020). *A research report prepared for the parliamentary inquiry into homelessness in Victoria*.

<sup>9</sup> Ibid.

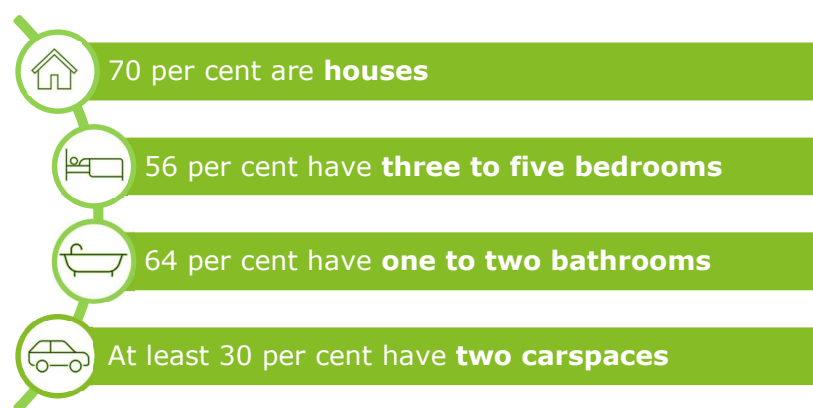
<sup>10</sup> Peninsula Community Legal Centre (2020). *Open the Door: The Resident's View of Life in a Rooming House*.

<sup>11</sup> These are Monash City Council, Whitehorse City Council, Greater Dandenong City Council and Frankston City Council. *CAV data 2021*.

<sup>12</sup> The RTA allows the Minister for Housing to declare a building (including a block of self-contained apartments) to be a rooming house by publishing a notice in the Government Gazette, allowing these buildings to be managed under the rooming house provisions. For example, buildings owned or leased by community housing organisations.

<sup>13</sup> Peninsula Community Legal Centre (2022). *Submission Rooming House Lived Experience Project*.

Figure 1.1: A typical registered rooming house in Victoria



Source: Analysis conducted by Consumer Affairs Victoria, 2018

Individual residents typically have separate agreements with the operator. Rooming house agreements usually comprise one of the following:

- **a fixed-term rooming house agreement** is a written agreement enabling a resident to stay for a fixed period of time
- **an open-ended written agreement** contains no end date, meaning the resident and operator have no commitment to the resident staying for a fixed period of time
- **a verbal agreement.**<sup>14</sup>

Standard residential rental agreements, such as those used for houses and apartments, cannot be used for rooming houses unless a resident is renting a self-contained apartment.<sup>15</sup> The rooming house agreement provides residents with the right to live in the room and use communal facilities and other common areas, however the operator has the authority to choose who can live on the property without the need to consult residents.

### 1.2.2 The residents, operators and managers of rooming houses

Rooming house residents are often vulnerable or disadvantaged members of the community. It is common for rooming house residents to have poor mental health, drug and alcohol dependence, a history of family violence, be recipients of government assistance, or be low-income earners.<sup>16</sup> For example, it is estimated over 500 people are discharged from acute mental health care into rooming houses, motels or other tertiary homeless situations in Victoria each year.<sup>17,18</sup> Research by CAV has also found that 65 per cent of rooming house residents have an income of less than \$40,000.<sup>19</sup>

Rooming house residents are becoming increasingly diverse, with international students and transient young professionals now also living in rooming houses, particularly upgraded rooming houses in inner Melbourne. These upgraded rooming houses are close to major hospitals and educational institutions, contain kitchenettes and fewer shared facilities, and come at a price

<sup>14</sup> Under the RTA, there is a residency right that allows the agreement to live in a rooming house to be a verbal agreement.

<sup>15</sup> The RTA allows the Minister to declare a building (including a block of self-contained apartments) to be a rooming house by publishing a notice in the Government Gazette, allowing these buildings to be managed under the rooming house provisions. For example, buildings owned or leased by community housing organisations.

<sup>16</sup> Peninsula Community Legal Centre (2022). *Submission Rooming House Lived Experience Project*. Submission; Department of Human Services (2011). *Proposed Residential Tenancies (Rooming House Standards) Regulations: Regulatory Impact Statement*.

<sup>17</sup> Situations experienced by people staying in accommodation that fall below minimum community standards, such as a caravan park or a household that is severely overcrowded.

<sup>18</sup> Parliament of Victoria (2021). *Inquiry into homelessness in Victoria: Final report*.

<sup>19</sup> Consumer Affairs Victoria (2019). *Renter User Research*.

premium.<sup>20</sup> The impact of declining international student numbers in Victoria since 2020 due to COVID-19 on upgraded rooming houses is currently unknown.<sup>21</sup>

The growing diversity of rooming house residents has seen the growth of submarkets within the rooming house market. The submarkets have been categorised as the following:

- **Traditional rooming houses.** These rooming houses have not been modernised and have largely shared facilities. Most residents are disadvantaged and vulnerable.
- **Upgraded traditional rooming houses.** These rooming houses charge higher rents and have fewer shared facilities. Residents are diverse, ranging from international students to younger, transient professionals.
- **Student rooming houses.** Rooming houses geared towards students are typically houses, apartments or custom dwellings. The residents of these rooming houses are largely international students.
- **Small suburban rooming houses.** These rooming houses are conventional dwellings in suburban areas, at times with extra rooms formed through partitions. Residents are a diverse range of people.

While rooming houses have a long history in Victoria, their operating model has changed over time.<sup>22</sup> In the 1980s, for example, community managed rooming houses were prevalent. Community rooming houses (which are not-for-profit and funded by the government) still operate, however since the mid-2000s, new models of rooming house operators (such as private operators) have emerged.<sup>23</sup> The growth of private operators, who are typically small scale investors converting suburban houses or commercial properties and leasing individual rooms, has been attributed to the financial incentives for private investors in the state's competitive rental market and strong growth in the price of housing.<sup>24</sup> The number of suburban homes converted into rooming houses in particular have been forecast to grow.<sup>25</sup>

A rooming house operator, who can be either an individual or corporate entity, runs a rooming house as a business from premises they own or lease.<sup>26</sup> A rooming house manager can be engaged by a rooming house operator to participate in the day-to-day management of the rooming house.<sup>27</sup> Chart 1.2 shows the number of rooming house operators registered in Victoria since the introduction of the requirement for operators to be licensed.

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<sup>20</sup> Australian Housing and Urban Research Institute (2015). *How can we improve rooming house regulation?* Bulletin; Dalton, T., Pawson, H. and Hulse, K (2015). *Rooming house futures: governing for growth, fairness and transparency.* Report for the Australian Housing and Urban Research Institute.

<sup>21</sup> The number of international students in Victoria declined from 250,051 in 2019 to 182,128 in 2019 (Department of Education, 2022, *PRISMS*)

<sup>22</sup> Peninsula Community Legal Centre (2020). *Open the Door: The Resident's View of Life in a Rooming House.*

<sup>23</sup> Victorian Government (2009). *Rooming House Standards Taskforce – Chairperson's Report.*

<sup>24</sup> Peninsula Community Legal Centre (2020). *Open the Door: The Resident's View of Life in a Rooming House.*

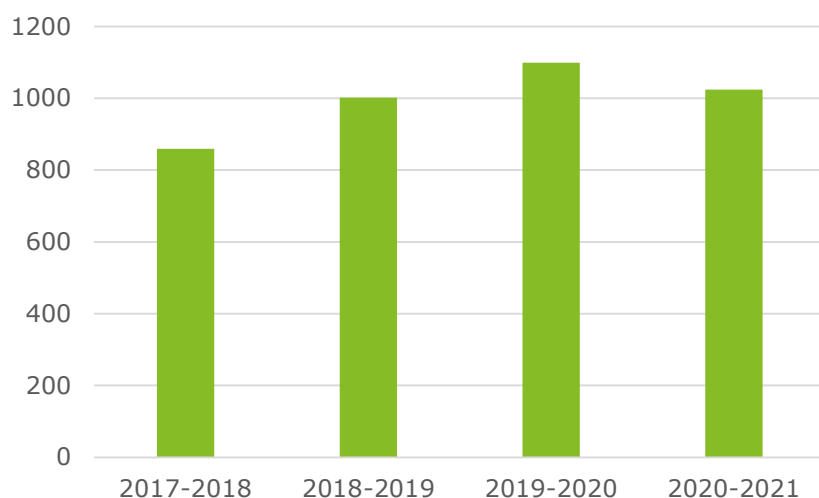
<sup>25</sup> Consumer Affairs Victoria data, 2016

<sup>26</sup> Consumer Affairs Victoria (2022). *Rooming house operators definitions.*

<<https://www.consumer.vic.gov.au/licensing-and-registration/rooming-house-operators/definitions>>

<sup>27</sup> Ibid.

Chart 1.2 Number of Rooming house operators registered with CAV



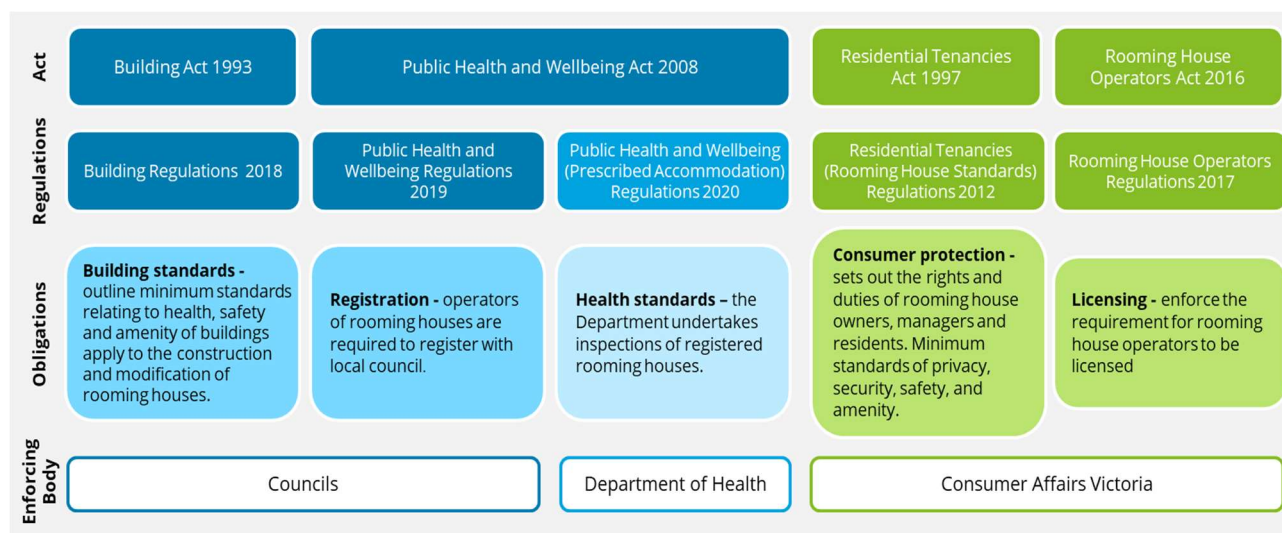
Note: data from before 2016 not available (prior to registration mandate)

Source: CAV, Annual reports

### 1.3 Legislative and regulatory framework for rooming houses in Victoria

Regulation for rooming houses in Victoria is mostly prescriptive. This means that regulation is based on rules and compliance with these rules, with the setting and enforcement of regulations related to minimum standards for rooming houses providing an example of this.<sup>28</sup> Figure 1.2 outlines the legislative and regulatory framework relating to rooming houses in Victoria.

Figure 1.2 Legislative and regulatory framework relating to rooming houses in Victoria



Source: Deloitte Access Economics

<sup>28</sup> Australian Housing and Urban Research Institute (2015). *How can we improve rooming house regulation?*

### **1.3.1 The Residential Tenancies Act 1997 (Vic)**

The RTA is the main source of consumer protection for Victorians living in rental housing. The RTA outlines the rights and duties of operators, managers and residents of rooming houses. These rights and duties are referred to as rooming house provisions and are enforced by Consumer Affairs Victoria (CAV). The RTA rooming house provisions include:

- maintaining the rooming house in good repair
- providing a resident with 24-hour access to their room and bathroom facilities, and access during all reasonable hours to other facilities in the rooming house
- privacy and quiet
- security
- displaying a Statement of Rights and Duties in a resident's room
- contact details of rooming house operators or their agent and emergency phone number in case of urgent repairs
- urgent repairs
- non-urgent repairs
- house rules
- access to room.

There are rental minimum standards prescribed under the Residential Tenancies Regulations 2021, however these only apply to rental providers who let their premises under a residential rental agreement, and so do not apply to rooming houses.

### **1.3.2 Health provisions and building standards**

Rooming houses are subject to health provisions under the PHW Act and the Prescribed Accommodation Regulations. These health provisions are enforced by local council. Under the PHW Act, operators of rooming houses are required to register with local council, while the Prescribed Accommodation Regulations outline health and safety standards for rooming houses.

These health provisions relate to:

- overcrowding
- maintenance and cleanliness
- water supply
- waste disposal
- toilet and bathing facilities
- register of occupants
- advertising.

Building standards which outline minimum standards for buildings also apply to the construction and modification of rooming houses. These building standards are enforced by local council and are outlined in the *Building Act 1993* and the Building Regulations 2018, incorporating the Building Code of Australia (BCA). Rooming houses typically operate in buildings with Class 1b or Class 3 classification.<sup>29</sup>

The Victoria Planning Provisions (VPPs), enforced by local council, also contain provisions related to the use and development of land for a rooming house. For example, the VPPs provide for exemptions to obtain a building permit if a rooming house is being constructed under particular circumstances (such as the rooming house having no more than 9 bedrooms and a total floor area of buildings of 300 square metres or less).

### **1.3.3 Operation of rooming houses**

Rooming houses are managed by a rooming house operator, who does not usually live at the property. Rooming house operators require a licence to run a rooming house in Victoria, as per the *Rooming House Operators Act 2016*, which came into effect in April 2017. The Business Licensing

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<sup>29</sup> Under the Building Code of Australia, Class 1b buildings are defined as a boarding house (rooming house), guest house or hostel with a floor area less than 300m<sup>2</sup> and Class 3 buildings are defined as a residential building providing long term or transient accommodation for a number of unrelated persons, including among others a boarding house (rooming house).

Authority is responsible for granting licences to applicants who are ‘fit and proper persons’. Licences can last three, four or five years and each applicant only requires one licence to operate any number of rooming houses.<sup>30</sup> It is important to note that the requirement for rooming house operators to have a licence is in addition to their requirement to register the rooming house with council.

### 1.3.4 The introduction of the Residential Tenancies (Rooming House Standards) Regulations 2012

The Residential Tenancies (Rooming House Standards) Regulations 2012 were introduced to prescribe minimum standards for rooming house operators. The Regulations are made under the RTA and failure to meet the minimum standards is considered an offence under the RTA. CAV is responsible for enforcing the Regulations.

The Regulations were introduced following the findings of the 2009 Rooming House Standards Taskforce that existing regulations were insufficient to guarantee a minimal level of personal safety and security for residents. A state-wide register of rooming houses and a duty for rooming house operators to comply with the minimum standards were also introduced.

In addition to any applicable requirements under the Prescribed Accommodation Regulations and the Building Regulations 2018, rooming house operators must comply with minimum standards of privacy, security, safety, and amenity, as set out in the Regulations (see Table 1.1). In addition to the minimum standards, CAV provides additional guidance for rooming house operators on their website, suggesting ‘good practice’ measures that will help rooming house operators achieve higher standards of living for their residents.<sup>31</sup> These standards are designed to address problems specific to rooming houses. The majority of these standards represent requirements that are additional to the broader regulatory framework, however some minimum standards in the Regulations only reinforce existing obligations under other regulations, providing a compliance and enforcement pathway under the RTA. These replicative requirements are noted in the table below.

Table 1.1 Summary of Rooming House Minimum Standards under the Regulations

Room type	Minimum standards that must be met
Residents’ room	<ul style="list-style-type: none"> <li>any door used to enter or exit from a resident’s room must be fitted with a lock that is operated by a key from the outside, and can be unlocked from inside without a key.</li> <li>a resident’s room must have at least two working, safe power outlets.</li> <li>windows in a resident’s room must have a covering that provides privacy and can be opened and closed by the resident.</li> </ul>
Bathrooms	<ul style="list-style-type: none"> <li>must be fitted with a privacy latch that can be securely latched from the inside without a key.</li> </ul>
Kitchens	<ul style="list-style-type: none"> <li>each resident must have access to and use of food preparation facilities. These can be provided in the resident’s room or as a shared kitchen.</li> </ul> <p>If these facilities are in a resident’s room, they must include a:</p> <ul style="list-style-type: none"> <li>food preparation area</li> <li>sink</li> <li>oven and cook-top in good working order</li> <li>refrigerator with at least 80 litres capacity</li> <li>cupboard with a minimum 0.1 cubic metres (100 litres) of storage capacity.</li> </ul>

<sup>30</sup> Commonwealth of Australia (n.d.). *Rooming House Operator’s Licence – Victoria*. <<https://ablis.business.gov.au/service/vic/rooming-house-operators-licence/39737>>

<sup>31</sup> Consumer Affairs Victoria (2021). *Rooming house - minimum standards*. <<https://www.consumer.vic.gov.au/minimumstandards#good-practice-guidance>>

	<p>A shared kitchen must have a:</p> <ul style="list-style-type: none"> <li>• food preparation area</li> <li>• sink</li> <li>• oven and cook-top with four burners in good working order – there must be one of these for every 12 residents who do not have an oven or cook-top in their room, with the number based on the maximum number of residents the rooming house can accommodate rather than current residents</li> <li>• refrigerator with at least 400 litres capacity</li> <li>• a lockable cupboard for each resident, with a minimum 0.1 cubic metres (100 litres) of storage capacity.</li> </ul>
Common area dining facilities	<ul style="list-style-type: none"> <li>• enough chairs to accommodate the maximum number of residents that can occupy a resident’s room.</li> <li>• a table that can comfortably fit this number of chairs.</li> </ul>
Shared laundries	<p>Facilities must include:</p> <ul style="list-style-type: none"> <li>• a wash trough or basin connected to a continuous and adequate supply of hot and cold water</li> <li>• space with hot and cold water supply outlets suitable for a washing machine immediately next to the trough or basin</li> <li>• a clothesline or other clothes drying facility.</li> </ul>
General minimum standards	<ul style="list-style-type: none"> <li>• an evacuation diagram that complies with section 3.5 and Appendix E of AS 3745 must be prominently displayed in each resident’s room and in all shared areas.</li> <li>• internal rooms, corridors and hallways must have a level of natural or artificial light appropriate to the function and use of the room.*</li> <li>• habitable rooms must have access to natural light during daylight hours, and artificial light during non-daylight hours, appropriate to the function and use of the room.*</li> <li>• habitable rooms, bathrooms, shower rooms, toilets and laundries must have ventilation that complies with the relevant Building Code of Australia.*</li> <li>• all gas installations and fittings must be checked at least once every two years by a licensed gas fitter.</li> <li>• all electrical installations and fittings must be checked at least once every five years by a licensed electrician.</li> <li>• operators must retain a record of a gas or electrical safety check, produce it on request to the Director of CAV, and this record must include the details of the licensed gasfitter or electrician who conducted the safety check.</li> <li>• all power outlets and electrical circuits must be connected to circuit breakers that comply with AS/NZS 3000 and switchboard-type residual current devices that comply with AS/NZS 3190, AS/NZS 61008.1 or AS/NZS 61009.1.</li> <li>• each external window that can be opened must be able to be securely closed or opened without a key</li> <li>• each rooming house entrance must have a lock operated by a key from outside and without a key from inside.</li> <li>• the main entry must have a window, peep-hole or intercom system, and a working external light that provides enough light during non-daylight hours to provide for safe access and screening visitors to the rooming house.</li> </ul>

Source: Consumer Affairs Victoria, 2021, Rooming house minimum standards

\*These standards replicate requirements under the BCA.



