

**Submission**

**No 34**

## **INTERNATIONAL STUDENT ACCOMMODATION IN NEW SOUTH WALES**

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Dear Committee Manager

### **NSW parliamentary inquiry into international student accommodation**

Shelter NSW is a non-profit social change agency that promotes the housing interests of low-income and disadvantaged people in New South Wales – we are committed to working for a fair and just housing system.

We are writing in response to a call for submissions to the inquiry into international student accommodation by the Social Policy Committee of the NSW Legislative Assembly, on September 8. Our comments are limited to parts of the first, second and fourth items listed in the inquiry's terms of reference.

Our interest in international student accommodation is part of a broader interest in improving the access of people on low incomes to affordable accommodation that is also appropriate, located close to transport and services, and in an adequate condition. Many low-income people live in what is known as 'marginal rental accommodation', which means accommodation which lies outside the purview of the state's residential tenancies legislation. Marginal renters can live in a range of forms of accommodation (such as boarding houses, lodgers' rooms in private homes and caravan parks) that can be characterised by poorly repaired or maintained conditions, unsatisfactory locks, or dirtiness, dampness or mouldiness. Our submission aims to address not only the issue of inadequate legal protection and access to information for marginal renters, but also the issue of an inadequate supply of affordable accommodation for people on low incomes. Both issues are key to addressing the housing concerns of people on low-incomes, such as some international students.

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## **1. The objectives of the Private Member's Bill introduced by the Member for Ryde in the last Parliament: the Environmental Planning and Assessment Amendment (Boarding Houses) Bill NSW 2010**

Objective (1)(iv) of the Private Member's Bill introduced by the Hon. Victor Dominello MP, the Member for Ryde, in the last Parliament – the Environmental Planning and Assessment Amendment (Boarding Houses) Bill NSW 2010 – proposes amending the *Environmental Planning and Assessment Act 1979* to enable the establishment by the Department of Services, Technology and Administration (now, the Department of Finance and Services) of a register of boarding houses (where accommodation is provided for five or more lodgers, or where there are three or more lodgers in any one bedroom).

The Hon. Victor Dominello MP, in his 'Agreement in Principle' speech, referred to the view of the Tenants Union of NSW that such a register would:

- enable prospective residents to check the legitimacy of the boarding house operator's business;
- better inform government about the state of the boarding house sector; and
- enable government to more easily liaise with operators.

We agree that these are important considerations.

We also think that a dialogue about registration of boarding houses should be located in the context of the boarding house sector being a diverse one. Three trends were identified in National Shelter's policy paper, 'Marginal tenures – a national picture' (published in February 2011): an overall decline of the private-sector supply of boarding houses; the transformation of suburban houses into illegal boarding houses, often with international students, migrant workers and other low-income residents living in substandard and overcrowded conditions; and the movement of private-sector boarding houses and caravan parks 'up market', towards providing affordable housing for rent or purchase by people on moderate incomes (such 'new generation boarding houses' which target low- to moderate-income workers and students in gentrifying urban areas in New South Wales). (To access 'Marginal tenures – a national picture', go to: [www.shelter.org.au](http://www.shelter.org.au).)

With respect to the latter, Shelter NSW supports the development of 'new generation boarding houses' as a much-needed contribution to the supply of affordable housing. However the higher rents charged by operators of 'new generation boarding houses' mean that their occupants are unlikely to be people on low incomes with complex needs who may need support services.

As to the proposal in the Bill to set up a register of boarding houses, we note that section 100 of the *Environmental Planning and Assessment Act 1979* currently requires councils to keep a register of applications for development consent, determinations of applications for development consent and other matters, which is to be available for public inspection at council offices.

We think that the current system should be improved in two ways:

- Section 100 should be amended to require councils to identify which entries in the register relate to boarding houses, to make the register more user-friendly (for individuals, non-government organisations and government agencies seeking information about boarding houses).
- We recommend a further amendment to require councils to forward the boarding house data from their registers to either NSW Fair Trading or the Department of Planning and Infrastructure at least annually, so that statewide data on boarding houses can be aggregated.

