

# SMARTER CASHFLOW HOMES



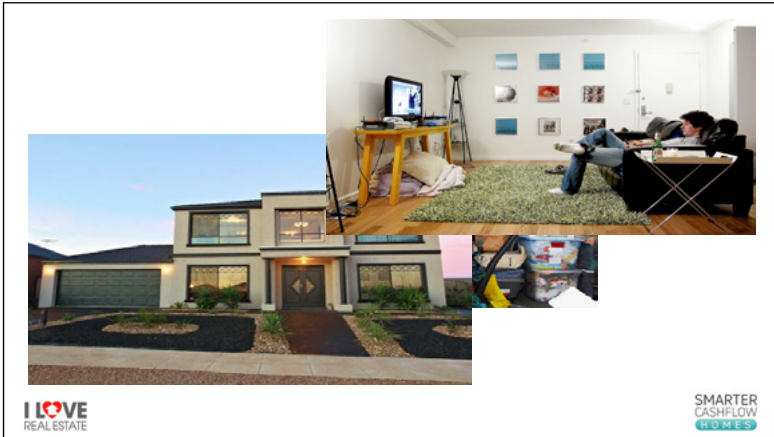


# SMARTER CASHFLOW HOMES

Day One - Mark Baker








---

---

---

---

---

---

---

---

---

---

---

---

## Market Demand

- Ageing population
- Immigration
- Divorce
- Empty nest
- First/young leaving home
- Lifestyle/flexibility/low maintenance/responsibility
- Digital nomads
- Industry based demand
- What other Markets?




---

---

---

---

---

---

---

---

---

---

---

---

## Housing Affordability

For a single person on minimum wage or welfare, just 2% of rental properties in Australia are classed as affordable according to the Anglicare Australia Rental Affordability Snapshot (April 2021).




---

---

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## The Block 2018



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

## The Block 2019



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

## What is Needed?

- Affordable rent
- More single occupant accommodation
- Higher yields for investors
- Convenience
- Better land use

I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Investor Need

- Cashflow, or lack of
- Increasing acquisition costs
- Increased holding costs – land tax etc
- Lower returns
- Access to finance
- Bank squeeze



---

---

---

---

---

---

---

---

---

---

## Rooming Accommodation

- Legally renting a house room by room
- Not Airbnb/Short Term Rental
- Rooming/Boarding/Lodging not HMO/Share



---

---

---

---

---

---

---

---

---

---

## Different Legislation

Sometimes there is confusion about whether a property is a share house or a boarding premises. Here is a simple way to tell them apart:

- in a share house, two or more tenants agree with the owner to rent the whole of the property. The tenants decide between themselves who will use which bedroom. The tenants share common areas such as the kitchen and bathroom. The tenants are jointly responsible for any damage and cleanliness of the property, including the common areas
- in a boarding house, each tenant agrees with the owner to rent a bedroom, rather than the whole property. The other areas are shared.



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Boarding/Rooming House

What is your perception?



---

---

---

---

---

---

---

---

---

---



18 Bedroom Rooming House in Victoria



---

---

---

---

---

---

---

---

---

---

## When are you Operating a Rooming/Boarding/Lodging House?

- QLD (Rooming) – 4 or more residents
- NSW (Boarding) – 5 or more residents
- VIC (Rooming) – 4 or more residents
- SA (Rooming) – 3 or more residents
- WA (Lodging) – More than 6 residents – on site manager
- NT (Boarding) - 3 or more residents
- TAS (Boarding) – 2 or more residents
- ACT (Boarding) – 3 or more residents



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## PROS AND CONS

### Pros:

- Higher rents, rented per room
- Access anytime for greater control of property
- Resident (not tenant) so able to evict on short notice
- positive even if not full due to higher rents

### Cons:

- You may have to cover all the bills
- Higher turnover depending on type of resident
- More intensive management, dealing with more people
- Compliance, building codes, local council, registration, accreditation



---

---

---

---

---

---

---

---

---

---

## DEMAND - IN THE NEWS

JUNE 19 2019 - 11:00AM

Funding can't keep pace with demand as 'blocked up' housing market leaves people without a home