Rooming house residents also have legal rights and responsibilities. For example, rooming house operators have a legal obligation to provide rooming house residents with the 'Rooming house residents guide' before or when they move in. The guide outlines things residents may be asked for by operators, such as a bond; or have a right to, such as a condition report if a bond is required, or notice for operators to enter a resident's room; issues operators are responsible for, such as repairs and ensuring minimum standards; and responsibilities residents have, such as only keeping a pet with the operator's permission and not unnecessarily disturbing other residents.

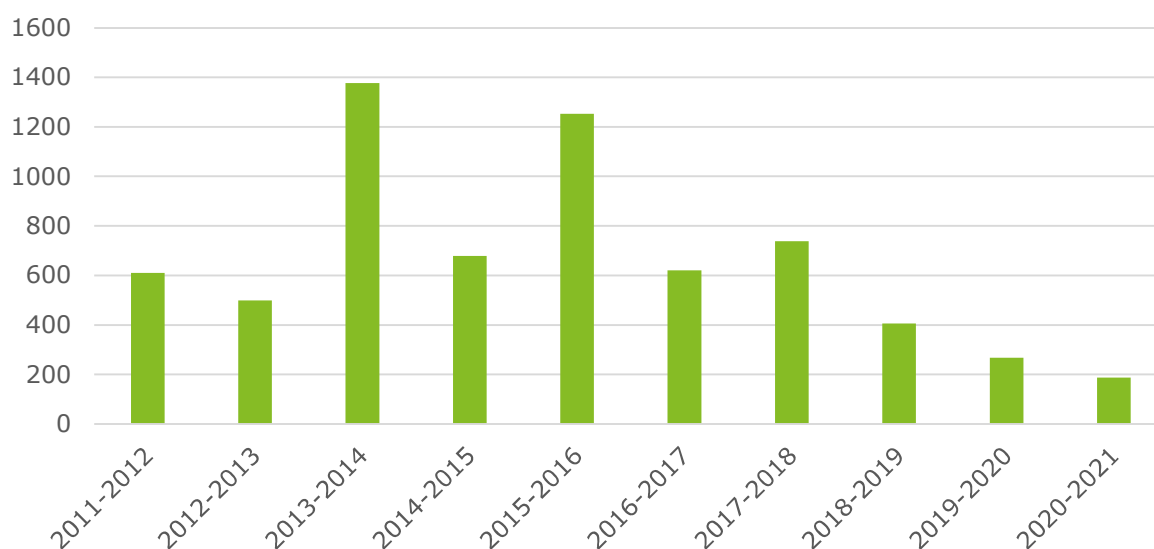
### 1.3.5 Enforcement of the minimum standards

The compliance and enforcement of rooming house regulation cuts across state government and local government. CAV is responsible for enforcing the Regulations for rooming house minimum standards. Enforcement includes inspecting properties to assess compliance and taking action to address non-compliance (see Chart 1.3 for CAV rooming house inspection data).

CAV adopts a risk-based, intelligence-led and outcomes-focused approach to inspection decisions to allocate its resources most efficiently to target rooming house operators with the highest risks of non-compliance with the minimum standards relating to privacy, security, safety and amenity.

CAV uses an array of information and intelligence sources to analyse the characteristics prevalent among non-compliant rooming house operators and uses these characteristics to proactively identify other operators that share these traits and may present an increased risk of non-compliance. This 'risk profiling' approach informs the methodologies that CAV uses to target rooming house operators. CAV also inspects rooming houses to assess compliance at the request of residents or local councils.

Chart 1.3: Number of rooming house inspections per year (including repeat visits)



Note: 2011-12 data includes inspections and investigations, which are not separated in the data for that year. In 2012-13, 4,434 compliance assistance visits were also completed as the minimum standards for rooming houses came into effect in March 2013. In 2013-14 and 2015-16, the Victorian Government undertook a compliance and enforcement program which resulted in high levels of inspections in these years. For 2019-20 and 2020-2021 the drop in numbers for inspections can be attributed to the inability to do on-site, in-person inspections, due to COVID-19 restrictions.

Source: CAV Annual Reports

Local councils also play a key role in the regulation of rooming houses, with their role being to regulate and enforce planning, building and health requirements contained in State Government legislation. Councils also regularly act as the first point of contact for rooming house residents and

operators when concerns arise.<sup>32</sup> As stipulated under the PHW Act, rooming house operators must register each rooming house with the appropriate local council. Councils have the authority to inspect rooming houses to ensure they are complying with public health and wellbeing standards set out in the Prescribed Accommodation Regulations. There is a cross over between enforcement of registration of rooming houses, where local councils are responsible for non-compliance with registration of the premises, but CAV is responsible for operator licensing. If a rooming house is unregistered, it is likely that the operator will also be unlicensed, which will see the involvement of CAV due to its responsibility in the operator licensing regime.

## 1.4 Preparation and structure of the RIS

This RIS has been prepared in accordance with the *Victorian Guide to Regulation*, which provides a best practice approach to analysing any proposed regulatory intervention.<sup>33</sup> This RIS estimates the impact of the proposed Regulations on Victorian businesses and community.

Key steps in the process to introduce the proposed Regulations are:

- preparation of the RIS (this document),
- independent assessment by Better Regulation Victoria,
- public comment on the proposed Regulations, and
- addressing public comment.

The main purpose of this RIS is to support the development of the Residential Tenancies (Rooming House Standards) Regulations 2022.

The structure of this RIS and the approach to assessing the impact of the proposed Regulations is as follows:

### Chapter 2: Identification of the problem and policy objectives

This involved the consideration of the nature and extent of the problem that the proposed Regulations aim to address, including the need for government intervention and the risks of non-intervention, and the objectives of such intervention.

### Chapter 3: Identification of the options to achieve the policy objectives

The options to achieve the objectives of the proposed intervention were developed by government, informed by an interdepartmental working group. Feasible alternative options to the proposed changes are discussed qualitatively in terms of their ability to address the problem.

### Chapter 4: Assessment of the costs and benefits

Consistent with the requirements of the Victorian Guide to Regulation, an assessment of the costs and benefits of the proposed changes, relative to a reference case (the Base Case) was undertaken. The analysis included the quantification, where possible, of costs to industry, government, and the Victorian community from ensuring rooming house standards are complied with. It included the costs to operators of privately owned rooming houses and government of complying with regulations, and costs to government of implementing and administering regulations. It also included qualitative consideration of the benefits largely related to improved health, safety and wellbeing of residents, something which has flow on benefits to the broader community and government. These analyses reflect data held by the Department of Justice and Community Safety, data gathered through independent research, and information provided through public submissions to the Review.

### Chapter 5: Summary of the preferred option

This chapter summarises the impacts of the preferred option. The likely impacts of the preferred option on industry competition and small businesses (operators) have been considered, including barriers to operators entering the market and impact on operators exiting the market.

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<sup>32</sup> Department of Human Services (2011). *Proposed Residential Tenancies (Rooming House Standards) Regulations: Regulatory Impact Statement*.

<sup>33</sup> Commissioner for Better Regulation (2016). *Victorian Guide to Regulation: A handbook for policy-makers in Victoria* <<http://www.betterregulation.vic.gov.au/Guidance-and-Resources>>

## **Chapter 6: Implementation and evaluation**

This chapter describes the arrangements for implementation and evaluation of the preferred option.

In addition, relevant to all components is an overriding requirement that the depth of analysis must be commensurate with the magnitude of the problem and with the size of the potential impact of the proposal.

### **1.5 Public comment**

This RIS and the proposed Regulations have been publicly released for consultation to provide businesses, members of the public and other interested parties the opportunity to provide feedback through a formal submission process.

#### **1.5.1 Addressing public comment**

Prior to issuing the regulations, the Minister for Consumer Affairs will consider all submissions received during the period of public review. The Minister will prepare a Statement of Reasons summarising the submissions received and their response. Submissions to the RIS and draft regulations, and the Statement of Reasons, will also be made available through the Engage Victoria website.

## 2 Problem statement

This chapter outlines the nature and scale of the problem the proposed Regulations seek to address, and the expectation that these problems would worsen in the absence of any regulation.

### 2.1 Overview of the problem

Living in quality housing forms a key part of living a productive, healthy and meaningful life.<sup>34</sup> Poor-quality housing, on the other hand, can have a significant negative impact on an individual's health, including their physical and mental health, and quality of life.<sup>35</sup> Most rooming house residents (75 per cent) have reported experiencing an issue with their accommodation in the last two years, most commonly with maintenance and safety issues being ignored and the property being in a generally poor condition.<sup>36</sup> For rooming house residents, poor-quality housing is a problem that is often compounded by their vulnerability. The Regulations seek to ensure rooming house residents have quality housing by setting out a clear framework of minimum standards for all rooming houses.

The characteristics of a rooming house are different from other residential rental properties, due to residents typically not knowing each other and/or being in a vulnerable situation, often related to systemic issues such as housing unaffordability and supply issues with social housing. As such, additional problems and potential harms not experienced in typical rental properties can arise, including:

- residents having a perceived or actual risk of other residents invading their private space
- insufficient provision of shared appliances and furniture, due to the transitory nature of residents' stays and their financial circumstances, and the lack of relationships between residents.

If these problems are not addressed, residents are exposed to risk of theft or assault (from another resident breaking into their room), or loss of amenity and safety (if certain appliances, such as cooking facilities, or safety measures, such as locks on bathroom facilities, are not present in the rooming house).

Additionally, there are several underlying issues in the rooming house sector, and the housing sector more broadly, which contribute to the need for minimum standards, including:

- housing availability and affordability
- the imbalance of power that exists between rooming house operators and residents
- the decentralised regulatory response.

Given this, the Victorian Government considers that rooming houses warrant additional minimum standards.

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 Regulations also provide a mechanism for redress for residents living in registered rooming houses.

The Regulations are due to sunset in February 2023. In the absence of regulation, ensuring the quality of rooming houses would rely on both market incentives as well as the broader legislative

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<sup>34</sup> Emma Baker, Laurence H. Lester, Rebecca Bentley & Andrew Beer (2016). *Poor housing quality: Prevalence and health effects*, *Journal of Prevention & Intervention in the Community*, 44:4, 219-232

<sup>35</sup> *Ibid.*

<sup>36</sup> Consumer Affairs Victoria (2019). *Renter User Research*.

frameworks of the Building Regulations 2018 and the PHW Act. Relying on these other mechanisms alone would be inadequate to ensure that rooming house residents are living in accommodation that meets a consistent set of basic standards, particularly as financial incentives may deter operators from maintaining quality accommodation in the absence of the Regulations and a power imbalance exists between operators and residents.

If the Regulations are allowed to sunset, it is likely that the standard of rooming houses would decrease over time, exposing a greater number of vulnerable Victorians to an increased risk of living in poor quality housing and exacerbating existing issues, particularly those related to health and safety.

## 2.2 Scale of the problem

### 2.2.1 Growth of rooming houses

There are currently 1,419 rooming houses and 1,024 rooming house operators registered in Victoria, according to CAV, with the number of registered rooming houses continuing to grow year-on-year.<sup>37</sup> Chart 2.1 indicates the number of registered rooming houses in Victoria as of the 2020-2021 financial year (FY). These numbers, however, may be a significant underestimate of actual rooming house numbers, with CAV noting that the exact number of rooming houses is unverifiable as there is anecdotal evidence of unregistered rooming houses operating in Victoria.<sup>38</sup> While registered rooming houses in the state are largely located in metropolitan Melbourne (see section 1.3.1), there has also been significant growth in the number of student rooming houses and suburban residential houses that have been converted to rooming houses in Melbourne.<sup>39</sup> This growth is a reflection of the expanding demographic of rooming house residents due to the increasing unaffordability of housing. With rooming houses experiencing growth, there is a continued need to ensure that rooming house minimum standards align to those for other renters in Victoria, as outlined in the Residential Tenancies Regulations 2021.

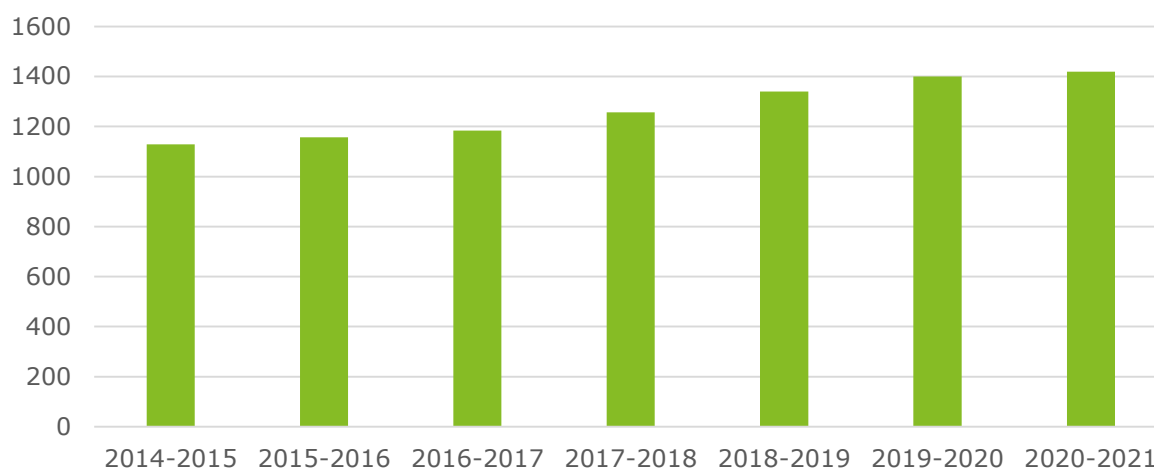
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<sup>37</sup> Consumer Affairs Victoria (2021). *Annual Report 2020-21*.

<sup>38</sup> Australian Housing and Urban Research Institute (2015). *How can we improve rooming house regulation?*; Consumer Affairs Victoria (2016). *Alternate forms of tenure: parks, rooming houses and other shared living rental arrangements*.

<sup>39</sup> Consumer Affairs Victoria (2016). *Alternate forms of tenure: parks, rooming houses and other shared living rental arrangements*; Peninsula Community Legal Centre (2020). *Open the Door: The Resident's View of Life in a Rooming House*.

Chart 2.1: Number of registered rooming houses in Victoria



Note: The increase in registrations in 2016 is likely due in part to regulatory changes mandating registration. The number of rooming houses in Victoria is increasing at a higher rate than population growth. Between 2015 and 2021, Victoria's average annual population growth was 1.9 per cent, based on ABS data, while in the same period, the number of registered rooming houses recorded double this growth, at 3.9 per cent a year on average. However, the average number of bedrooms in these new rooming houses is unknown, so it is not clear if the growth in number of bedrooms has outpaced population growth.

Source: CAV data

### 2.2.2 Affordable and social housing

Issues around rooming houses need to be considered in the context of broader social challenges around housing affordability, social housing and homelessness. This is reflected in the growing demand for rooming house accommodation and rooming house residents staying for longer periods of time in this type of accommodation.<sup>40</sup>

Housing affordability remains an issue of significant concern across Australia, with the country experiencing significant and sustained house price growth without a similar level of wage growth over recent decades.<sup>41</sup> One of the key ways that housing affordability is measured is through the house price to income ratio. The OECD's price to income ratio index showed a 78 per cent increase between 1980 and 2015 in Australia.<sup>42</sup> In Victoria, median house prices grew 73 per cent between 2006 and 2016, with prices in Melbourne growing faster than in regional Victoria.<sup>43</sup> Chart 2.2 shows the strong growth in house prices that Melbourne experienced between 2009 and 2019.

<sup>40</sup> Glen Eira City Council (2019). *Draft Rooming House Strategy*.

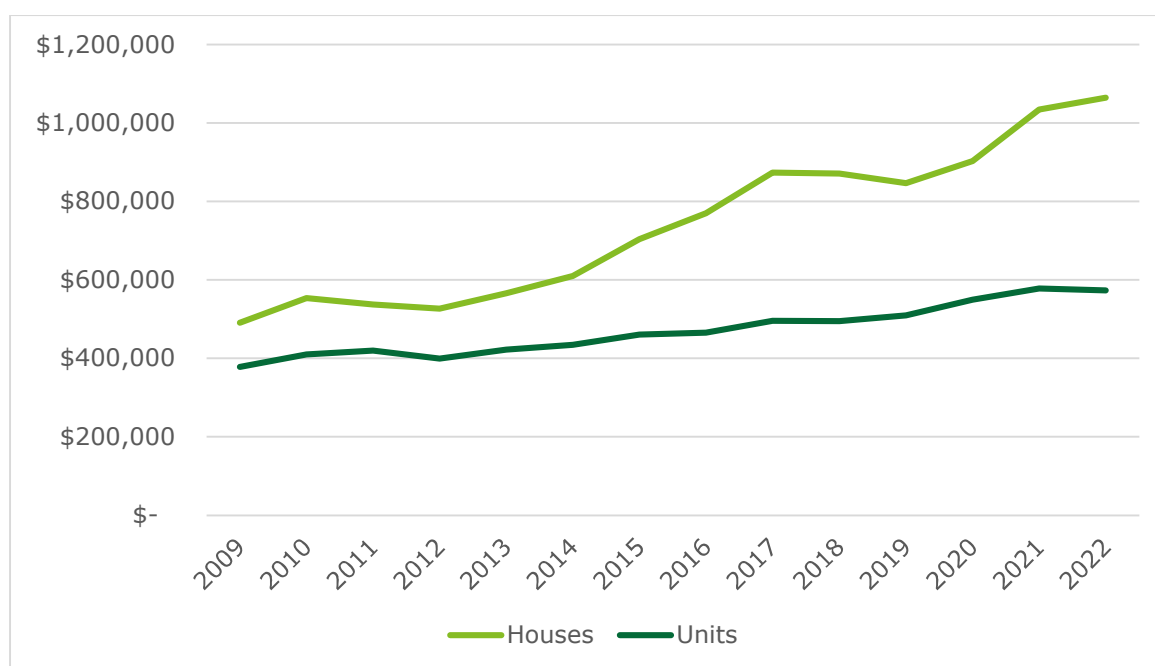
<sup>41</sup> Parliamentary Library & Information Service, Parliament of Victoria (2017). *Housing affordability in Victoria*.

<sup>42</sup> Commonwealth of Australia (n.d.). *Housing affordability in Australia*.

<[https://www.aph.gov.au/about\\_parliament/parliamentary\\_departments/parliamentary\\_library/pubs/briefingbook45p/housingaffordability](https://www.aph.gov.au/about_parliament/parliamentary_departments/parliamentary_library/pubs/briefingbook45p/housingaffordability)>

<sup>43</sup> Parliamentary Library & Information Service, Parliament of Victoria (2017). *Housing affordability in Victoria*.

Chart 2.2: Melbourne stratified median house and unit price



Source: Domain Group

Due to this strong growth in housing costs, there has been growth in those who cannot afford to purchase a home, or find it challenging to secure suitable, affordable rental accommodation. As a result, the proportion of Australian households who are property owners has declined, as seen in Chart 2.3, and the proportion of renters has increased, as seen in Chart 2.4. In Victoria, 28 per cent of the total population and 31 per cent of Victorians living in Melbourne were renting in 2021, according to ABS data.<sup>44</sup> Rentals are largely privately owned. Across the state, only 3 per cent of renters reside in social housing, while the remaining 25 per cent of renters reside in privately owned rentals.<sup>45</sup> Median rental prices are continuing to increase, putting strain on the growing number of renters in Victoria. Over the year to March 2022, the annual median rent increased 4 per cent in metropolitan Melbourne and 10.1 per cent in regional Victoria.<sup>46</sup>

Reflecting the trend of rentals largely being privately owned, and the compounding issue of housing affordability, social housing availability has not kept up with growing demand. Some researchers also estimate that since the 1990s, Australia's social housing system capacity has been reduced by more than half.<sup>47</sup> In Victoria, the proportion of households living in social housing declined from 3.5 per cent in 2014 to 2.9 per cent in 2021.<sup>48</sup> However, in March 2022, the number of households on Victoria's social housing waitlist was around 64,000 (with approximately 36,000 requesting priority access) and demand for social housing in Victoria is forecast to continue to grow.<sup>49</sup>

To maintain social housing at its current share of total homes in Victoria, 1,700 additional social housing homes are needed each year over the next 20 years.<sup>50</sup> If lower income households

<sup>44</sup> Australian Bureau of Statistics, Census of Population and Housing, 2021.