However a registration system will not per se prevent illegal boarding houses operating. To address this, we suggest that the NSW Government provide funding to councils (on a time-limited basis) to:

- assist councils to more easily identify illegal boarding houses; and
- resource illegal boarding house operators to seek the appropriate development consent (encouraging more boarding houses to become 'legal', as a way to facilitate an improvement in boarding house conditions).

## **2. Factors affecting the supply of and demand for affordable student accommodation and other accommodation used by students, particularly in relation to international students and implications for the export education industry**

The pressing demand for affordable student accommodation is part of a wider demand for affordable housing for people on low incomes across the state. This is a consequence of an insufficient supply of affordable rental housing for low-priced rental.

The extent of the unmet demand for affordable rental accommodation is well-documented. For example:

- There was a shortage of 44,500 private rental dwellings that were both affordable and available for very low income households in Sydney (those in the bottom 20% of the income distribution), a shortage of 5,900 in Newcastle and a shortage of 3,200 in Wollongong, in 2006 (Maryann Wulff, Margaret Reynolds, Dharmalingam Arunachalam, Kath Hulse and Judith Yates, 'Australia's private rental market: the supply of, and demand for, affordable dwellings', Australian Housing and Urban Research Institute, May 2011, AHURI final report no. 168, table 3, p. 15 (based on 2006 census data)).
- 12% of private rental stock in New South Wales was affordable for very low income households and 29% was affordable for low-income households, in June 2011 (Rental Bond Board, June 2011 ('M3: Proportion of rental and purchase stock that is affordable'), Local Government Housing Kit Database (NSW Centre for Affordable Housing), viewed 30 September 2011: <[www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NSW+Local+Government+Housing+Kit/Local+Government+Housing+Kit+Database.htm](http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NSW+Local+Government+Housing+Kit/Local+Government+Housing+Kit+Database.htm)>).
- There were 60,444 applicants waiting for public housing in New South Wales as at June 2010 (Australian Institute of Health and Welfare, 'Public rental housing 2009-10', January 2011).

- Low-income renter households in New South Wales suffered the highest level of rental stress across Australia in 2007–2008, at 45.7% (COAG Reform Council, 'National Affordable Housing Agreement: baseline performance report for 2008–09', 2010, volume 1, p. 56).

We have identified three gaps in action by the NSW Government towards supporting access to affordable rental accommodation by people on low incomes, such as international students, and we propose the following solutions.

(a) We see **a need for increased NSW Government support for the growth of affordable housing**. We note the welcome addition of 6,300 extra social housing dwellings for this state through the Nation-Building Economic Stimulus Plan and the NSW Government's funding of around 3,000 new social housing dwellings as part of its response to the Global Financial Crisis. As funding under the Social Housing Initiative under the economic stimulus plan draws to a close in 2011–2012, the National Rental Affordability Scheme presents the main opportunity for growth in affordable rental housing. We urgently need a firm commitment from the NSW Government to funding an increase in affordable rental housing supply. We think that this should include, but not be limited to, a commitment to the ongoing roll-out of the National Rental Affordability Scheme. (See our report, 'Access choice livability (housing directions 2011)', Shelter Brief 46, February 2011, pp. 11–13, online at: [www.sheltersnsw.org.au](http://www.sheltersnsw.org.au).)

(b) We see **a need for more NSW Government incentives for private providers of rental housing for low rental**. Government incentives to encourage private investors in and private providers of rental housing exist, but we think they should be extended.

Owners of land on which private rental housing for very low rents is located are exempt from land tax, where the land is within five kilometres from the centre of Sydney. We call for the NSW Government to extend the land tax exemption to other metropolitan submarkets where gentrification is occurring – namely, all the inner-ring suburbs of Sydney, and the Newcastle and Wollongong local government areas. (See our report, 'Access choice livability (housing directions 2011)', pp. 7–8). In addition, we call for the NSW Government to consider other ways in which the land tax exemption can be used to encourage supply of lower-priced rental accommodation, as the current system does not encourage investment in more than one property.