**'National obscenity': Australia's story of housing boom and homelessness**

JUNE 9 2019 - 8:00PM

OPINION: Government working to address housing and homelessness

To save on rent, they don't just share a roof, but a bedroom



---

---

---

---

---

---

---

---

---

---

## Issues in the market – what is not legal?

- Fire Safety
- Overcrowding
- NCC



SBSNews

'Shocking conditions' in Sydney boarding home



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## How to do IT legally

- NCC
- Registration
- Council
- Licence – VIC

I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

### Nice 3 Br Home in Good Location Value \$1M



- Current Configuration
- At 80% LVR @ 5% = Neg \$13k / yr

I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

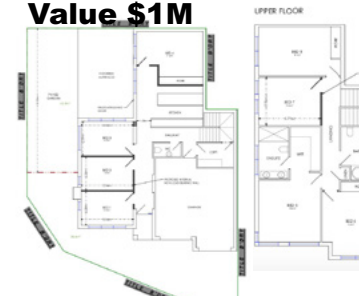
---

---

---

---

### Nice 3 Br Home in Good Location Value \$1M



- New Configuration
- At 80% LVR @ 5% = \$17k / yr Positive

I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.





## Property Set Up

- Shared or private facilities
- What's in each room – bed (size), bedside table, chair, desk, wardrobe, drawers, TV, Internet
- Consider ex hotel furniture
- Cooking – pots, pans, crockery etc.
- Dining
- Linen
- Laundry – consider coin operated machines



---

---

---

---

---

---

---

---

---

---

## Minimum Standards

- Door locks and handles
- At least two working power outlets
- Windows must have a covering that provides privacy and can be opened and closed
- Minimum room sizes
- Minimum number of bathrooms



---

---

---

---

---

---

---

---

---

---

## Minimum Standards

### Bathroom

- Shared bathroom or toilet must be fitted with a privacy latch

### Kitchen

- Each resident must have access to and use of food preparation facilities. These can be in the resident's room or a shared kitchen
- If these facilities are in a resident's room, they must include:
  - food preparation area
  - sink
  - oven and cook-top in good working order
  - bar refrigerator
  - cupboard for storage



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## General Rooming House Standards

- Evacuation diagram
- Natural light in hallways and habitable areas
- Ventilation
- Electrical connected to RCD
- All doors must be able to be exited without a key
- Front door must have peep hole or visual intercom




---

---

---

---

---

---

---

---

---

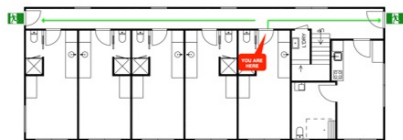
---

---

---

## Evacuation Diagram

34 Mahoney Drive, Officer VIC



**EVACUATION PROCEDURES**

**STEP 1: Remain Calm** When the fire alarm sounds, remain calm and do not panic. Do not use elevators. Follow the fire warden's instructions. Do not return to the building until the fire warden says it is safe to do so.

**STEP 2: Follow the Fire Warden** The fire warden will direct you to the assembly area. Do not use lifts or elevators. Do not return to the building until the fire warden says it is safe to do so.

**STEP 3: Stay in the Assembly Area** Stay in the assembly area until the fire warden says it is safe to leave. Do not return to the building until the fire warden says it is safe to do so.

**STEP 4: Report to the Fire Warden** Report to the fire warden when you reach the assembly area. Do not return to the building until the fire warden says it is safe to do so.

**STEP 5: Stay in the Assembly Area** Stay in the assembly area until the fire warden says it is safe to leave. Do not return to the building until the fire warden says it is safe to do so.

**STEP 6: Report to the Fire Warden** Report to the fire warden when you reach the assembly area. Do not return to the building until the fire warden says it is safe to do so.

**STEP 7: Stay in the Assembly Area** Stay in the assembly area until the fire warden says it is safe to leave. Do not return to the building until the fire warden says it is safe to do so.

**STEP 8: Report to the Fire Warden** Report to the fire warden when you reach the assembly area. Do not return to the building until the fire warden says it is safe to do so.

**STEP 9: Stay in the Assembly Area** Stay in the assembly area until the fire warden says it is safe to leave. Do not return to the building until the fire warden says it is safe to do so.

**STEP 10: Report to the Fire Warden** Report to the fire warden when you reach the assembly area. Do not return to the building until the fire warden says it is safe to do so.

**ASSEMBLY AREA**

Assembly area is located in the main hall.