<sup>45</sup> Ibid.

<sup>46</sup> Department of Families, Fairness and Housing (2022). *Homes Victoria Rental Report – March quarter 2022*

<sup>47</sup> Hal Pawson. *Australia's social housing system is critically stressed. Many eligible applicants simply give up* <<https://theconversation.com/australias-social-housing-system-is-critically-stressed-many-eligible-applicants-simply-give-up-183530>>

<sup>48</sup> Australian Institute of Health and Welfare (AIHW) (2022). *Housing assistance in Australia*.

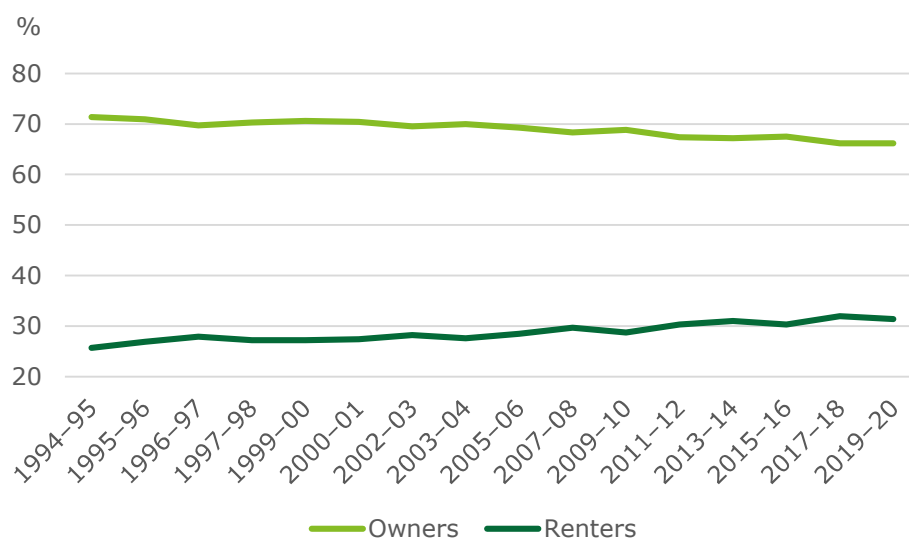
<sup>49</sup> Homes Victoria. *Applications on the Victorian Housing Register* <<https://www.homes.vic.gov.au/applications-victorian-housing-register-vhr>>

<sup>50</sup> Department of Health and Human Services (2017). *Victoria's social housing supply requirements to 2036: quantifying the scale of demand for social housing*.

currently experiencing housing stress in the private rental market are to also have access to affordable housing, double this amount of social housing is needed over the next two decades.

Given this growing need, the issue of affordable housing remains high on the Victorian Government’s policy agenda. As part of its commitment to fair, safe and secure housing, the Victorian Government is taking action to boost the pool of available social and affordable housing stock. The \$5.3 billion Big Housing Build is the largest investment in social and affordable housing that Victoria has seen. This investment aims to deliver greater housing choice and affordability, ensuring more Victorians have the modern, secure and accessible homes they need.

Chart 2.3: Proportion of households by tenure type, 1994–95 to 2019–20



Source: ABS 2022

### 2.2.3 Compliance with the minimum standards

Based on evidence available from the CAV state-wide inspection program, it appears that there is a high level of compliance with current rooming house minimum standards.<sup>51</sup> For example, CAV reported 99 per cent compliance with the rooming house minimum standards in 2013-14 (following the compliance and enforcement program in that year after the introduction of the minimum standards) and 100 per cent compliance with gas certification requirements in 2015-16.<sup>52</sup>

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. It is important to note that CAV’s initial response to non-compliance with minimum standards is to issue operators with official warnings for each breach of the standards and request proof of remediation. CAV also re-inspect rooming houses to confirm that all breaches have been rectified, escalating enforcement actions for continuous non-compliance.<sup>53</sup> CAV’s approach to inspections and compliance has changed over the last ten years, with a move from a routine inspection program, where a dedicated rooming house team focused on inspecting every rooming house throughout Victoria, to a targeted risk and intelligence-based program which identifies and targets high risk rooming house operators.

<sup>51</sup> Consumer Affairs Victoria (2016). *Residential Tenancies Act Review- Alternate forms of tenure: parks, rooming houses and other shared living rental arrangements*.

<sup>52</sup> Consumer Affairs Victoria (2014). *Annual Report 2013-14*; Consumer Affairs Victoria (2016). *Annual Report 2015-16*.

<sup>53</sup> Consumer Affairs Victoria (2021). *Annual Report 2020-21*.



Table 2.1: Rooming house inspection data, 2013-2022

<b>FY</b>	<b>Inspections</b>	<b>Infringements</b>	<b>Warnings</b>
2012-2013	466	101	0
2013-2014	1,377	109	0
2014-2015	679	0	0
2015-2016	1252	8	1
2016-2017	621	10	0
2017-2018	738	3	3
2018-2019	406	7	137
2019-2020	267	23	129
2020-2021	187	2	124
2021- 2022	233	1	34

Source: CAV Regulatory Services

Renters rights groups, however, have recent survey data which indicates a sizeable number of residents describe their rooming house living conditions in a negative way.<sup>54</sup> Further, advocacy organisations and rooming house residents provided submissions to the Inquiry into homelessness in Victoria indicating that many rooming houses continue to pose risks to resident’s safety and welfare.<sup>55</sup> In addition, over the past two years, the PCLC Rooming House Program has reported 142 breaches of minimum standards to CAV and the applicable Local Government Authorities, indicating that failure to comply with minimum standards remains an ongoing issue.<sup>56</sup> Chart 2.4 shows the number of complaints received by CAV in relation to rooming houses over the past 10 years.<sup>57</sup>

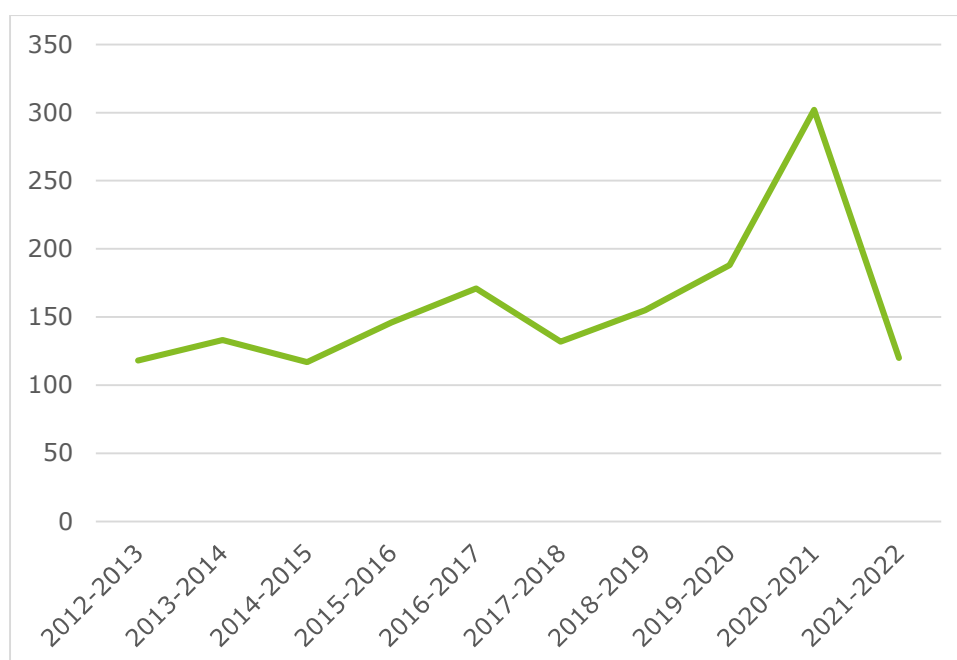
<sup>54</sup> Peninsula Community Legal Centre (2020). *Open the Door: The Resident’s View of Life in a Rooming House*.

<sup>55</sup> Parliament of Victoria (2021). *Inquiry into homelessness in Victoria: Final report*.

<sup>56</sup> Peninsula Community Legal Centre (2022). *Submission: Rooming House Lived Experience Project April 2022*.

<sup>57</sup> This data excludes contacts made to CAV for information and advice, as well as any instances from CAV inspections or where CAV is listed at the complainant, as these instances are captured in the warnings and infringements data in Table 2.1. This data may capture some dispute resolution activities.

Chart 2.4: Number of rooming house complaints received by CAV, 2013-2022



Source: CAV Information and Analysis branch

One notable case of enforcement of minimum standards occurred in 2016, when CAV took action against SLM Housing Pty Ltd, previously one of the largest rooming house operators in Victoria. The operator failed to comply with minimum standards in residents' rooms, common areas and facilities, and did not display signs informing residents of their rights. SLM Housing was found guilty of 126 charges for their failure to comply with minimum standards required under the RTA at 25 of its rooming houses and fined \$80,000.

### 2.3 Potential harms associated with rooming house accommodation

A key cause of the creation of rooming house minimum standards was the deaths of Leigh Sinclair and Christopher Giorgi in a rooming house fire in Brunswick, Melbourne in 2006. A Coronial Inquest conducted between 2008 and 2009 found that Leigh and Christopher's deaths were preventable and were the result of sub-standard conditions in their rooming house, particularly a lack of safety measures. Media reports highlighted that the operators had lied to local council to evade having to register the building and comply with fire safety regulations.<sup>58</sup>

In 2012 when the Regulations were established, there were reports of a number of inadequate, substandard conditions and issues in rooming houses which were leading to risks of loss of life, injury, trauma or quality of life for residents. These inadequate conditions and issues included:<sup>59</sup>

- inappropriate and overly complicated locking mechanisms fixed to bedroom doors (which contributed to the death of Leigh Sinclair and Christopher Giorgi in 2006)<sup>60</sup>
- lack of suitable emergency management plans
- excessive use of power boards and televisions, portable heaters and cooking appliances in rooms rather than common areas (leading to power overload and fire safety risks)
- lack of electrical safety switches
- lack of adequate privacy latches on toilet and bathroom doors

<sup>58</sup> Draper, M (2009). *Boarding house 'flouted safety rules'*. Online news article.

<<https://www.smh.com.au/national/boarding-house-flouted-safety-rules-20090929-gayh.html>>

<sup>59</sup> Department of Human Services (2011). *Proposed Residential Tenancies (Rooming House Standards) Regulations: Regulatory Impact Statement*.

<sup>60</sup> Coroner's Court of Victoria (2006). *Record of investigation into death of Leigh Sinclair and Christopher Giorgi*.

- frequent incidents of crime, physical and sexual violence and intimidation
- poor security leading to theft or destruction of personal property
- lack of adequate kitchen and food preparation facilities, dining and common areas, and basic laundry facilities.

The Regulations introduced basic minimum standards to address these issues, to some extent. In the absence of the Regulations, if they are not remade, it is reasonable to assume that the quality of rooming house accommodation will begin to decline because of the power imbalances outlined above, and that the prevalence of these issues will increase over time.

Rooming house residents continue to express concerns about the conditions, standards and safety of their accommodation, indicating that ongoing issues with rooming house standards remain and are negatively impacting residents' quality of life.<sup>61</sup> Maintenance issues not being attended to, and appliances not working and not being fixed are two of the most common issues that rooming house residents face.<sup>62</sup> Residents also report having non-operational toilets and stoves, electrical repairs being carried out by operators rather than electricians, and inadequate locks on individual rooms.<sup>63</sup> Peninsula Community Legal Centre's (PCLC) rooming house outreach program, which conducts visits to residents of privately registered rooming houses, has recently found that 40 per cent of these properties are operating in a considerable state of disrepair.<sup>64</sup>

There is strong evidence supporting the direct effect poor quality housing has on the health of residents.<sup>65</sup> Living in poor quality housing can cause psychological distress, as a home holds psychological importance for individuals by providing them with a source of identity and, ideally, a refuge from stress.<sup>66</sup> When housing quality is poor, due to operators not addressing maintenance issues or replacing non-functioning appliances, this could result in residents not feeling empowered or autonomous as they are reliant on operators to address these issues. This lack of autonomy in turn can impact residents' health due to autonomy and empowerment being connected to an individual's sense of wellbeing.<sup>67</sup>

Similarly, poor physical housing quality has been found to impact wellbeing due to the lack of autonomy, security and status residents may experience.<sup>68</sup> The presence of damp, mould, cold indoor temperatures and poor ventilation can also have negative health effects on individuals, such as a greater risk of respiratory conditions, infectious disease and poor mental health.<sup>69</sup>

There is also significant anecdotal evidence that exists around levels of violence that is either witnessed or experienced in rooming houses, contributing to an unpredictable and unsafe environment for residents who are at greater risk of physical injury or trauma.<sup>70</sup> The three most common issues reported in a small survey undertaken by the PCLC included drug abuse, conflict/violence and theft.<sup>71</sup> Similarly, in a survey undertaken by CAV, 21 per cent of respondents had experienced violence or threats from another resident whilst staying in a rooming house.<sup>72</sup>

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<sup>61</sup> Parliament of Victoria (2021). *Inquiry into homelessness in Victoria: Final report*; Consumer Affairs Victoria (2019). *Renter User Research*.

<sup>62</sup> Ibid.

<sup>63</sup> Peninsula Community Legal Centre (2020). *Open the Door: The Resident's View of Life in a Rooming House*.

<sup>64</sup> Ibid.

<sup>65</sup> Rolfe, S., Garnham, L., Godwin, J. et al. (2020). *Housing as a social determinant of health and wellbeing: developing an empirically-informed realist theoretical framework*. BMC Public Health 20, 1138.

<sup>66</sup> Waters, AM (2001). *Do housing conditions impact on health inequalities between Australia's rich and poor?*, Report for the Australian Housing and Urban Research Institute (AHURI).

<sup>67</sup> Rolfe, S., Garnham, L., Godwin, J. et al. (2020). *Housing as a social determinant of health and wellbeing: developing an empirically-informed realist theoretical framework*. BMC Public Health 20, 1138.

<sup>68</sup> Ibid.

<sup>69</sup> Waters, AM (2001). *Do housing conditions impact on health inequalities between Australia's rich and poor?*, Report for the Australian Housing and Urban Research Institute (AHURI).

<sup>70</sup> Tenants Victoria (2022). *Safe, secure and affordable housing for rooming house residents – Rooming Houses Lived-Experience Project submission*.

<sup>71</sup> Peninsula Community Legal Centre (2020). *Open the Door: The Resident's View of Life in a Rooming House*.

<sup>72</sup> Consumer Affairs Victoria (2019). *Renter User Research*.

## 2.4 Imbalance of power between operators and residents

The vulnerability of rooming house residents is highlighted by the fact the ABS defines rooming house residents as homeless because rooming houses lack core elements that make up a home, such as a sense of privacy and security and ability to control one's living space.<sup>73</sup> Rooming house residents often lack access to alternative housing options.<sup>74</sup> The lack of supply of other forms of accommodation willing to house people experiencing homelessness, such as caravans, hotels and motels has exacerbated their vulnerability. The lack of alternative accommodation creates potential for rooming house operators to profit off this vulnerability.<sup>75</sup> 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. Given the vulnerability of this cohort, as noted in section 1.3.2, they are at greater risk from the effects of inadequate safety conditions and health protection amenities.

The challenging situations many rooming house residents find themselves in can lead to an imbalance of power between rooming house residents and operators. One way this plays out is that vulnerable residents are less likely to ask for improvements in living conditions or repairs due to fear of retaliation from the operator.<sup>76</sup> CAV research found that about 40 per cent of residents fear that complaining about an issue will have a negative effect on their tenancy. Residents may also experience barriers to asserting their rights, or may lack the skills or confidence required to negotiate any dispute resolution. Some residents, particularly migrants and international students, might not know (or understand) their rights in relation to prescribed accommodation. Even where these residents understand their rights, it might be difficult to raise issues with the operator given language barriers.

The power imbalance between residents and operators, and the absence of incentives to raise the amenity of a rooming house can lead to provision of substandard rooming houses if unregulated. Rooming houses are less subject to self-regulation and market forces because residents are typically in a vulnerable situation and have limited alternate accommodation options, leading to lower bargaining powers and the need to settle for sub-standard accommodation. Therefore, the incentives to maintain standards, such as health and safety standards, are not as strong, compromising the health and wellbeing of residents. The 2021 Parliamentary inquiry into homelessness in Victoria highlighted this point, noting the profits made by rooming house operators create an incentive to continue substandard operations and to increase numbers of residents.<sup>77</sup> An example of this is operators being incentivised to host as many residents in their accommodation facilities as possible through the practice of room-share arrangements. These arrangements typically target international students in inner city areas near educational institutions, are often over-crowded and contain ad-hoc room partitioning and garage or shed conversions to create extra bedrooms.

Despite changes to the regulatory framework for rooming houses over recent years, stakeholders point out that these changes have not adequately addressed the issues of profiteering and exploitation, including the establishment of the licensing system that was implemented specifically to protect against exploitative operators through the 'fit and proper person' test.<sup>78</sup>

## 2.5 Decentralised regulatory response

Rooming house regulation is decentralised across different levels and jurisdictions of government – local, state and federal. There are also non-government organisations that are government-funded and advocate for the rights of residents, playing an important support role in the market. The presence of multiple agencies regulating rooming houses has led to confusion about the legislation and regulations for rooming house operators, residents, and the wider community.<sup>79</sup> This confusion

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<sup>73</sup> Australian Bureau of Statistics (2012) *A Statistical Definition of Homelessness*, Catalogue No. 4922.0.

<sup>74</sup> *Ibid.*

<sup>75</sup> Peninsula Community Legal Centre (2020). *Open the Door: The Resident's View of Life in a Rooming House*.

<sup>76</sup> *Ibid.*

<sup>77</sup> Parliament of Victoria (2021). *Inquiry into homelessness in Victoria: Final report*.

<sup>78</sup> Peninsula Community Legal Centre (2020). *Open the Door: The Resident's View of Life in a Rooming House*.

<sup>79</sup> Glen Eira City Council (2019). *Draft Rooming House Strategy*

can lead to harm for residents, for example if operators or residents are not aware of safety or amenity requirements for rooming houses until harm arises.

The decentralised regulatory approach requires ongoing coordination in the sector, to ensure regulators are working together where necessary. The 2021 Inquiry into homelessness in Victoria recommended information sharing and collaboration between CAV and local councils be promoted.<sup>80</sup>

One example of where the impact of this decentralised regulatory response plays out is the limited ability to measure complaints or breaches reported in certain local government areas. To address what is many times a siloed approach to the regulatory response, policy researchers have recommended that there needs to be greater coordination amongst stakeholders, something they suggest may be addressed through the creation of a consultative council.<sup>81</sup> The community advocacy organisation, PCLC, also recommends that to support a coordinated approach, there needs to be a strengthening of the rules and well-defined expectations.<sup>82</sup>

There are instances where different stakeholders do work together to enforce rooming house regulations. One community advocacy organisation notes that a coordinated approach is taken for the Rooming House Closure Protocol. It is common for local government to notify the advocacy organisation of a forthcoming closure, with meetings then organised with regulators, local government, housing and relevant community organisations to create a harmonised strategy and action plan, something that could be improved to include rooming houses of concern.<sup>83</sup> As PCLC points out, however, that there is push back from some certain rooming house operators who are reluctant to support a systemic or coordinated approach to regulation.<sup>84</sup>

In the absence of a cohesive regulatory framework, there is a greater need for regulations relating to minimum standards to ensure there is consistent and enforceable messaging to all parties on the expected basic standards that rooming house operators must provide.