Another measure to protect the existing supply of affordable housing is the Boarding House Financial Assistance Program, which provides boarding house owners with grants for fire safety upgrading, and grants for the construction of 'new generation' boarding house rooms. We think that the Boarding House Financial Assistance Program should be enhanced by increasing the financial assistance for boarding house operators to improve fire safety standards (see the report by the NSW Council for Social Service, 'Vote 1 fairness in NSW: New South Wales state election 2011', 2010, p. 25); and also by increasing the financial assistance to developers of 'new generation boarding houses' (whether as part of new projects or as extensions of existing boarding houses, as per the extension of the program which was announced on 12 November 2010). (See our report,

'What housing issues contribute to homelessness?', Shelter Brief 44, December 2010, p. 18, online at: [www.sheltersnsw.org.au](http://www.sheltersnsw.org.au).)

(c) We see a need for increased NSW Government assistance for residents of boarding houses who have support needs, where boarding house operators plan to close their businesses. There is a risk that when boarding houses charging low rents close down, many of the residents may have few other housing options (See our report by Colin Robinson, 'Not cheap, reasonable – the development of not-for-profit boarding houses', 2000, p. 8, online at: [www.sheltersnsw.org.au](http://www.sheltersnsw.org.au)).

We support the recommendation by the Tenants Union of NSW in their policy paper, 'Reforming marginal renting' (14 March 2011, p. 10) that the government develop an 'Assistance Protocol for Boarding House Closures' which is similar to Housing NSW's 'Assistance Protocol for Residential Park Closures'. Such a protocol could cover principles and processes for assisting occupants of boarding houses who must seek alternative accommodation due to an upcoming closure.

#### **4. Appropriate or minimum standards for student accommodation, and the adequacy of current legislation in ensuring that such standards are achieved**

The need for appropriate or minimum standards for student accommodation is part of a broader need for appropriate or minimum standards for marginal groups such as boarders and lodgers, and residents of caravan parks.

The *Residential Tenancies Act 2010* does not provide for appropriate or minimum standards for boarding houses and other forms of marginal rental accommodation. The lack of legislative protection for marginal renters means that they have no recourse to the NSW Consumer, Trader and Tenancy Tribunal when they are engaged in disputes over implementing repairs, retrieving goods, rent increases with little or no notice, and evictions with little or no notice. In effect, marginal renters are without legal rights in relation to their housing – this can lead to exploitation by unscrupulous boarding house operators and other operators of marginal rental accommodation, and can contribute to homelessness or being at risk of homelessness ('What housing issues contribute to homelessness?', pp. 24–25).

In accordance with our two submissions into the recent review of the residential tenancies legislation which led to the passage of the *Residential Tenancies Act 2010*, we continue to support the introduction of an occupancy agreement scheme to provide a mechanism to enforce minimum standards for boarders and lodgers, and residents of caravan parks. (Our submissions are online at: [www.sheltersnsw.org.au](http://www.sheltersnsw.org.au).)

We support the introduction of a scheme based on Part 5A of the ACT's *Residential Tenancies Act 1997*. The scheme sets out occupancy principles which are specified in occupancy agreements, covering basic rights such as being entitled to know the rules of the premises before moving in, reasonable notice of termination, reasonable cleanliness, security and safety of repair, and access to the Consumer, Trader and Tenancy Tribunal for dispute resolution.

We note that that the discussion paper of the NSW Interdepartmental Committee on Reform of Shared Private Residential Services, 'Boarding house reform', supports the introduction of legislation providing for a principles-based approach to the rights of boarding house occupants (December 2010, p. 12).

We also note that the Tenants Union's policy paper, 'Reforming marginal renting', calls for the introduction of legislation on occupancy agreements (pp. 5-7), and we support the more extensive exposition by the Tenants Union on the topic of occupancy agreements in their submission to this inquiry.

Thank you for the opportunity to comment on the important issue of accommodation for international students.

Sincerely

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