## 2.6 Objectives of the proposed Regulations

The objective of the Regulations and the proposed Regulations is to ensure that rooming houses in Victoria provide a safe and habitable affordable housing option for vulnerable Victorians, through the prescription of minimum standards relating to privacy, safety, security and amenity. The proposed regulations ensure that rooming house regulations are aligned with the latest regulations created for the rental market more broadly under the Residential Tenancies Regulations 2021.

Specifically, the proposed Regulations aim to reduce:

- loss of life, injury and trauma caused by inadequate safety and security provisions in rooming houses
- detrimental effects on comfort and quality of life for residents of rooming houses caused by substandard living conditions.

A secondary objective of the proposed Regulations includes ensuring the rooming house sector remains an appropriate housing option for Victorians seeking affordable accommodation.

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<sup>80</sup> Parliament of Victoria (2021). *Inquiry into homelessness in Victoria: Final report*.

<sup>81</sup> Ibid.

<sup>82</sup> Peninsula Community Legal Centre (2022). *Submission: Rooming House Lived Experience Project April 2022*.

<sup>83</sup> Ibid.

<sup>84</sup> Ibid.

# 3 Options

This chapter outlines the set of options considered in this RIS.

## 3.1 Options development

As part of a standard RIS process, it is necessary to consider different options that could achieve the Victorian Government’s objectives. The *Subordinate Legislation Act 1994*, the *Subordinate Legislation Act Guidelines* and the *Victorian Guide to Regulation* recommend that this includes considering a range of approaches, including co-regulation and non-regulatory approaches, and those that reduce the burden imposed on business and/or the community.<sup>85</sup>

Other non-regulatory options, such as information or education campaigns, detailed guidance or the increased provision of support services may contribute to an increase in living standards for some residents, and a range of these measures are already in place. However, these measures are likely unable to meaningfully address the issue of ensuring quality living standards are provided to rooming house residents, due to their lack of enforceability, particularly given the power imbalances that exist between operators and residents and the vulnerability of residents that the Regulations seek to protect. A higher level of enforcement is likely to drive more compliance and therefore higher benefits. However, greater enforcement will not address problems with the current minimum standards, and decisions about enforcement are separate to decisions about the level of minimum standards.

Therefore, regulations mandating minimum standards for rooming houses is the only viable option assessed in this RIS.

## 3.2 Options

### 3.2.1 Base Case (Regulations sunset on 27 February 2023)

The Base Case is a counter-factual scenario used to provide a common point of comparison for all options. In the context of this analysis, the Base Case represents a scenario where the current set of Regulations relating to minimum standards for rooming houses sunset on 27 February 2023 and no new approach is implemented.

In the absence of new Regulations, rooming houses would only be subject to minimum standards relating to health and safety under the Prescribed Accommodation Regulations, and the provisions of the Building Regulations 2018 which outline standards for the construction and modification of buildings, including rooming houses. Under the Base Case, rooming house operators would still be required to register with local council, as per the PHW Act and be licensed, as per the *Rooming House Operators Act 2016*. However, neither of these acts would provide rooming house residents with the consumer protection and basic living standards afforded by the Regulations.

The Base Case scenario would likely result in lower standards of privacy, security, safety and amenity for rooming house residents. This decrease in living standards would not be felt immediately upon sunset of the Regulations, but would likely be observed over time as fixtures and facilities deteriorate with no requirement for operators to maintain them in line with minimum standards. It is also possible that under the Base Case, particularly in the absence of safety measures, the number of deaths observed in rooming houses may increase, as there were five deaths in rooming house fires between 2006-2008 prior to the Regulations being introduced.<sup>86</sup>

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<sup>85</sup> Office of the Chief Parliamentary Counsel, *Subordinate Legislation Act Guidelines*.

<sup>86</sup> Coroner’s Court of Victoria (2006). *Record of investigation into death of Leigh Sinclair and Christopher Giorgi*; Coroner’s Court of Victoria (2012). *Inquest concerning the deaths of Mr Sunil Patel, Jignesh Sadhu and Deepak Prajapati- Submissions on behalf of the Tenants Union of Victoria and Pilch Homeless Persons’ Legal Clinic*.

### **3.2.2 Option 1: Status quo**

The status quo involves remaking the Regulations as they are.

Given the status quo would not entail any change to the Regulations, it will feature the same obligations and requirements that are outlined in Table 1.1. Specifically, the proposed Regulations will remain prescriptive in nature and provide detailed provisions concerning obligations rooming house operators must comply with to ensure rooming houses are always maintained to minimum standards.

Like the current Regulations, the proposed Regulations under this option would continue to include requirements to keep records of gas and safety checks, and provide avenues for rooming house operators to be granted an exemption from the obligation to comply with some of the standards, either due to the nature, age or structure of the rooming house, competing laws (for example, owners corporation rules), or if the standard is deemed to have been met by alternative means.

### **3.2.3 Option 2: Greater alignment of minimum standards for rentals**

This option involves remaking the Regulations, as in Option 1, but with several changes and clarifications, including the introduction of new standards. These proposed changes are summarised in Table 3.1, along with a description of the rationale for change. The minimum standards under the status quo (Option 1) are provided for ease of comparison.

The main rationale for the proposed changes relates to aligning the Regulations with minimum standards for rental properties introduced under the Residential Tenancies Regulations 2021 ensuring that rooming house residents are no worse off than renters in other types of rental properties. Clarifying requirements in the Regulations is another key rationale for change.

For some of the proposed changes it is noted that they will be implemented from 26 February 2024. In this instance, the standards under the status quo will apply in the period 26 February 2023 – 25 February 2024.

Table 3.1: Summary of key changes to the proposed Regulations

Relevant standard	Status quo (Option 1)	Proposed change (Option 2)	Rationale for change
Door to resident's room	Any door used to enter or exit from a resident's room must be fitted with a lock that is operated by a key from the outside, and can be unlocked from inside without a key.	The standard would be amended to clarify that the definition of a key includes a device, such as an electronic key fob or information used to operate a lock, such as a personal identification number (PIN) code.	<p>Safety remains an ongoing concern for rooming house residents. Stakeholder feedback from the Council to Homeless Persons (CHP) to the Department reports that it is common for people to break locks and enter other residents' rooms in rooming houses.</p> <p>CAV also note that inspectors are seeing keypad locks on residents' doors more frequently. Therefore, this change brings the standard in line with changes that are happening in practice.</p>
Power outlets in a resident's room	A resident's room must have at least two working, safe power outlets.	<p>The standard would be clarified to note that the two power outlets required under the Regulations must be <i>unoccupied</i>, safe, available for use by the resident and in addition to any other outlets already used to power amenities provided by the rooming house operator.</p> <p>The power outlets would also need to be installed by a suitably licensed <i>or qualified</i> electrician in accordance with Australian Standards.</p>	<p>Stakeholder feedback from the Fairer Safer Housing review indicated that the current minimum standard is ambiguous as it does not specify that power outlets must be unoccupied.<sup>87</sup> This has led to appliances or light fixtures occupying these outlets and leaving limited outlets for the resident's use. Without a sufficient supply of outlets, the risk of power overload and current leakage is more pronounced.<sup>88</sup></p> <p>This change also seeks to minimise risks associated with the installation and working order of electrical power outlets.</p>
Lighting in a resident's room	Habitable rooms must have access to natural light during daylight hours,	This standard would clarify that the current lighting requirements apply to lighting in a resident's room, and that the lighting in a	This addition is to ensure that all rooming houses of all types of buildings are covered by BCA requirements, as

<sup>87</sup> Department of Justice and Regulation (2017). *Heading for Home: Residential Tenancies Act Review Options Discussion Paper*.

<sup>88</sup> Department of Human Services (2011). *Proposed Residential Tenancies (Rooming House Standards) Regulations: Regulatory Impact Statement*.



Relevant standard	Status quo (Option 1)	Proposed change (Option 2)	Rationale for change
	and artificial light during non-daylight hours, appropriate to the function and use of the room.	resident’s room must satisfy relevant performance requirements of the BCA.	well as to ensure there is a compliance and enforcement pathway under the RTA.
Toilet or bathroom facilities	Must be fitted with a privacy latch that can be securely latched from the inside without a key.	<p>The current standard for a door to a shared toilet or bathroom would remain in place until 25 February 2024.</p> <p>From 26 February 2024, the door to a shared toilet or bathroom facility would need to be fitted with a bolt or catch that can be securely latched from the inside without the use of a key and is installed by a suitably qualified person.</p> <p>Exceptions would be created in the standard for circumstances in which it is unreasonable to install a bolt or catch.</p> <p>Additionally, from 26 February 2024, shower heads with a 3-star rating in the WELS scheme efficiency rating system would need to be provided in good working order.<sup>89</sup> A number of limited circumstances would be outlined where a 1- or 2-star rating shower could be installed instead.</p>	<p>Stakeholder feedback to the Department from CAV noted that there was an issue with poor-quality DIY installations of privacy latches in shared toilets or bathrooms.</p> <p>The CHP noted in feedback to the Department that they support a higher standard of lock on rooming house bathrooms than the current “privacy latch” standard due to residents’ concerns about safety and violence when using bathroom facilities.</p> <p>The change for shower heads aligns the standard for shower heads in rooming houses with the rental minimum standards in the Residential Tenancies Regulations 2021.</p>

<sup>89</sup> WELS scheme has the same meaning as in section 7(1) of the Water Efficiency Labelling and Standards Act 2005.

Relevant standard	Status quo (Option 1)	Proposed change (Option 2)	Rationale for change
Kitchen and food preparation facilities	<p>Each resident must have access to and use of food preparation facilities.</p> <p>A shared kitchen must have:</p> <ul style="list-style-type: none"> <li>• food preparation area</li> <li>• sink</li> <li>• oven and cook-top with four burners in good working order for every 12 residents</li> <li>• refrigerator with at least 400 litres capacity</li> <li>• a lockable cupboard for each resident, with a minimum 0.1 cubic metres (100 litres) of storage capacity.</li> </ul>	<p>The standard would be amended to clarify that a ‘dedicated area which is intended to be used for cooking and food preparation’ is to be provided, rather than simply a ‘food preparation area’.</p> <p>The standard would lower the ratio for the provision of ovens and cooktops, (for residents who do not have these appliances in their room) to be for every 8 or fewer residents, rather than every 12 or fewer.</p> <p>The standard would also stipulate additional fridge capacity per additional person. A refrigerator in a common area would need to have a minimum gross capacity of 400L for every 4 or fewer residents, and an additional 28.5L capacity for each additional resident (above 4) who is not provided a refrigerator in their room.</p>	<p>Multiple stakeholders have provided feedback to the Department about communal kitchens being unhygienic, having insufficient storage for residents’ food, and not functioning effectively, issues these updates seek to address.</p> <p>Updates requiring a <i>dedicated area</i> for cooking and food preparation aligns the requirements for rooming houses with the rental minimum standards in the Residential Tenancies Regulations 2021.</p>
Dining facilities	<p>Enough chairs to accommodate the maximum number of residents that can occupy a resident’s room and a table that can comfortably fit this number of chairs.</p>	<p>The standard would be amended to clarify that the table required to be provided to comfortably accommodate the maximum number of residents that can be accommodated in a resident’s room, can be <i>one or more</i> tables.</p>	<p>Stakeholder feedback to the Department by City of Casey notes that most rooming houses do not have dedicated dining amenities, other than a table in the kitchen. Feedback by Western Homelessness Network suggests that providing residents with several options for dining tables could reduce conflict.</p>

Relevant standard	Status quo (Option 1)	Proposed change (Option 2)	Rationale for change
Laundry facilities	<p>Facilities must include:</p> <ul style="list-style-type: none"> <li>a wash trough or basin connected to a continuous and adequate supply of hot and cold water</li> <li>space with hot and cold water supply outlets suitable for a washing machine immediately next to the trough or basin</li> <li>a clothesline or other clothes drying facility.</li> </ul>	<p>The standard would be amended to clarify that the laundry facilities currently required must be in 'good working order'.</p> <p>From 26 February 2024, a washing machine would need to be provided, and all the required laundry facilities be provided <i>for every 12 residents</i>.</p>	<p>Stakeholder feedback from the Fairer Safer Housing review indicated there was confusion due to the lack of specificity around the number of laundry areas required relative to the number of residents.<sup>90</sup> This has led to operators technically complying with the Regulations, but in practice providing insufficient laundry facilities relative to resident numbers.</p> <p>Further, without access to sufficient in-home laundry facilities, residents face either having to pay to go to a laundromat or opt to go without regular laundering of their clothes, which can lead to reduced health and wellbeing, particularly for disadvantaged residents.</p> <p>This change ensures that sufficient laundry facilities are provided for the number of residents at a rooming house.</p>
Ventilation	Habitable rooms, bathrooms, shower rooms, toilets and laundries must have ventilation that complies with the relevant Building Code of Australia.	The standard would be amended to clarify that for a rooming house that is not a Class 1b or Class 3 building (for which the Regulations already prescribe ventilation requirements), each habitable room, bathroom, shower room, toilet and laundry is required to have ventilation which satisfies the relevant Performance solutions or Deemed-to-Satisfy Provision requirements of the BCA for the relevant class of building.	<p>Adequate ventilation has increased as a concern since the COVID-19 pandemic, and it also importantly reduces the risk of carbon monoxide poisoning.</p> <p>Given that the Minister for Housing has powers to declare any building a rooming house, this clarification is proposed to act as a backstop to ensure that all rooming houses of any building class is covered by BCA ventilation requirements.</p>

<sup>90</sup> Department of Justice and Regulation (2017). *Heading for Home: Residential Tenancies Act Review Options Discussion Paper*.

Relevant standard	Status quo (Option 1)	Proposed change (Option 2)	Rationale for change
External windows	Each external window that can be opened must be able to be securely closed or opened without a key.	<p>The current standard would apply until 25 February 2024.</p> <p>From 26 February 2024, each external window in a rooming house which is capable of being opened would need to be able to be securely fixed in a closed or open position without a key and have a functioning latch to secure the window against external entry.</p>	<p>Rooming house residents have reported having windows that are unable to be closed, providing lack of safety and basic living standards.<sup>91</sup></p> <p>This change will provide extra safety for residents and aligns external window requirements for rooming houses with the rental minimum standards in the Residential Tenancies Regulations 2021.</p> <p>Numerous stakeholders have stated their support for these changes in feedback provided to the Department.</p>
Window coverings	Windows in a resident's room must have a covering that provides privacy and can be opened and closed by the resident.	<p>The current standard for window coverings (which apply only to windows in a room provided to a resident) would apply until 25 February 2024. This standard would be amended slightly to clarify the window covering affords <i>reasonable</i> privacy to the resident.</p> <p>From 26 February 2024, windows in any habitable rooms other than a resident's room, would also be required to be fitted with a window covering.</p> <p>The standard would also clarify that, from 26 February 2024, a window covering (in both residents' rooms and other habitable rooms) must <i>reasonably block light</i> and is of a kind ordinarily acquired for personal, domestic, or household use or consumption.</p>	<p>Residents continue to report having a lack of, or unsuitable, window coverings, such as the use of blankets.<sup>92</sup> The introduction of a commercial standard for window coverings, under the proposed change, seeks to address this ongoing issue.</p> <p>Multiple stakeholders also provided feedback to the Department that window coverings in rooming house communal areas should be increased to be in line with residential rental properties.</p> <p>This change will also bring rooming houses in line with minimum standards for rental properties introduced under the Residential Tenancies Regulations 2021.</p>

<sup>91</sup> Peninsula Community Legal Centre (2020). *Open the Door: The Resident's View of Life in a Rooming House*.

<sup>92</sup> Ibid.

<b>Relevant standard</b>	<b>Status quo (Option 1)</b>	<b>Proposed change (Option 2)</b>	<b>Rationale for change</b>
Corded internal window coverings	No current requirement.	<p>From 26 February 2024, all corded internal window coverings installed in a rooming house would need to meet new requirements.</p> <p>Corded internal window coverings would need to be installed in a way that a loose cord cannot form a loop of 220 mm or longer that is less than 1,600 mm above floor level and is secured by either a cord guide or a device with certain specifications.</p> <p>Additionally a label would be required to be attached to the corded internal window covering containing the name and contact details of the person or company responsible for the installation; and any warning label or swing tag supplied with the corded internal window covering must remain attached to the cord.</p>	<p>A recent Coroner’s report recommended that blind cord safety anchors should be mandated in all residential rental properties, following the death of a child at a residential rental property that did not have blind safety anchors installed.<sup>93</sup></p> <p>Multiple stakeholders have reported that children can be residents of a rooming house.</p>
Heating	No current requirement.	<p>Between 26 February 2023 and 25 February 2025 rooming houses would need to have a fixed heater in good working order in a common area. If a fixed heater has not been installed in a common area prior to the proposed Regulations commencing, an energy efficient heater must be installed.</p> <p>From 26 February 2025, all rooming houses would be required to have an energy efficient heater in good working order installed in a common area of the rooming house.</p>	<p>Numerous stakeholders provided feedback to the Department in support of heating requirements, noting that the high vulnerability of rooming house residents make these changes especially important for their health and wellbeing.</p> <p>This change aligns the requirements for fixed heaters in a common area with the Residential Tenancies Regulations 2021.</p> <p>This change includes a transitional period to allow operators to prepare for and make the required changes, and is aimed at striking a balance between</p>

<sup>93</sup> Coroners’ Court of Victoria (2022). *Finding into Death Without Inquest: Master J* (Coroner Gebert, 27 June 2022).

Relevant standard	Status quo (Option 1)	Proposed change (Option 2)	Rationale for change
		This new standard would apply unless it is deemed unreasonable to install an energy efficient fixed heater, for example if the installations costs are significantly high or if owners corporation rules prohibit installation. In these instances, a fixed heater in good working order would still be required to be installed.	costs for rooming house operators and benefits to residents.
Gas safety checks	All gas installations and fittings must be checked at least once every two years by a licensed gas fitter.	<p>The standard would be amended to clarify that gas safety checks can be conducted by a licensed <i>or registered</i> gasfitter, and that if a check has not been conducted within the last 2 years at the time a resident occupies the rooming house, a gas safety check must be completed as soon as practicable.</p> <p>The definition of a gas safety check would also be expanded to clarify testing that is required.</p>	<p>This change aligns the definition and requirements of a gas safety check with the Residential Tenancies Regulations 2021.</p> <p>This will ensure that gas safety checks are conducted according to the Australian Standard, keeping rooming house residents safe.</p> <p>Many stakeholders provided feedback to the Department in support of aligning rooming house standards with those of the Residential Tenancies Regulations 2021.</p>
Electrical safety checks	All electrical installations and fittings must be checked at least once every five years by a licensed electrician.	<p>The standard would be updated to require electrical safety checks be conducted every 2 years, instead of every 5 years.</p> <p>The standard would also be amended to clarify that electrical safety checks can be conducted by a licensed <i>or registered</i> electrician, and that if a check has not been conducted within the last 2 years at the time a resident occupies the rooming house, an electrical safety check must be completed as soon as practicable.</p>	<p>This change aligns the definition and requirements of an electrical safety check with the Residential Tenancies Regulations 2021.</p> <p>This will ensure that electrical safety checks are conducted according to the Australian Standard, keeping rooming house residents safe.</p> <p>Many stakeholders provided feedback to the Department in support of aligning rooming house standards with those of the Residential Tenancies Regulations 2021.</p>

<b>Relevant standard</b>	<b>Status quo (Option 1)</b>	<b>Proposed change (Option 2)</b>	<b>Rationale for change</b>
		The definition of an electrical safety check would also be expanded to clarify testing that is required.	
Requirement to keep record of gas and electrical safety checks	Operators must retain a record of a gas or electrical safety check, and this record must include the details of the licensed gasfitter or electrician who conducted the safety check.	<p>The standard would be amended to provide a more prescriptive list of information to be captured under the record keeping requirements for gas and electrical safety checks.</p> <p>The standard would also be amended to require rooming house operators to produce a copy of the most recent gas or electrical safety check record to a resident within 7 days of a written request.</p>	<p>This change aligns the requirement to keep a record of a gas and electrical safety checks with the Residential Tenancies Regulations 2021.</p> <p>Numerous stakeholders provided feedback to the Department in support of aligning this rooming house standard with that in Residential Tenancies Regulations 2021.</p>
Structural soundness	No current requirement.	This new standard would require that rooming houses are structurally sound and weatherproof.	<p>Numerous stakeholders provided feedback to the Department in support of structural soundness requirements.</p> <p>This change aligns requirements for rooming houses with the Residential Tenancies Regulations 2021.</p>
Mould and dampness	No current requirement.	This new standard would require that rooming houses are free from mould and damp caused by or related to the building structure.	<p>Stakeholder feedback from CHP to the Department reports that mould is a significant problem in rooming houses in Victoria, and numerous other stakeholders were supportive of this addition to the standards.</p> <p>This change aligns requirements for rooming houses with the Residential Tenancies Regulations 2021.</p>

*In the development of options for this RIS, a range of minimum standards were considered for inclusion in the Regulations, and key stakeholders were consulted on these standards. There are some standards that are not currently included in the proposed Regulations, but which the Department would like to seek further feedback from stakeholders on through public consultation of this RIS. This would assist the Department in understanding how additional minimum standards may impact the rooming house sector and help to identify potential issues.*

*These include the potential for additional minimum standards in relation to mandating:*

- *a minimum level of ceiling insulation*
- *draughtproofing measures*
- *a dedicated living area.*

*What are your thoughts on requiring a minimum level of ceiling insulation and draughtproofing for rooming houses?*

*Rooming houses are not currently required to have a common area like a living room. What are your thoughts on this – should all rooming houses be required to have a living room?*

*How much time do you think is reasonable to provide rooming house operators to ensure their rooming house is compliant with the proposed changes under Option 2?*



# 4 Impact analysis

This chapter analyses the impacts of the viable options and identifies a preferred option for implementation.

The Victorian Guide to Regulation requires a RIS to provide clear advice on the potential impacts of options to inform a final decision about the regulations.

As outlined in the previous chapter, this RIS is considering two options, assessed against the Base Case in which the Regulations sunset and are not remade.

The first option is the status quo, which involves remaking the Regulations as they are. The second option is remaking the Regulations with changes for greater alignment of minimum standards for rentals, as summarised in Table 3.1.

The proposed Regulations present a cost to rooming house operators as they must spend time, money and resources to meet the minimum standards obligations. This is done to protect rooming house residents from the risks posed by living in accommodation that does not meet minimum standards. This RIS provides an estimate of the total costs over the lifetime of the regulations (10 years), presented as a Present Value (PV).<sup>94</sup>

These estimates have been calculated based on the best available data found through desktop research as well as research and data provided by the Department. Where required, a range of credible and conservative assumptions have been made.

## 4.1 Method of assessment

The impact of the proposed Regulations is calculated by aggregating the incremental substantive compliance cost of each individual requirement in the Regulations. Costs are estimated using a representative material cost, and a labour cost, which is the product of work or installation time and cost of labour.

A growth rate of 3.9 per cent has been applied to the current stock of rooming houses, to forecast annual growth in the sector over the next 10 years. This growth rate represents the historical average growth rate in rooming houses between 2015–2021.

A compliance rate of 100 per cent has been assumed in the calculations. While in reality the compliance rate is likely to be lower, there is limited available data on compliance rates, and an assumption of 100 per cent provides a conservative estimate at the upper end of feasible costs the Regulations may impose. In reality, actual compliance costs incurred will likely be lower than the estimates provided in the following sections, despite strong penalties for non-compliance.<sup>95</sup> The total cost, and magnitude of benefits, would scale linearly with the actual compliance rate. For example, a 70 per cent compliance rate across all requirements would mean that both costs and benefits would be 30 per cent lower than the RIS estimates.

Under the status quo, it is assumed all new rooming houses entering the market over the next 10 years will incur the full cost of complying with the Regulations. It is also assumed that each year, over the lifespan of the Regulations, 10 per cent of the current stock of rooming houses in 2022 (i.e. 142 rooming houses per year) will also incur full compliance costs. This is because the standards involve a range of measures which most existing rooming house operators would

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<sup>94</sup> Present Value is the current value of a future sum of money, discounted at a rate that reflects social opportunity costs over time to be presented in current prices.

<sup>95</sup> An individual rooming house operator can face up to 150 penalty units (\$27,738 in 2022-23) for non-compliance with the minimum standards; for a body corporate non-compliance can result in up to 750 penalty units.

already have incurred to comply with the current Regulations, and will not need to immediately incur these costs again when the Regulations are remade. It is reasonable to assume, however, that over the lifetime of the proposed Regulations, fixtures and facilities installed by existing rooming houses under the previous Regulations will reach the end of their useful life and will need to be replaced. In the absence of any data on rates of depreciation of fixtures and facilities in rooming houses, this 10 per cent assumption has been applied consistently to all rooming houses and for all types of fixtures and facilities. This assumption is considered to be conservative, as in practice it is likely that different fixtures and facilities will depreciate at different rates and that higher cost fixtures, such as refrigerators, will likely have to be replaced less often than lower cost, less durable fixtures, such as locks and latches.

The full incremental costs, associated with changes to the Regulations under Option 2, are assumed to be incurred once by the current stock of rooming houses in the year the changes come into effect, as well as by any new entrants to the rooming house market over the lifespan of the Regulations.

## 4.2 Estimate of costs

### 4.2.1 Option 1: Status quo

#### 4.2.1.1 Costs to rooming house operators

The costs to rooming house operators related to remaking the Regulations for rooming house minimum standards are summarised in Table 4.1 and are explained in more detail in Appendix B.

Under the status quo, the total cost impact across all rooming house operators is estimated at \$19.02 million in PV terms over the life of the Regulations (10 years), or \$2.36 million per year (undiscounted).

Evidence suggests a rooming house can return on average between \$1,200 to \$1,500 per week for operators, making the annual costs of Option 1 for a rooming house operator only 1.8-2.2 per cent of one year's potential earnings.<sup>96</sup>

The table below includes costs associated with requirements that relate to or replicate existing requirements in other regulatory frameworks. Given the limited data available through desktop research for analysis, it has not been possible to determine the extent of compliance with these particular requirements in the base case compared to the options. While it is likely that costs relating to these replicative requirements are sometimes incurred due to other regulatory frameworks, these costs have been included in this RIS to ensure analysis is conservative and estimates the upper bound of costs that the proposed Regulations may impose.

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<sup>96</sup> The Hopkins Group (2020). *What is the demand for Rooming Houses in Victoria?* <<https://thehopkinsgroup.com.au/what-is-the-demand-for-rooming-houses-in-victoria/#:~:text=A%20rooming%20house%20investment%20will%20location%20and%20number%20of%20bedrooms>>. Values are for an 8 bedroom rooming house, so have been adjusted for the average number of bedrooms as noted by CAV in 2018 (4.73).

Table 4.1: Summary of costs to rooming house operators associated with remaking the Regulations (status quo), \$000's PV over 10 years (4 per cent discount rate)

<b>Component</b>	<b>Cost (000's)</b>
Fire-safe locks on bedroom doors	\$1,975
Fire evacuation diagram	\$316
Switchboard type circuit breakers and residual current devices	\$295
One functional double power outlet in each bedroom	\$1,019
Gas and electrical safety checks conducted every two and five years respectively	\$3,127
Keyless privacy latches on all toilet and bathroom doors	\$73
Security features	\$1,585
Certain rooms must have natural light and natural or mechanical ventilation. All rooms must have sufficient natural or artificial light <sup>97</sup>	\$2,166
Fit for purpose window coverings fitted in each bedroom	\$1,490
Provision of certain kitchen and dining facilities <sup>98</sup>	\$5,586
Provision of plumbed laundry wash trough or basin (not kitchen sink) and a clothes lines or drying facility	\$1,385
<b>Total cost</b>	<b>\$19,018</b>
<b>Total cost per rooming house to operators</b>	<b>\$10.80</b>
<b>Average annual cost per rooming house to operators (undiscounted)</b>	<b>\$1.35</b>

#### 4.2.1.2 Costs to government

The Regulations impose various administration and enforcement costs on government. These costs are employee-related costs attributed to enquiries, monitoring, compliance and enforcement of the Regulations. A summary of the current components of cost to government are shown in Table 4.2.

CAV administers over 30 pieces of legislation, including the Residential Tenancies Act. CAV and the Department allocate resources across these pieces of legislation, including for monitoring rooming house compliance and enforcement of rooming house legislation.

The Information and Dispute Services Centre (IDSC) supports CAV's role as the regulator by providing efficient and effective frontline services to rooming house residents and rooming house operators by receiving, evaluating and responding to phone calls, emails, social media contacts, complaints and correspondence. IDSC officers may also be involved in dispute resolution if matters are escalated.

The Investigation Services Branch allocates resources to investigating complaints and intelligence provided in relation to rooming houses.

Corrections and Justice Services provide support to CAV compliance and enforcement activities in Victorian regions.

The average annual cost of these activities is estimated at \$618,000 per year, or a total cost over the 10-year life of the proposed Regulations of \$5.01 million (NPV).

<sup>97</sup> These standards replicate requirements in the BCA.

<sup>98</sup> The Regulations allow the kitchen and dining facilities to either be provided in each resident's room or in a common area. Modelling for this RIS assumes that the average rooming house provides these facilities in a common area. Where a rooming house provides these facilities in each resident's room, the cost will scale with the number of residents rooms.

Table 4.2: Estimates of cost to government from the Regulations<sup>99</sup>

Agency		FTEs	Cost per year
<b>Information and Dispute Services Centre</b>		1 FTE (VPS 4)	\$115,355
<b>CAV Investigation Services Branch</b>		0.1 FTE (VPS 5) 0.5 FTE (VPS 4)	\$71,457
<b>Corrections and Justice Services</b>			
West	Barwon South West (BSW)	3 x 0.2 FTE (VPS 4) 2 x 0.2 FTE (VPS 3)	\$107,874
	Grampians	2 x 0.05 FTE (VPS 4) 2 x 0.05 FTE (VPS 3)	\$21,201
	Shared; BSW & Grampians	0.1 FTE (VPS 5)	\$13,779
North	Hume	0.1 FTE (VPS 4)	\$11,536
	Loddon Mallee	0.1 FTE (VPS 4) 0.1 FTE (VPS 3)	\$21,201
North West	North West Metropolitan Area	3 x 0.25 FTE (VPS 4)	\$86,517
South	Gippsland	2 x 0.2 FTE (VPS 4) 0.2 FTE (VPS 3)	\$65,473
	South East Metropolitan Region	0.8 FTE (VPS 4) 0.1 FTE (VPS 4)	\$103,820
<b>Annual cost to government</b>		<b>5.45 FTEs</b>	<b>\$618,213</b>
<b>Total cost to government</b>			<b>\$5,014,261</b>

Source: Department of Justice and Community Safety

## 4.2.2 Option 2: Greater alignment of minimum standards for rental properties

### 4.2.2.1 Costs to rooming house operators

The costs to rooming house operators related to the introduction of changes for greater alignment of the Regulations with the rental minimum standards in the Residential Tenancies Regulations 2021 are outlined below in Table 4.3, and detailed further in Appendix B. It is important to note that the costs outlined below are in addition to the costs rooming house operators will incur under Option 1, as outlined in Table 4.1.

The changes are estimated to pose compliance costs of \$9.59 million over 10 years, in addition to the \$19.02 million of costs from the status quo, for a total cost of \$28.60 million, or \$3.45 million per year (undiscounted).

Evidence suggests a rooming house can return on average between \$1,200 to \$1,500 per week for operators, making the total annual costs of Option 2 for a rooming house operator only 2.5-3.1 per cent of one year's potential earnings.<sup>100</sup>

<sup>99</sup> Note – this table does not take into account current recruitment vacancies.

<sup>100</sup> The Hopkins Group (2020). *What is the demand for Rooming Houses in Victoria?*

<<https://thehopkinsgroup.com.au/what-is-the-demand-for-rooming-houses-in-victoria/#:~:text=A%20rooming%20house%20investment%20will%20location%20and%20number%20of%20bedrooms>>. Values are for an 8 bedroom rooming house, so have been adjusted for the average number of bedrooms as noted by CAV in 2018 (4.73).

Installation of appliances, as required under Option 2, may have additional second round impacts on costs to rooming house operators and residents. For example:

- any increased energy or water usage, associated with additional ovens, refrigerators, washing machines and heaters, would increase utility costs, noting that these costs would be passed on to residents
- any efficiency gains due to installation of more efficient appliances or fixtures, such as an energy efficient heater or showerhead, would reduce utility costs, noting any reduction in costs would also be passed on to residents.

This RIS does not estimate potential second round costs or benefits as they are highly uncertain and dependent on appliance usage and behaviour of rooming house residents.

Table 4.3: Summary of costs to rooming house operators associated with changes for greater alignment of minimum standards for rental properties, \$000's PV over 10 years (4 per cent discount rate)

Component	Cost (000's)
A resident's room must have at least 2 <i>unoccupied</i> electrical power outlets that are in working order.	\$57
A window in a resident's room must be fitted with a covering that <i>reasonably blocks light</i> . <sup>101</sup>	\$0
The laundry facilities required under the Regulations must be provided <i>for every 12 residents</i> .	\$13
A gas safety check of all gas installations and fittings in a rooming house must be conducted every 2 years ( <i>or within the last 2 years of a resident occupying the premises</i> ) by a licensed or registered gasfitter.	
<i>If requested by a resident, operators must provide the date of the latest safety check in writing</i> . <sup>102</sup>	\$0
An electrical safety check of all electrical installations, appliances and fittings at the rooming house must be <i>conducted every 2 years (or within the last 2 years of a resident occupying the premises)</i> , rather than every 5 years, by a licensed or registered electrician.	
<i>If requested by a resident, operators must provide the date of the latest safety check in writing</i> .	\$1,241
More prescriptive requirements for rooming house operators in relation to keeping and producing records of gas safety and electrical safety checks. <sup>103</sup>	\$0
All corded internal window coverings installed in a rooming house must meet the Competition and Consumer (Corded Internal Window Coverings) Safety Standard 2014, which mandates installation of blind cord anchors where any loose blind cord can form a loop 220 mm or longer at less than 1,600 mm above floor level.	\$151

<sup>101</sup> Under the Regulations, rooming house operators are already required to ensure any windows are fitted with a window covering. Whilst there are some documented instances of residents being provided with inadequate window coverings, it is assumed that almost all rooming house operators are already providing window coverings that do reasonably block light, and that this change is largely a clarification that incurs no additional substantive costs.

<sup>102</sup> The time taken for rooming house operators to notify residents upon request of the date of the latest gas or electrical safety check is considered to be negligible.

<sup>103</sup> The more prescriptive requirements around details to be collected and kept for gas or electrical safety checks, such as the name and registration of the licensed or registered electrician or gasfitter, the date and the result/report of the check are assumed to be details that are typically provided upon completion of a safety check under business as usual and so incur no additional cost.

All external windows in a rooming house which can be opened must have a working latch to prevent external entry.	\$220
Provision of a washing machine for every 12 residents <sup>104</sup>	\$1,482
Provision of a refrigerator (400L capacity, plus 28.5L for every resident over four) <sup>105</sup>	\$909
Bathroom latch installed by suitably qualified operator	\$132
Provision of an oven for every 8 residents (previously 12)	\$101
Window coverings in every room, not just bedrooms	\$1,366
Fixed heater in communal living space (cost to operator) <sup>106</sup>	\$1,974
Fixed heater in communal living space (cost to energy retailers)	\$1,040
Water efficient shower head (cost to operator)	\$594
Water efficient shower head (VEU program subsidy – cost to energy retailers) <sup>107</sup>	\$226
Measures to address mould, dampness and structural soundness	\$80
<b>Incremental cost</b>	<b>\$9,587</b>
<b>Incremental cost per rooming house to operators</b>	<b>\$4.72</b>
<b>Total cost (including cost of status quo)</b>	<b>\$28,605</b>
<b>Total cost (including cost of status quo) per rooming house to operators</b>	<b>\$15.52</b>
<b>Average annual cost per rooming house to operators (undiscounted)</b>	<b>\$1.94</b>
<b>Total cost to energy retailers</b>	<b>\$1,267</b>
<b>Average annual cost to energy retailers (undiscounted)</b>	<b>\$143</b>

Note: Numbers may not sum due to rounding

#### 4.2.2.2 Costs to government

It is not expected that DGS will incur any substantial additional costs in relation to the changes for greater alignment of minimum standards for rental properties proposed under Option 2. Monitoring and enforcement of the changes will be incorporated into the operations and costs outlined under Option 1. DGS may incur some minor administrative costs associated with making additional updates to the CAV website and guidance notes, as well as a communications campaign.

### 4.3 Estimate of benefits

The benefits of both of the options analysed in this RIS will be felt most keenly by rooming house residents, in terms of residents feeling safer and more comfortable in their accommodation. As it is difficult to give a quantitative measure of the direct benefits residents will gain under the two options, a qualitative discussion of these benefits is outlined below.

#### 4.3.1 Option 1: Status quo

The Regulations help to ensure rooming house residents are provided with an acceptable level of amenity, privacy, security, and health and safety. The benefits of this include promoting quality of

<sup>104</sup> To be conservative, it is assumed that no rooming houses currently have a washing machine.

<sup>105</sup> It is assumed that this requirement only impacts rooming houses with more than four bedrooms, as all rooming houses are assumed to have 400L of refrigerator capacity under the status quo.

<sup>106</sup> For the purposes of cost estimation, it is assumed the rooming house operators will install a reverse cycle air conditioner (RCAC) to meet this obligation. It is assumed that 50% of existing rooming houses have no fixed heater, and therefore incur the cost in 2023, while 50% of existing rooming houses currently have a (non-energy efficient) heater, and therefore incur the cost in 2025. RCACs are eligible under the Victorian Energy Upgrade (VEU) program, so will result in a transfer of costs from operators to energy retailers.

<sup>107</sup> Because water-efficient shower heads are eligible for Victorian Energy Efficiency Certificates, the cost will be split between operators and energy retailers. An average rebate of \$60 is used (<https://www.energy.vic.gov.au/for-households/victorian-energy-upgrades-for-households/shower-heads>)

life for residents, reducing the risk of loss of life, injury or trauma to residents, and reducing the disadvantage residents could face due to inadequate amenities.

The Regulations ensure amenity for residents, for example through the provision of kitchen facilities and shared laundry facilities. The Regulations ensure privacy and security for residents through the requirement of locks in residents' rooms, window coverings and privacy latches in bathrooms. The Regulations also require an acceptable level of health and safety for residents through requiring provision of fire evacuation diagrams, ongoing gas and electrical safety checks, and BCA compliant ventilation in all habitable rooms.

The Regulations provide the added benefit of ensuring that residents have access to enforceable minimum standards that provide for avenues for redress, and that both operators and residents have greater certainty about what the community consider to be minimum acceptable standards for rental accommodation, particularly for vulnerable residents.

#### **4.3.2 Option 2: Greater alignment of minimum standards for rental properties**

Implementing Option 2 will result in the same benefits outlined for the status quo, with additional benefits from the inclusion of changes to the Regulations. Key additional benefits from the changes to the Regulations will relate in particular to the safety of rooming houses and the health of rooming house residents.

Importantly, Option 2 will also ensure that minimum standards for rooming houses align with minimum standards afforded to the broader rental market under the Residential Tenancies Regulations 2021. Consistency in the standard of the rental accommodation market is important to ensure that all residents are treated fairly and equitably, in terms of being provided with accommodation that is considered safe and habitable and that meets minimum community expectations.

Given limitations in data, and because the potential benefits below relate primarily to clarifying or strengthening requirements that may reduce the risk of low-likelihood but potentially severe or long-term harms, it is difficult to quantify the scale and probability of the benefits described below. The range of potential benefits discussed here are included to outline the various different ways in which the Department expects the regulations to mitigate risks to rooming house residents.

The safety of rooming houses will be increased through the changes in the Regulations relating particularly to the increased requirement for electrical safety checks to occur every two years, rather than every five. This will help to mitigate potential fire risks associated with unsafe appliances or overloaded power circuits which could lead to property damage for rooming house operators, or injury or loss of life for residents. The more prescriptive requirements for rooming house operators to keep and produce records of electrical and gas safety checks, including the requirement for them to provide residents with the date of the latest safety check in writing, also have the potential to increase compliance, and consequentially safety, through promoting greater accountability and transparency amongst operators.

The new requirement under Option 2 for all corded internal window coverings to have blind cord safety anchors installed will also increase the safety of rooming houses by ensuring that any children residing in rooming houses are not at risk of choking. This new requirement is based on a recommendation from a recent Coroner's report into the death of a child in a residential rental property.<sup>108</sup> In 2016, the Australian Competition and Consumer Commission reported that between one and two children die in Australian homes every year as a result of loose blind cords.<sup>109</sup>

Residents of rooming houses will also receive benefits in terms of better health as a result of the new requirements under Option 2, particularly through the requirement for operators to provide a fixed heater in a common area. While there is limited evidence on the prevalence of heating

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<sup>108</sup> Coroners' Court of Victoria (2022). *Finding into Death Without Inquest: Master J* (Coroner Gebert, 27 June 2022).

<sup>109</sup> Australian Competition and Consumer Commission (2016). *ACCC warns of dangers of loose blind and curtain cords*. < [46](https://www.accc.gov.au/media-release/accc-warns-of-dangers-of-loose-blind-and-curtain-cords#:~:text=Tragically%2C%20between%20one%20and%20two,with%20corded%20blinds%20and%20curtains.></a></p></div><div data-bbox=)



currently provided in rooming houses, it is possible that in current rooming houses where no common heater is provided, residents may not have the means to purchase a personal heater and are going without. In these circumstances, residents will experience improved health outcomes, as those experiencing thermal discomfort are at increased risk of respiratory illness and an increased rate of mortality.<sup>110</sup> These health risks can disproportionately impact people with a disability or persistent health condition, which can be overrepresented in the population of rooming house residents.<sup>111</sup>

New requirements for operators to provide a washing machine for every 12 residents will also lead to health benefits for residents, with feedback from Tenants Victoria provided to the Department reporting that there is notable improvement in the hygiene and cleanliness of rooming houses where a washing machine is provided. New requirements to ensure rooming houses are free from mould and dampness are also expected to improve residents' health, given the significant negative impacts on health from exposure to mould, which can trigger respiratory reactions in particular.<sup>112</sup>

Other more minor changes under Option 2, such as increased fridge capacity, more stringent requirements for bathroom locks, and window coverings being required in all rooms of a rooming house will also afford residents benefits in terms of increased amenity, privacy and security.

Clarifications in the Regulations under this option will also ensure that operator's obligations are clear and will close any loopholes identified in the current standards, such as facilities not being in 'good working order', dining tables being provided as food preparation areas, blankets being used as window coverings or the two power outlets provided in a resident's room being occupied. These clarifications will increase the ability for the Regulations to be enforced as they are intended to be.

Given the additional benefits outlined above that are expected to be realised by the additions and clarifications and changes to the Regulations, the preferred option for remaking the Residential Tenancies (Rooming House Standards) Regulations is Option 2.

#### 4.4 Breakeven analysis

An exact quantification of benefits provided by the preferred option (Option 2) is difficult given the lack of quantitative data and evidence on the current state of rooming houses, and the wide range of issues that the proposed Regulations seek to address.

For this reason, a breakeven analysis is used to outline the expectation that the proposed Regulations yield benefits to society that are at least as great as the costs they impose, relative to the Base Case in which there are no regulations.

Using the current net present value of a statistical life of approximately \$8.98 million, and given the total NPV cost of the proposed Regulations, including costs to government, is \$33.62 million, the proposed Regulations are expected to breakeven.<sup>113</sup> That is, DGS expect the benefits of the proposed Regulations will exceed \$33.62 million over 10 years, which is equivalent to the avoidance of 3.7 deaths, but may be comprised of other benefits such as reduced risk of injury and improved health outcomes for residents. DGS notes that if the costs are lower than those stated in the RIS, the benefits required to breakeven would also be lower.

Between 2006-2008, prior to the Regulations commencing, there were five deaths in rooming houses resulting from fires that were investigated or considered by the Coroner.<sup>114</sup> In particular,

<sup>110</sup> Daniel Lyrian et al. (2021) *Cold housing: evidence, risk and vulnerability* 36(1) Housing Studies 110.

<sup>111</sup> Consumer Affairs Victoria (2016). *Alternate forms of tenure: parks, rooming houses and other shared living rental arrangements*.

<sup>112</sup> Commonwealth of Australia (2018) *Report on the Inquiry into Biototoxin-related Illnesses in Australia*.

<sup>113</sup> The value of a statistical life (VSL) is an estimate of the value society places on avoiding one death. Value adapted from the Australian Safety and Compensation Council, The Health of Nations: The Value of a Statistical Life (July 2008). This analysis presents an econometric random-effects meta-analysis and draws on over 200 studies of the value of a statistical life. The results of that analysis, after adjusting for inflation, suggest using an estimated VSL of \$8.98 million, with a range of \$7.48-10.63 million.

<sup>114</sup> Coroner's Court of Victoria (2006). *Record of investigation into death of Leigh Sinclair and Christopher Giorgi*; Coroner's Court of Victoria (2012). *Inquest concerning the deaths of Mr Sunil Patel, Jignesh Sadhu and*



the deaths of Leigh Sinclair and Christopher Giorgi were a key cause for the rooming house minimum standards to be introduced.

While there is limited robust or consolidated evidence on the incidence of injuries or deaths occurring in rooming houses in Victoria, desktop research undertaken for this RIS found no reported deaths as a result of a rooming house fire since the Regulations commenced in 2012. Given five deaths occurred within two years prior to the introduction of the Regulations, it is feasible that the proposed Regulations may avoid 3.7 deaths over the next 10 years, even allowing for the fact that general fire safety awareness and prevention technology has improved. Additionally, avoided deaths are the most extreme benefit that the proposed Regulations may realise, with the unquantified benefits discussed in section 4.3 providing more prevalent benefits for all rooming house residents.

# 5 Summary of the preferred option

This chapter summarises the impacts of the preferred option, including assessment of any small business and competition impacts.

## 5.1 Preferred option

The preferred option is to remake the Regulations with the proposed changes for greater alignment of minimum standards for rental properties (Option 2).

Whilst the benefits associated with the Regulations are difficult to quantify, the proposed changes are considered to provide additional benefits above those provided in the status quo (Option 1), and for the reasons discussed in section 4.3.2 are considered worthwhile to implement.

The incremental cost of the changes compared to the status quo is \$9.59 million over 10 years, or \$1.10 million per year. This equates to a relatively low cost to operators of approximately \$590 per rooming house per year and it is considered by government that the incremental benefits to be felt by a vulnerable cohort of the community warrants the imposition of these additional costs.

The total cost of the preferred option is estimated to be \$28.60 million over 10 years, or \$3.45 million per year. This equates to a cost to rooming house operators of approximately \$1,936 (undiscounted) annually per rooming house. Evidence suggests a rooming house can return on average between \$1,200 to \$1,500 per week for operators, making the annual costs of the proposed Regulations for a rooming house operator only 2.5-3.1 per cent of one year's potential earnings.<sup>115</sup>

The preferred option requires continued government monitoring and enforcement resourcing. This resourcing will be unchanged from current government monitoring and enforcement activities, which are estimated at an average annual cost of \$618,000 per year, or a total net present cost of \$5.01 million over 10 years.

The proposed Regulations are expected to breakeven if they result in 3.7 avoided deaths. This is considered feasible, given there were five deaths in rooming houses within two years prior to the Regulations being introduced. Additionally, there are a range of other more prevalent unquantifiable benefits that are expected to result from the proposed Regulations, as described in Section 4.3.

## 5.2 Distributional impacts

This analysis assumes that rooming house operators will bear the costs of the Regulations continuing to be in place for the next 10 years, as well as the costs associated with the greater alignment of minimum standards for rental properties, while residents will benefit from the minimum standards. There is the possibility that the impacts of the proposed Regulations would be shared between rooming house operators and residents if operators choose to pass the costs on

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<sup>115</sup> The Hopkins Group (2020). *What is the demand for Rooming Houses in Victoria?* <<https://thehopkinsgroup.com.au/what-is-the-demand-for-rooming-houses-in-victoria/#:~:text=A%20rooming%20house%20investment%20will%20location%20and%20number%20of%20bedrooms>>. Values are for an 8 bedroom rooming house, so have been adjusted for the average number of bedrooms as noted by CAV in 2018 (4.73). There is some evidence to suggest that rooming houses may return higher gross rental yields than traditional rental properties (which average around four per cent), as they can experience reduced vacancy rates given the potential to continue collecting rent from other residents in the rooming house when one resident vacates.

through increased rents. The extent to which rent increases may or may not occur is difficult to predict exactly. Due to the imbalance of power between operators and residents (as noted in Section 2.4), it is possible that increased costs incurred by operators are passed on to tenants. If general private market rents continue to increase, this may also allow rooming house operators to increase rents, as the cost of alternatives increase. This may be offset partially due to the fact that the cost of complying with these minimum standards can eventually be recouped in the form of capital gains arising from added value to the property.

It is also possible that costs related to increased energy use as a result of the requirement for a fixed heater to be installed in a communal area, and increased water use as a result of the requirement for a washing machine to be installed will be passed on to residents through increased rent. These impacts will likely be offset to some extent by the requirement for the fixed heater to be energy efficient, as well as the requirement for energy and water efficient shower heads to be installed.

Further, some of the proposed minimum standards relate to fixtures that are eligible for certificates under the Victorian Energy Upgrade Program. As such, some costs incurred by operators will be passed on to energy retailers, and then to the customers of the energy retailers to some extent.

### **5.3 Impacts on rooming house closures**

There is also the possibility that the proposed Regulations will lead to the closure of some rooming houses where rooming house operators consider compliance with the minimum standards to be too costly. This is considered an unlikely scenario given that many of these standards included under the proposed Regulations have been in place for the previous 10 years, meaning that compliant operators have already incurred sunk costs to meet these standards. The scale and impact of the proposed changes are not considered a significant enough to force rooming house operators into closure, given the small size of the incremental costs relative to the revenue received and capital investment associated with acquiring the property. If the proposed Regulations make some marginal operators non-viable, they have the option to increase rent to make the house economical again. It is also possible that some rooming houses will be repurposed as private rentals if the property is the appropriate size and layout.

### **5.4 Competition and small business impacts**

#### **5.4.1 Competition impacts**

As Victoria is a party to the Competition Principles Agreement, regulation in Victoria is required to include a competition assessment.<sup>116</sup> The Competition Principles Agreement sets out that any new primary or subordinate regulation should not restrict competition except where:

- restriction of competition is required to meet the government's objectives; and
- the benefits of the restriction outweigh the costs.

Restrictions on competition can be identified where there will be changes to the way a market functions due to the implementation of the proposed regulation. Specifically, restriction can occur where:

- the number or range of suppliers is limited
- the ability of supplies to compete is limited
- the incentive of suppliers to compete vigorously is reduced.

Any affirmative answers to the questions in Table 5.1 below indicate that the regulations are considered to restrict competition.

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<sup>116</sup> Better Regulation Victoria, 'Victorian Guide to Regulation' (November 2016).

Table 5.1: Competition assessment questions

Test question	Answer	Explanation
<p>Is the proposed measure likely to limit the numbers of producers or suppliers to:</p> <ul style="list-style-type: none"> <li>only one producer?</li> <li>only one buyer?</li> <li>less than four producers?</li> </ul>	No.	There are currently over 1,000 rooming house operators in Victoria, each with several tenants. The proposed Regulations only impose a relatively small incremental cost compared to the status quo on these operators. It is expected that most operators will either absorb the cost increase or pass it on to residents rather than leave the market, and that in the event that any operators did leave the market it would not result in fewer than four rooming house operators in Victoria.
Would the proposed measure restrict the ability of businesses to choose their output, price or service quality?	No.	The proposed Regulations apply evenly across all operators, and only include fixtures and equipment that are deemed to be essentials. Operators are free to choose which brand and provider they want to install the required fixtures and equipment, as long as they meet the specifications in the proposed Regulations.
Would the proposed measure discourage entry into the industry by new firms/individuals or encourage exit from existing providers?	No.	The proposed Regulations do impose an incremental cost on new entrants relative to the base case, but this cost also applies to existing operators. In addition, this cost is likely to be reflected in new market prices.
Would the proposed measure impose higher costs on a particular class or business or type of service (e.g. small business)?	Yes.	<p>The per-bedroom costs imposed by the proposed Regulations are higher for small rooming houses due to the fact that they have fewer rooms over which to recover fixed costs (i.e. fixtures in common areas). However, these costs represent a fraction of the total costs, which are already small relative to other capital expenditure and revenue.</p> <p>This impact is also offset somewhat by the requirement for the provision of some appliances (oven, fridge, washing machine) to scale with rooming house size.</p>
Is the proposed measure likely to make it more difficult for consumers to move between or leave service providers?	No.	There is nothing in the proposed Regulations which creates a barrier to moving providers.
Would the proposed measure affect the ability of businesses to innovate, adopt new technology or respond to the changing demands of consumers?	No.	There is nothing in the proposed Regulations that prevents operators from adopting and responding to changing consumer demands.

It is necessary to articulate the objective that is achieved through restriction of competition in the regulation and assess other reasonable means of achieving the objectives without competition restriction. Demonstration of a specific link is required to sufficiently meet the competition assessment requirements. The proposed Regulations result in an affirmative answer to question four in **Error! Reference source not found.** Table 5.1, but as discussed, this impact is likely to be

minimal and offset by other scaling provisions in the regulations. These competition impacts are necessary to achieve the Government’s objectives and the benefits of achieving the objectives outweigh the costs of restricting competition.

#### **5.4.2 Small business impacts**

To ensure the impacts of regulation on small business are examined appropriately, an assessment of the effects on small business is required. This aims to ensure that regulation does not impact business growth and productivity unreasonably, especially that of small businesses.

Small businesses can experience disproportionate impacts from regulation due to limited resources for interpretation of updates in compliance requirements, and the cumulation of different requirements. The lack of economies of scale may affect these businesses’ ability to comply with different options.

It is not considered that the preferred option will disproportionality limit the ability for small rooming houses to operate, particularly as the minimum standards apply consistently across all rooming houses and the costs associated with complying with the proposed Regulations will scale with the size of the rooming house. Furthermore, the changes to the Regulations are not complex and are likely to be easily understood by rooming house operators.

As mentioned in **Error! Reference source not found.** [Table 5.1](#), the per-bedroom cost of the proposed Regulations may be marginally higher in smaller rooming houses, but this effect is expected to be minimal and to some extent offset by the scaling provisions in the proposed Regulations.

Additionally, for rooming houses already in operation, upfront costs related to complying with the minimum standards will largely have already been incurred, and costs of upkeep and maintenance associated with the continuation of the minimum standards will be spread over the next 10 years, making costs for smaller operators likely to be manageable.

# 6 Implementation and evaluation strategy

This chapter outlines the actions that DGS will undertake to implement and assess both the efficiency and effectiveness of the proposed Regulations.

## 6.1 Implementation plan

As the current Regulations sunset on 27 February 2023, the proposed Regulations are planned to commence on 26 February 2023. This will ensure there is no gap in the minimum standards for rooming houses in Victoria.

To allow for rooming house operators to be given time to comply with any revised or new standards, revised or new standards that will materially impact rooming house operators are proposed to commence one year after the commencement of the proposed regulations.

DGS will primarily be responsible for implementation of the proposed Regulations.

### 6.1.1 Stakeholder communications and education

DGS will communicate the new minimum standards to rooming house operators and other stakeholders via various communication channels when the proposed Regulations take effect. These communication channels will include:

- social media campaign
- a Consumer Affairs Victoria news alert
- eDMs to rooming house operators
- updated information for rooming house operators on the CAV website
- updated information for the CAV call centre to respond to public enquiries.

CAV currently publishes guidelines for rooming house operators on its website to assist operators to achieve higher standards than the prescribed minimum. CAV will also update these guidelines to coincide with the proposed new standards taking effect.

CAV will also work with the peak body for rooming house operators, Registered Accommodation Association of Victoria (RAAV), to assist their member to transition to the new standards. DGS will be working with advocacy groups to promote an understanding of the new standards and provide access to existing support pathways.

### 6.1.2 Monitoring of implementation

CAV will be responsible for enforcing and administering the proposed Regulations and will do so through continuation of the same enforcement and compliance processes and officers as are in place for the current Regulations. The changes to the Regulations will not require DGS to change the way these processes operate, nor require additional monitoring and compliance officers.

DGS and CAV will monitor risks arising from the implementation of the new minimum standards through monitoring the frequency and nature of complaints to CAV about non-compliance. They will also monitor implementation risks, such as increased rent assessment requests or rooming house closures, via ongoing informal engagement with stakeholders, including community legal centres, advocacy groups and industry groups such as RAAV.

### **6.1.3 Compliance, enforcement, and risk management**

CAV will be responsible for ensuring compliance with the new minimum standards for registered rooming houses and licensed rooming house operators, primarily through its existing monitoring and enforcement activity undertaken as part of its day-to-day operations.

CAV adopts a risk-based, intelligence-led and outcomes-focused approach to compliance decisions to allocate its resources most efficiently to target those that do the most harm. CAV uses an array of information and intelligence sources to analyse the characteristics prevalent among non-compliant rooming house operators, and uses these characteristics to proactively identify other operators that share these traits and may present an increased risk of non-compliance. This enforcement approach for rooming houses will include inspecting properties to assess compliance at the request of residents or local councils.

Where CAV identifies non-compliance by rooming house operators, it will take appropriate enforcement action.

It will be an offence under the RTA for rooming house operators to fail to comply with the minimum standards in the proposed Regulations, unless a relevant exemption applies. Maximum penalties of more than \$27,000 for a natural person and \$138,690 for a body corporate will apply.

## **6.2 Evaluation strategy**

DGS will monitor the proposed Regulations and their ongoing effectiveness in ensuring that rooming house residents' accommodation meets basic quality standards.

The effectiveness of the proposed Regulations will be monitored by CAV on an ongoing basis through analysis of data on complaints and contacts to CAV and data on CAV's investigations of rooming house operators. Analysis of data on complaints and contacts to CAV may indicate trends in issues faced by rooming house residents and operators and assist in evaluating the effectiveness of the Regulations.

DGS also receive reports from Funded Services<sup>117</sup> on experiences with the Regulations and insights on the impact of the Regulations that can be used to evaluate their effectiveness.

DGS will undertake a review of the proposed Regulations before they expire to evaluate their effectiveness. The review will be informed by data collected by CAV. The review will include contacts and complaints data, data on investigations, numbers of infringements issued, and penalties imposed by the courts for non-compliance.

The review will also be informed by consultation with stakeholders to understand how well the minimum standards are working and to identify issues and potential improvements. These stakeholders may include Asia-Pacific Student Accommodation Association, Community Housing Industry Association Victoria, Council to Homeless Persons, Justice Connect, Real Estate Institute of Victoria, Registered Accommodation Association of Victoria, Safe and Equal, Student Accommodation Association, Tenants Victoria, Victorian Council of Social Service, and Victorian Public Tenants Association.

DGS will report to the Minister for Consumer Affairs on the outcomes of the review and whether the proposed Regulations should be re-made, and if so, what changes may be required.

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<sup>117</sup> CAV provides a range of funded community services to support vulnerable and disadvantaged consumers, such as the Tenancy Assistance and Advocacy Program which helps Victorian renters to understand their rights and obligations and resolve disputes.

# Appendix A: Key rooming house characteristics

This section provides an overview of key rooming house characteristics, as analysed by CAV using the 2018 rooming house stock, and CoreLogic RP Data.

Table A.1: Rooming houses by property type

Suburb	Count
House	1004
Unit	246
Other	64
Land	50
Commercial	41
Business	20
Flats	13
Farm	3
Community	1

Table A.2: Rooming houses by number of bedrooms

Number of bedrooms	Count
2	58
3	301
4	230
5	141
6	117
7	62
8	50
9	32
10	11
12	6
11	6
14	5
13	4



Table A.3: Rooming houses by number of bathrooms

<b>Number of Bathrooms</b>	<b>Count</b>
1	457
2	466
3	137
4	47
5	23
6	12
7	4
8	7
9	4
10	4
11	3
12	1
14	1

Table A.4: Rooming houses by number of car spaces

<b>Number of Car spaces</b>	<b>Count</b>
1	388
2	434
3	67
4	52
5	14
6	14
7	5
8	3
9	3
10	3
12	2
13	1

# Appendix B: Impact analysis data and approach

This section outlines the approach to estimating impact analysis, and the data and parameters used.

Table B.1: General parameters

<b>Parameter</b>	<b>Value</b>	<b>Source (websites visited in August and September 2022)</b>
Discount rate	4%	Victorian Guide to Regulation
Time horizon	10 years	Life of the Regulations
Number of rooming houses (2021)	1,419	Consumer Affairs Victoria rooming house register
Growth rate of rooming houses	3.9%	Historical average growth rate, 2015-2021
Average number of residents rooms in rooming houses	4.73	CAV, 2018
Average number of bathrooms in rooming houses	2.05	CAV, 2018
Hourly labour cost – DIY	\$46.28	ABS, Employee Earnings and Hours. Average hourly earnings of a full-time, non-managerial individual. Inflated by Melbourne Wage Price Index from June 2021 to September 2022.
Hourly labour cost – handyman	\$50	<a href="https://www.hiretrades.com.au/cost-guides/handyman/how-much-does-hiring-a-handyman-cost">https://www.hiretrades.com.au/cost-guides/handyman/how-much-does-hiring-a-handyman-cost</a>
Call out fee – handyman	\$50	<a href="https://www.hiretrades.com.au/cost-guides/handyman/how-much-does-hiring-a-handyman-cost">https://www.hiretrades.com.au/cost-guides/handyman/how-much-does-hiring-a-handyman-cost</a>
Hourly labour cost - electrician	\$104	<a href="https://www.service.com.au/articles/electrician/how-much-does-an-electrician-costs">https://www.service.com.au/articles/electrician/how-much-does-an-electrician-costs</a>

<b>Parameter</b>	<b>Value</b>	<b>Source (websites visited in August and September 2022)</b>
Call out fee – electrician	\$83	<a href="https://www.service.com.au/articles/electrician/how-much-does-an-electrician-costs">https://www.service.com.au/articles/electrician/how-much-does-an-electrician-costs</a>
Hourly labour cost - carpenter	\$50	<a href="https://www.serviceseeking.com.au/blog/cost-of-a-carpenter/">https://www.serviceseeking.com.au/blog/cost-of-a-carpenter/</a>
Call out fee – carpenter	\$40	<a href="https://www.serviceseeking.com.au/blog/cost-of-a-carpenter/">https://www.serviceseeking.com.au/blog/cost-of-a-carpenter/</a>

Table B.2: Option 1 (status quo) parameters

Parameter	Value	Source (websites visited in August and September 2022)
<b>Fire-safe locks on bedroom doors</b>		
Hours of labour required for installation (per bedroom)	2.5	Previous RIS (Lockable main entrance)
Installation cost (per lock)	\$179	<a href="https://www.bunnings.com.au/services/in-home/door-lock-installation">https://www.bunnings.com.au/services/in-home/door-lock-installation</a>
Material cost (average)	\$69.46	Calculation
Material cost 1	\$48.79	<a href="https://www.keelerhardware.com.au/brava-metro-entrance-knob-set-fire-rated-70mm-keyed-to-differ-ea3000ss70?gclid=EAIaIQobChMI6v-iprj8-QIVUjErCh3mmwflEAQYAIBEGIbN_D_BwE">https://www.keelerhardware.com.au/brava-metro-entrance-knob-set-fire-rated-70mm-keyed-to-differ-ea3000ss70?gclid=EAIaIQobChMI6v-iprj8-QIVUjErCh3mmwflEAQYAIBEGIbN_D_BwE</a>
Material cost 2	\$65.10	<a href="https://www.bunnings.com.au/lane-satin-stainless-steel-fire-rated-k8-series-entrance-knob-set_p4020928?store=6425&amp;gclid=EAIaIQobChMI96ev5rj8-QIVgyQrCh1g8wdaEAQYASABEGKH4PD_BwE&amp;gclsrc=aw.ds">https://www.bunnings.com.au/lane-satin-stainless-steel-fire-rated-k8-series-entrance-knob-set_p4020928?store=6425&amp;gclid=EAIaIQobChMI96ev5rj8-QIVgyQrCh1g8wdaEAQYASABEGKH4PD_BwE&amp;gclsrc=aw.ds</a>
Material cost 3	\$94.50	<a href="https://www.secureyourworld.com.au/a/privacy-sets-3/brava/nsw/broadmeadow/brava-metro-ev6000-series-fire-rated-commercial-grade-privacy-leverset-with-external-clutching-lever/7866?variant_id=8492&amp;gclid=Cj0KCQjwmdGYBhDRARIsABmSEeOvivWZTRxKvp53WePLfeZNVi6B2IA6QXLfUKDwoEELXkmMUxK6yxAaAjhiEALw_wcB">https://www.secureyourworld.com.au/a/privacy-sets-3/brava/nsw/broadmeadow/brava-metro-ev6000-series-fire-rated-commercial-grade-privacy-leverset-with-external-clutching-lever/7866?variant_id=8492&amp;gclid=Cj0KCQjwmdGYBhDRARIsABmSEeOvivWZTRxKvp53WePLfeZNVi6B2IA6QXLfUKDwoEELXkmMUxK6yxAaAjhiEALw_wcB</a>
<b>Fire evacuation diagram</b>		
Hours of labour required for installation	0	Included in quotes
Material cost (average)	\$188	Calculation
Material cost 1	\$110	<a href="https://fireblockplans.com/evacuation-diagrams/">https://fireblockplans.com/evacuation-diagrams/</a>
Material cost 2	\$275	<a href="https://www.evac-maps.com.au/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObVVt5f0IY_jWTxb40MPYcMknX2Xp6-m7paFEjI0ksdm4CkAXsrw-cBoC4z4QAvD_BwE">https://www.evac-maps.com.au/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObVVt5f0IY_jWTxb40MPYcMknX2Xp6-m7paFEjI0ksdm4CkAXsrw-cBoC4z4QAvD_BwE</a>
Material cost 3	\$180	<a href="https://www.ediagram.com.au/FULL/price.php">https://www.ediagram.com.au/FULL/price.php</a>
<b>Switchboard type circuit breakers and residual current devices</b>		
Hours of labour required for installation	0.5	<a href="https://www.thespruce.com/safely-install-a-circuit-breaker-1152745">https://www.thespruce.com/safely-install-a-circuit-breaker-1152745</a>

<b>Parameter</b>	<b>Value</b>	<b>Source (websites visited in August and September 2022)</b>
Installation cost	\$135.20	Hours of labour times electrician labour cost plus callout fee.
Material cost (average)	\$40.09	Calculation
Material cost 1	\$40.09	<a href="https://www.bunnings.com.au/deta-16a-residual-circuit-breaker-with-overload-protection_p0131970">https://www.bunnings.com.au/deta-16a-residual-circuit-breaker-with-overload-protection_p0131970</a>
Material cost 2	\$40.09	<a href="https://www.bunnings.com.au/deta-25a-residual-circuit-breaker-with-overload-protection_p0131972">https://www.bunnings.com.au/deta-25a-residual-circuit-breaker-with-overload-protection_p0131972</a>
Material cost 3	\$40.09	<a href="https://www.bunnings.com.au/deta-10a-residual-circuit-breaker-with-overload-protection_p0131969">https://www.bunnings.com.au/deta-10a-residual-circuit-breaker-with-overload-protection_p0131969</a>
<b>At least one functional double power outlet in each bedroom</b>		
Hours of labour required for installation	1	<a href="https://www.thespruce.com/how-to-wire-an-outlet-1152325">https://www.thespruce.com/how-to-wire-an-outlet-1152325</a>
Installation cost	\$575.04	Hours of labour times number of bedrooms times electrician labour cost plus callout fee.
Material cost (average)	\$6.58	Calculation
Material cost 1	\$6.76	<a href="https://www.bunnings.com.au/deta-double-power-point_p4430414">https://www.bunnings.com.au/deta-double-power-point_p4430414</a>
Material cost 2	\$7.47	<a href="https://www.bunnings.com.au/deta-x6-white-double-power-point_p4331856">https://www.bunnings.com.au/deta-x6-white-double-power-point_p4331856</a>
Material cost 3	\$5.50	<a href="https://www.bunnings.com.au/deta-solid-plate-double-power-point_p4430429">https://www.bunnings.com.au/deta-solid-plate-double-power-point_p4430429</a>
<b>Gas and electrical safety checks conducted every 2 and 5 years, respectively</b>		
Material cost (Gas, average)	\$325.97	Calculation
Material cost 1 (Gas)	\$330	<a href="https://staticblue.com.au/services/electrical-gas-fire-safety-compliance-for-rental-properties/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObYfgU-6F7hNPtBfnWSkOftfQIEXXqahg6ik6YvPnCs-X5S_8mQJuNxoCyq0QAvD_BwE">https://staticblue.com.au/services/electrical-gas-fire-safety-compliance-for-rental-properties/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObYfgU-6F7hNPtBfnWSkOftfQIEXXqahg6ik6YvPnCs-X5S_8mQJuNxoCyq0QAvD_BwE</a>
Material cost 2 (Gas)	\$385	<a href="https://www.rcsc.com.au/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObVkfS9bDBehUBFFqw9ZOVtHvvIp_XH-pouiztM8YHQzSp4TL2CI7xoCBc4QAvD_BwE">https://www.rcsc.com.au/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObVkfS9bDBehUBFFqw9ZOVtHvvIp_XH-pouiztM8YHQzSp4TL2CI7xoCBc4QAvD_BwE</a>
Material cost 3 (Gas)	\$262.90	<a href="https://www.detectorinspector.com.au/services/gas-safety/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObXrmyc9fzsmKI1b2FMb1UTE3AVwX1V-VNRR_9yiasBQ8_VgR8IcSzBoCjxsQAvD_BwE">https://www.detectorinspector.com.au/services/gas-safety/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObXrmyc9fzsmKI1b2FMb1UTE3AVwX1V-VNRR_9yiasBQ8_VgR8IcSzBoCjxsQAvD_BwE</a>
Material cost (Electrical, average)	\$293.33	Calculation

<b>Parameter</b>	<b>Value</b>	<b>Source (websites visited in August and September 2022)</b>
Material cost 1 (Electrical)	\$330	<a href="https://staticblue.com.au/services/electrical-gas-fire-safety-compliance-for-rental-properties/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObYfgU-6F7hNPtBfnWSkOftfQIEXXqahg6ik6YvPnCs-X5S_8mQJuNxoCyq0QAvD_BwE">https://staticblue.com.au/services/electrical-gas-fire-safety-compliance-for-rental-properties/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObYfgU-6F7hNPtBfnWSkOftfQIEXXqahg6ik6YvPnCs-X5S_8mQJuNxoCyq0QAvD_BwE</a>
Material cost 2 (Electrical)	\$330	<a href="https://www.rcsc.com.au/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObVkfS9bDBe-hUBFFqw9ZOVtHvvIp_XH-pouiZtM8YHQzSp4TL2CI7xoCBc4QAvD_BwE">https://www.rcsc.com.au/?gclid=CjwKCAjw0dKXBhBPEiwA2bmObVkfS9bDBe-hUBFFqw9ZOVtHvvIp_XH-pouiZtM8YHQzSp4TL2CI7xoCBc4QAvD_BwE</a>
Material cost 3 (Electrical)	\$220	<a href="https://ovenfixer.com.au/rental-safety-check/">https://ovenfixer.com.au/rental-safety-check/</a>
<b>Keyless privacy latches on all toilet and bathroom doors</b>		
Hours of labour required for installation	0.25	Deloitte Access Economics
Installation cost	\$12.01	Hours of labour times DIY labour cost
Material cost (average)	\$9.73	Calculation
Material cost 1	\$9.87	<a href="https://www.bunnings.com.au/pinnacle-100mm-chrome-plated-cabin-hook_p4080508">https://www.bunnings.com.au/pinnacle-100mm-chrome-plated-cabin-hook_p4080508</a>
Material cost 2	\$8.19	<a href="https://www.bunnings.com.au/pinnacle-65mm-chrome-plated-cabin-hook_p4080501">https://www.bunnings.com.au/pinnacle-65mm-chrome-plated-cabin-hook_p4080501</a>
Material cost 3	\$11.13	<a href="https://www.bunnings.com.au/pinnacle-150mm-chrome-plated-cabin-hook_p4080512">https://www.bunnings.com.au/pinnacle-150mm-chrome-plated-cabin-hook_p4080512</a>
<b>Security features (lockable main entrance, securable windows, screen doors)</b>		
<b>Lockable main entrance</b>		
Hours of labour required for installation	2.5	2011 RIS
Installation cost	\$120.06	Calculation
Material cost (average)	\$26.93	Calculation
Material cost 1	\$19.90	<a href="https://www.bunnings.com.au/ikonic-brushed-nickel-isabella-lever-entrance-set_p0199990">https://www.bunnings.com.au/ikonic-brushed-nickel-isabella-lever-entrance-set_p0199990</a>
Material cost 2	\$29.90	<a href="https://www.bunnings.com.au/ikonic-brushed-nickel-contempo-lever-entrance-set_p0199976">https://www.bunnings.com.au/ikonic-brushed-nickel-contempo-lever-entrance-set_p0199976</a>
Material cost 3	\$31	<a href="https://www.bunnings.com.au/ikonic-brushed-nickel-fellino-lever-entrance-set_p0199992">https://www.bunnings.com.au/ikonic-brushed-nickel-fellino-lever-entrance-set_p0199992</a>
<b>Securable windows</b>		

<b>Parameter</b>	<b>Value</b>	<b>Source (websites visited in August and September 2022)</b>
Hours of labour required for installation (per window)	0.5	2011 RIS
Installation cost	\$294.56	Calculation
Average number of windows	9.78	Consumer Affairs Victoria (average number of bedrooms + average number of bathrooms + one kitchen + one living room)
Material cost (average)	\$21.20	Calculation
Material cost 1	\$15.25	<a href="https://www.bunnings.com.au/remsafe-white-lockable-multi-bolt_p0026018">https://www.bunnings.com.au/remsafe-white-lockable-multi-bolt_p0026018</a>
Material cost 2	\$21.63	<a href="https://www.bunnings.com.au/whitco-white-cyl4-mini-bolt-lock_p4110359">https://www.bunnings.com.au/whitco-white-cyl4-mini-bolt-lock_p4110359</a>
Material cost 3	\$26.73	<a href="https://www.bunnings.com.au/whitco-mahogany-cyl4-mini-bolt-lock_p4110358">https://www.bunnings.com.au/whitco-mahogany-cyl4-mini-bolt-lock_p4110358</a>
<b>Main entry - window, peep-hole or intercom system</b>		
Hours of labour required for installation	0.5	2011 RIS
Installation cost	\$75	Calculation
Material cost (average) (peep-hole)	\$13.68	Calculation
Material cost 1	\$6	<a href="https://www.bunnings.com.au/syenco-security-door-viewer_p0223196">https://www.bunnings.com.au/syenco-security-door-viewer_p0223196</a>
Material cost 2	\$17.39	<a href="https://www.bunnings.com.au/lockwood-160-chrome-door-viewer_p4211031">https://www.bunnings.com.au/lockwood-160-chrome-door-viewer_p4211031</a>
Material cost 3	\$17.64	<a href="https://www.bunnings.com.au/lockwood-160-polished-brass-door-viewer_p4211992">https://www.bunnings.com.au/lockwood-160-polished-brass-door-viewer_p4211992</a>
<b>Main entry - external light</b>		
Hours of labour required for installation	-	Included in installation cost
Installation cost	\$189	<a href="https://www.bunnings.com.au/services/in-home/outdoor-lighting-installation">https://www.bunnings.com.au/services/in-home/outdoor-lighting-installation</a>
Material cost (average)	\$21.05	Calculation
Material cost 1	\$29.98	<a href="https://www.bunnings.com.au/arlec-20w-twin-par38-security-sensor-led-floodlight_p0132001">https://www.bunnings.com.au/arlec-20w-twin-par38-security-sensor-led-floodlight_p0132001</a>
Material cost 2	\$16.20	<a href="https://www.bunnings.com.au/arlec-oval-caged-black-bunker-light_p7071301">https://www.bunnings.com.au/arlec-oval-caged-black-bunker-light_p7071301</a>

<b>Parameter</b>	<b>Value</b>	<b>Source (websites visited in August and September 2022)</b>
Material cost 3	\$16.98	<a href="https://www.bunnings.com.au/arlec-10w-led-fixed-floodlight_p0132002">https://www.bunnings.com.au/arlec-10w-led-fixed-floodlight_p0132002</a>
<b>Certain rooms must have natural light and natural or mechanical ventilation. All rooms must have sufficient natural or artificial light.</b>		
Installation cost (including labour) per item		
Small mechanical fan	\$160	<a href="https://www.bunnings.com.au/services/in-home/heat-lamp-installation">https://www.bunnings.com.au/services/in-home/heat-lamp-installation</a>
Skylight	\$339	<a href="https://www.bunnings.com.au/services/in-home/skylight-installation">https://www.bunnings.com.au/services/in-home/skylight-installation</a>
Affected rooms per house		
Small mechanical fan	3.05	Bathrooms + kitchen
Skylight	0.98	10% of all rooms
Material cost (average, fan)		
Material cost 1 (small mechanical fan)	\$85	<a href="https://www.pureventilation.com.au/product-category/wall-exhaust-fans/page/5/?orderby=price">https://www.pureventilation.com.au/product-category/wall-exhaust-fans/page/5/?orderby=price</a>
Material cost 2 (small mechanical fan)	\$20	<a href="https://www.bunnings.com.au/ixl-200mm-ventflo-exhaust-fan_p0174717">https://www.bunnings.com.au/ixl-200mm-ventflo-exhaust-fan_p0174717</a>
Share of rooms that require skylights		
Share of rooms that require skylights	10%	Assumption
Material cost (average, skylight)		
Material cost 1 (skylight)	\$290	<a href="https://www.bunnings.com.au/velux-460-x-870mm-flat-roof-skylight_p0820120">https://www.bunnings.com.au/velux-460-x-870mm-flat-roof-skylight_p0820120</a>
Material cost 2 (skylight)	\$315	<a href="https://www.bunnings.com.au/velux-665-x-665mm-flat-roof-skylight_p0820071">https://www.bunnings.com.au/velux-665-x-665mm-flat-roof-skylight_p0820071</a>
Material cost 3 (skylight)	\$342	<a href="https://www.bunnings.com.au/velux-665-x-870mm-flat-roof-skylight_p0820121">https://www.bunnings.com.au/velux-665-x-870mm-flat-roof-skylight_p0820121</a>
<b>Fit for purpose window coverings fitted in each bedroom</b>		



<b>Parameter</b>	<b>Value</b>	<b>Source (websites visited in August and September 2022)</b>
Hours of labour required for installation	2	2011 RIS
Installation cost	\$98.02	Hours of labour times cost of handyman labour
Material cost (average)	\$91	Calculation
Material cost 1	\$103	<a href="https://www.easyblinds.com.au/products/easy-block/">https://www.easyblinds.com.au/products/easy-block/</a>
Material cost 2	\$121.8	<a href="https://www.directonlineblinds.com.au/products/b-l-i-n-d-s-9/rollers-blinds-blockout-111">https://www.directonlineblinds.com.au/products/b-l-i-n-d-s-9/rollers-blinds-blockout-111</a>
Material cost 3	\$49	<a href="https://www.spotlightstores.com/blinds/roller-blinds/windowshade-hudson-roller-blind/BP80222516-black">https://www.spotlightstores.com/blinds/roller-blinds/windowshade-hudson-roller-blind/BP80222516-black</a>
<b>Provision of kitchen and dining facilities which are fit for purpose and allow residents to prepare and eat food.</b>		
Installation/delivery		
Oven/cooktop	\$299	<a href="https://www.appliancesonline.com.au/product/chef-cfe536wb-54cm-freestanding-electric-oven-stove">https://www.appliancesonline.com.au/product/chef-cfe536wb-54cm-freestanding-electric-oven-stove</a>
Sink	\$195	<a href="http://www.petrastainless.com.au/news/how-much-does-a-plumber-charge-to-install-a-sink/">http://www.petrastainless.com.au/news/how-much-does-a-plumber-charge-to-install-a-sink/</a>
Refrigerator	\$62	<a href="https://www.betta.com.au/how-we-deliver">https://www.betta.com.au/how-we-deliver</a>
Material cost		
Material cost (average, cooker)	\$692	Calculation
Material cost 1 (cooker)	\$679	<a href="https://www.betta.com.au/chef-54cm-electric-upright-cooker-white-702622">https://www.betta.com.au/chef-54cm-electric-upright-cooker-white-702622</a>
Material cost 2 (cooker)	\$699	<a href="https://www.betta.com.au/euromaid-freestanding-electric-cooker-54cm-825554">https://www.betta.com.au/euromaid-freestanding-electric-cooker-54cm-825554</a>
Material cost 3 (cooker)	\$699	<a href="https://www.betta.com.au/euromaid-freestanding-electric-cooker-54cm-826419">https://www.betta.com.au/euromaid-freestanding-electric-cooker-54cm-826419</a>
Material cost (average, sink)	\$100	Calculation
Material cost 1 (sink)	\$59	<a href="https://www.bunnings.com.au/estilo-single-bowl-sink_p0300753">https://www.bunnings.com.au/estilo-single-bowl-sink_p0300753</a>
Material cost 2 (sink)	\$119	<a href="https://www.bunnings.com.au/estilo-stainless-steel-single-lh-bowl-sink-with-drainer_p5090449">https://www.bunnings.com.au/estilo-stainless-steel-single-lh-bowl-sink-with-drainer_p5090449</a>
Material cost 3 (sink)	\$123	<a href="https://www.bunnings.com.au/mondella-resonance-single-bowl-round-stainless-steel-sink_p5090441">https://www.bunnings.com.au/mondella-resonance-single-bowl-round-stainless-steel-sink_p5090441</a>

<b>Parameter</b>	<b>Value</b>	<b>Source (websites visited in August and September 2022)</b>
Material cost (400L refrigerator)	\$899	<a href="https://www.betta.com.au/chiq-top-mount-refrigerator-white-410l-825099">https://www.betta.com.au/chiq-top-mount-refrigerator-white-410l-825099</a>
Material cost (0.1 cubic metre storage cupboard)	\$199	Average of 4.73 required per rooming house. <a href="https://www.ikea.com/au/en/p/trotten-cabinet-with-sliding-doors-white-00474777/">https://www.ikea.com/au/en/p/trotten-cabinet-with-sliding-doors-white-00474777/</a>
Material cost (average, 4 seater dining set)	\$182	Calculation
Material cost 1 (dining set)	\$229	<a href="https://www.amartfurniture.com.au/sunshine-49143.html">https://www.amartfurniture.com.au/sunshine-49143.html</a>
Material cost 2 (dining set)	\$145	<a href="https://www.ikea.com/au/en/p/sandsberg-adde-table-and-4-chairs-black-black-s29429195/">https://www.ikea.com/au/en/p/sandsberg-adde-table-and-4-chairs-black-black-s29429195/</a>
Material cost 3 (dining set)	\$171	<a href="https://www.ikea.com/au/en/p/grasala-adde-table-and-4-chairs-grey-grey-black-s19497260/">https://www.ikea.com/au/en/p/grasala-adde-table-and-4-chairs-grey-grey-black-s19497260/</a>
<b>Provision of plumbed laundry wash trough or basin (not kitchen sink) and a clothes line or drying facility.</b>		
Installation (including labour)		
Clothesline	\$165.00	<a href="https://www.bunnings.com.au/services/in-home/clothesline-installation?gclid=Cj0KCQjwgO2XBhCaARIsANrW2X1om4U5EGDt7E8ZPAOrockip1b8xX7eEJyX--XRHc-YfJkwvqBXbnUaAsqJEALw_wcB&amp;gclsrc=aw.ds">https://www.bunnings.com.au/services/in-home/clothesline-installation?gclid=Cj0KCQjwgO2XBhCaARIsANrW2X1om4U5EGDt7E8ZPAOrockip1b8xX7eEJyX--XRHc-YfJkwvqBXbnUaAsqJEALw_wcB&amp;gclsrc=aw.ds</a>
Trough/basin	\$221.22	2011 RIS
Material cost		
Material cost (average, clothesline)	\$203.33	Calculation
Material cost 1 (Clothesline)	\$289.00	<a href="https://www.bunnings.com.au/daytek-mk2-m38-rotary-clothesline-hawthorn-green_p0137960">https://www.bunnings.com.au/daytek-mk2-m38-rotary-clothesline-hawthorn-green_p0137960</a>
Material cost 2 (Clothesline)	\$219.00	<a href="https://www.bunnings.com.au/daytek-6-line-anthracite-black-retractable-clothesline_p0135245">https://www.bunnings.com.au/daytek-6-line-anthracite-black-retractable-clothesline_p0135245</a>
Material cost 3 (Clothesline)	\$102.00	<a href="https://www.bunnings.com.au/daytek-iron-grery-mini-fold-down-clothesline-mk2-ll_p0137838">https://www.bunnings.com.au/daytek-iron-grery-mini-fold-down-clothesline-mk2-ll_p0137838</a>
Material cost (average, trough/basin)	\$234.67	Calculation
Material cost 1 (Trough/basin)	\$225.00	<a href="https://www.bunnings.com.au/everhard-45l-white-laundry-unit_p5140042">https://www.bunnings.com.au/everhard-45l-white-laundry-unit_p5140042</a>
Material cost 2 (Trough/basin)	\$236.00	<a href="https://www.bunnings.com.au/everhard-45l-classic-pp-laundry-unit_p5149508">https://www.bunnings.com.au/everhard-45l-classic-pp-laundry-unit_p5149508</a>
Material cost 3 (Trough/basin)	\$243.00	<a href="https://www.bunnings.com.au/everhard-30l-classic-pp-laundry-unit_p5140115">https://www.bunnings.com.au/everhard-30l-classic-pp-laundry-unit_p5140115</a>

Table B.3: Option 2 parameters

Parameter	Value	Source
<b>A resident's room must have at least 2 unoccupied electrical power outlets that are in working order.</b>		
Percentage of impacted rooms	5%	Assumption. Most rooms will already have unoccupied power outlets, or will be able to free up outlets if required, rather than installing two more outlets.
<b>A window in a resident's room must be fitted with a covering that reasonably blocks light.</b>		
Incremental cost	0	No incremental cost compared to the status quo. Clarification of existing requirement to close loophole.
<b>The laundry facilities required under the current Regulations must be provided for every 12 residents.</b>		
Share of rooming houses with 12+ residents.	1.5%	Based on current share of CAV's rooming house register.
<b>A gas safety check of all gas installations and fittings in a rooming house must be conducted every 2 years (or within the last 2 years of a resident occupying the premises) by a licensed or registered gasfitter.</b>		
Incremental cost	0	No incremental cost compared to the status quo. Clarification of existing requirement to close loophole.
<b>Electricity safety checks every two years</b>		
Previous frequency	Once every five years.	
New frequency	Once every two years.	
Other parameters	Same as status quo.	
<b>All corded internal window coverings installed in a rooming house must meet the Competition and Consumer (Corded Internal Window Coverings) Safety Standard 2014, which mandates installation of blind cord anchors where any loose blind cord can form a loop 220 mm or longer at less than 1,600 mm above floor level.</b>		
Installation time	0.25	Deloitte Access Economics
Installation cost	\$12.01	Hours of labour times DIY labour cost.
Material cost	\$6.20	<a href="https://www.bunnings.com.au/windoware-curtain-chain-cord-tensioner_p1288887">https://www.bunnings.com.au/windoware-curtain-chain-cord-tensioner_p1288887</a>
<b>All external windows in a rooming house which can be opened must have a working latch to prevent external entry.</b>		

Parameter	Value	Source
Installation time	0.25	Deloitte Access Economics
Installation cost	\$12.01	Hours of labour times DIY labour cost.
Material cost (average)	\$14.22	Calculation
Material cost 1	\$9.01	<a href="https://www.bunnings.com.au/taskmaster-satin-chrome-sash-fastener_p0102455?store=6011&amp;gclid=CjwKCAjwvNaYBhA3EiwACgndgjGT4EEaGbrkRDkojNKndQ6S5gx_4C-CCoVLVJaM8wyBciVvoGyAFhoCfqcQAvD_BwE&amp;gclid=aw.ds">https://www.bunnings.com.au/taskmaster-satin-chrome-sash-fastener_p0102455?store=6011&amp;gclid=CjwKCAjwvNaYBhA3EiwACgndgjGT4EEaGbrkRDkojNKndQ6S5gx_4C-CCoVLVJaM8wyBciVvoGyAFhoCfqcQAvD_BwE&amp;gclid=aw.ds</a>
Material cost 2	\$13.70	<a href="https://www.bunnings.com.au/lockwood-florentine-bronze-sash-fasteners_p4110538">https://www.bunnings.com.au/lockwood-florentine-bronze-sash-fasteners_p4110538</a>
Material cost 3	\$19.95	<a href="https://www.bunnings.com.au/whitco-satin-chrome-safety-lock-sash-fastener_p4110986">https://www.bunnings.com.au/whitco-satin-chrome-safety-lock-sash-fastener_p4110986</a>
<b>More prescriptive requirements for rooming house operators in relation to keeping and producing records of gas safety and electrical safety checks.</b>		
Incremental cost.	0	Negligible cost. Assumed to form part of standard business practice.
<b>One washing machine per 12 residents.</b>		
Material cost (average)	\$749	
Material cost 1	\$699	<a href="https://www.harveynorman.com.au/haier-7kg-top-load-washing-machine.html">https://www.harveynorman.com.au/haier-7kg-top-load-washing-machine.html</a>
Material cost 2	\$749	<a href="https://www.harveynorman.com.au/westinghouse-7kg-top-load-washing-machine.html">https://www.harveynorman.com.au/westinghouse-7kg-top-load-washing-machine.html</a>
Material cost 3	\$799	<a href="https://www.harveynorman.com.au/whirlpool-7kg-top-load-washing-machine.html">https://www.harveynorman.com.au/whirlpool-7kg-top-load-washing-machine.html</a>
Installation cost	\$50	Assumption. Depends on size, weight and location.
<b>400L fridge, plus 28.5L capacity for every resident over four.</b>		
Equipment cost by capacity		
400L	\$899	<a href="https://www.betta.com.au/chiq-top-mount-refrigerator-white-410l-825099">https://www.betta.com.au/chiq-top-mount-refrigerator-white-410l-825099</a>
428.5L	\$999	<a href="https://www.betta.com.au/kelvinator-460-litre-top-mount-fridge-white-810451">https://www.betta.com.au/kelvinator-460-litre-top-mount-fridge-white-810451</a>
457L	\$999	<a href="https://www.betta.com.au/chiq-top-mount-refrigerator-515l-u-627dcb078b16d-826752">https://www.betta.com.au/chiq-top-mount-refrigerator-515l-u-627dcb078b16d-826752</a>
485.5L	\$999	<a href="https://www.betta.com.au/chiq-top-mount-refrigerator-515l-u-627dcb078b16d-826752">https://www.betta.com.au/chiq-top-mount-refrigerator-515l-u-627dcb078b16d-826752</a>
514L	\$999	<a href="https://www.betta.com.au/chiq-top-mount-refrigerator-515l-u-627dcb078b16d-826752">https://www.betta.com.au/chiq-top-mount-refrigerator-515l-u-627dcb078b16d-826752</a>

Parameter	Value	Source
542.5L	\$1299	<a href="https://www.betta.com.au/chiq-side-by-side-refrigerator-559l-826757">https://www.betta.com.au/chiq-side-by-side-refrigerator-559l-826757</a>
571L	\$1499	<a href="https://www.betta.com.au/hisense-side-by-side-refrigerator-stainless-steel-578l-823907">https://www.betta.com.au/hisense-side-by-side-refrigerator-stainless-steel-578l-823907</a>
599.5L	\$1599	<a href="https://www.betta.com.au/westinghouse-side-by-side-refrigerator-624l-u-6205cda3e6346-827270">https://www.betta.com.au/westinghouse-side-by-side-refrigerator-624l-u-6205cda3e6346-827270</a>
628L	\$1798	Two times the cost of a 400L fridge.
656.5L	\$1798	Two times the cost of a 400L fridge.
685L	\$1798	Two times the cost of a 400L fridge.
Delivery cost	\$62	<a href="https://www.betta.com.au/how-we-deliver">https://www.betta.com.au/how-we-deliver</a> Average of large and extra large, under 20km.
<b>Cooktop/oven for every 8 residents (previously 12)</b>		
Share of rooming houses with 8-11 bedrooms	9.7%	CAV (2018)
Material cost (average)	\$692	Calculation
Material cost 1	\$679	<a href="https://www.betta.com.au/chef-54cm-electric-upright-cooker-white-702622">https://www.betta.com.au/chef-54cm-electric-upright-cooker-white-702622</a>
Material cost 2	\$699	<a href="https://www.betta.com.au/euromaid-freestanding-electric-cooker-54cm-825554">https://www.betta.com.au/euromaid-freestanding-electric-cooker-54cm-825554</a>
Material cost 3	\$699	<a href="https://www.betta.com.au/euromaid-freestanding-electric-cooker-54cm-826419">https://www.betta.com.au/euromaid-freestanding-electric-cooker-54cm-826419</a>
Delivery	\$62	<a href="https://www.betta.com.au/how-we-deliver">https://www.betta.com.au/how-we-deliver</a> (average of large and extra large <20km)
Installation	\$0	Assuming self-installation
<b>Window covering required for every room, not just bedrooms</b>		
Number of non-bedroom rooms per house	4	Kitchen, living room, bathroom, dining room
Number of existing windows with coverings that would be compliant with proposed Regulations.	0%	Assume none currently have coverings to be conservative

Parameter	Value	Source
Hours of labour required for installation	2	2011 RIS
Installation cost	\$98.0	
Material cost (average)	\$91.3	Calculation
Material cost 1	\$103.0	<a href="https://www.easyblinds.com.au/products/easy-block/">https://www.easyblinds.com.au/products/easy-block/</a>
Material cost 2	\$121.8	<a href="https://www.directonlineblinds.com.au/products/b-l-i-n-d-s-9/rollers-blinds-blockout-111">https://www.directonlineblinds.com.au/products/b-l-i-n-d-s-9/rollers-blinds-blockout-111</a>
Material cost 3	49	<a href="https://www.spotlightstores.com/blinds/roller-blinds/windowshade-hudson-roller-blind/BP80222516-black">https://www.spotlightstores.com/blinds/roller-blinds/windowshade-hudson-roller-blind/BP80222516-black</a>
<b>2+ star energy efficiency fixed heater in communal living space</b>		
Average number of living spaces per RH	1	Assumption
Material cost (\$2020 per unit)	\$1,540	Residential Tenancies Regulation Impact Statement (2020)
Material price (\$2022 per unit)	\$1,739	2020 value updated for inflation – Australian Bureau of Statistics, Consumer Price Index: Furnishings, household equipment and services; Melbourne
<b>Energy efficient showerheads</b>		
Material cost (average)	\$62	Calculation
Material cost 1	\$70	<a href="https://www.thebuild.com.au/2-Piece-Square-Shower-Head-and-Gooseneck-Shower-Arm-Set-LUSH1663.html?refid=GPAAU450-LUSH1663&amp;device=c&amp;ptid=&amp;refid=GPAAU450&amp;gclid=CjwKCAjwtp2bBhAGEiwAOZZTuGOEb f8eaXLid1dpDMg2T1Cis_ewL1F8YDYIEsc71h6IfIwHxNU0kxocYYQQA_VD_BwE">https://www.thebuild.com.au/2-Piece-Square-Shower-Head-and-Gooseneck-Shower-Arm-Set-LUSH1663.html?refid=GPAAU450-LUSH1663&amp;device=c&amp;ptid=&amp;refid=GPAAU450&amp;gclid=CjwKCAjwtp2bBhAGEiwAOZZTuGOEb f8eaXLid1dpDMg2T1Cis_ewL1F8YDYIEsc71h6IfIwHxNU0kxocYYQQA_VD_BwE</a>
Material cost 2	\$45	<a href="https://www.bunnings.com.au/estilo-wels-3-star-9l-min-serena-3-function-shower-rail-handset_p5001729?srsId=AR50iO02IMgCFTVyPAU3-EiWFmOo5xS8vaGmfbeOMV50Ud7iAYGYCw5m_mg&amp;region_id=116042">https://www.bunnings.com.au/estilo-wels-3-star-9l-min-serena-3-function-shower-rail-handset_p5001729?srsId=AR50iO02IMgCFTVyPAU3-EiWFmOo5xS8vaGmfbeOMV50Ud7iAYGYCw5m_mg&amp;region_id=116042</a>
Material cost 3	\$72	<a href="https://www.bunnings.com.au/flexispray-wels-3-star-9l-min-pulsar-5-function-rail-shower_p5003168">https://www.bunnings.com.au/flexispray-wels-3-star-9l-min-pulsar-5-function-rail-shower_p5003168</a>

<b>Parameter</b>	<b>Value</b>	<b>Source</b>
Installation cost	\$155	<a href="https://www.bunnings.com.au/services/in-home/tapware-shower-mixer-installation">https://www.bunnings.com.au/services/in-home/tapware-shower-mixer-installation</a>
Average number of showers per RH	2.05	CAV data. Assumes that each bathroom has one shower.
Value of Victorian Energy Upgrade certificate.	\$60	<a href="https://www.energy.vic.gov.au/for-households/victorian-energy-upgrades-for-households/shower-heads">https://www.energy.vic.gov.au/for-households/victorian-energy-upgrades-for-households/shower-heads</a>
<b>Measures to address mould, dampness and structural soundness</b>		
Share of affected houses	5%	Residential Tenancies Regulation Impact Statement (2020)
Average annual cost per affected house (\$2020)	\$100	Residential Tenancies Regulation Impact Statement (2020)
Average annual cost per affected house (\$2022)	\$112.9	2020 value updated for inflation Australian Bureau of Statistics, Consumer Price Index, Melbourne

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