**000** FIRE  
EMERGENCY  
In an emergency call 000

Fire Warden: [Name]  
Phone: [Number]




---

---

---

---

---

---

---

---

---

---

---

---

## House Rules

The House Rules may cover the following:

- Resident and guest behavior, visiting times
- Maintenance of rooms
- Common areas and shared facilities
- Smoking, consumption of alcohol and drugs
- Access to residents' rooms:
  - Door locks and keys
  - Parking arrangements
  - Pets and animals




---

---

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## Avoid Calls in the Middle of the Night



I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

## Security Cameras / Sensor Lights



I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

## Utility Costs

Aircon Off  
Discount Code on  
[www.roominghouse.expert](http://www.roominghouse.expert)



I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

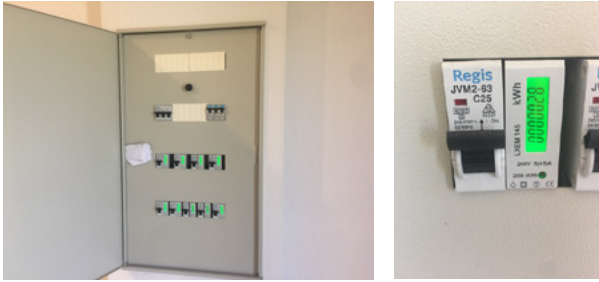
---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Utility Costs



I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

## Download Kahoot !! free from App Store or Google Play



Join using your own device – mobile phone, tablet or laptop.  
(turn sound down when opening Kahoot App)



**Kahoot! Play & Create Quizzes** (AD)  
Learning and Trivia App  
Kahoot! AS  
4.9 (100,000+)  
4.5 (12.8K Ratings)  
Free - Offers In-App Purchases



**Kahoot!**  
Kahoot! Education Education  
4.5 (100,000+)  
Family Friendly  
Offers in-app purchases  
Add to wishlist Install

<https://kahoot.it>

I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---



SMARTER CASHFLOW HOMES

Knowledge Source

I LOVE REAL ESTATE

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

**QUANTUM SHIFT**

**SMARTER CASHFLOW HOMES**

CREATE MULTIPLE INCOMES AND HIGH YIELDS FROM SMARTER CASHFLOW HOMES

Knowledge Source | I LOVE REAL ESTATE

---

---

---

---

---

---

---

---

---

---

### Non Core Sources of Revenue

Many companies are able to increase their margins and free cashflow by investing in non-core activities:

**Examples:**

- Qantas Airlines: Frequent Flyers Points
- McDonalds: Commercial Real Estate

By utilising existing assets, such as land, investments can be made that return well in excess of 100% of your original investment.

I LOVE REAL ESTATE | SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

### Boarding and rooming houses

- Food and Drink Vending machines
- Coin operated washing machines, dryers and showers
- Metering of utilities such as Electricity and Water

I LOVE REAL ESTATE | SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Metering of electricity

A major cost consideration for multi person accommodation is the cost of electricity.

Historically all utilities have been paid for by the operator of the accommodation.

Due to the increased cost of electricity even owners of small rooming houses are seeing monthly electricity bills that exceed \$1,000. These bills are even larger in more densely populated buildings



---

---

---

---

---

---

---

---

---

---

## Benefits of electrical metering

While results will vary on a case by case situation the benefits you can expect from metering are:

- Changed behaviour of tenants. A dramatic reduction in electricity usage. In many cases where usage was previously unmetered a 50% usage reduction has occurred.
- Helping the environment by reducing unnecessary electricity usage.
- Recovery of actual usage cost by billing back the individually metered usage to tenants.
- Ability to offer more competitive rent levels than competitors due to reduced utility cost.



---

---

---

---

---

---

---

---

---

---

## Things to consider

- Before metering the building, you need to consider the situation. Rewiring an existing building can often be tricky and the expense of installation may outweigh the benefits.
- Do you have the capacity and systems in place to manage the ongoing billing of tenants?
- Are you able to meet ongoing regulatory requirements such as the requirements under the Electrical Retail Code applicable in your state?



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Regulatory Requirements

- If you are selling electricity within the site you own or operate then you will most likely be considered an “Embedded Network” for the purpose of either a state based or Federally based regulator.
- The regulatory requirements are not consistent across Australian States.



---

---

---

---

---

---

---

---

---

---

## Regulatory Requirements

### Federal Electrical Regulator

- ✓ Australian Energy Regulator (AER)

Depending on which state you are in and the nature of your operation you may be deemed to be exempt from registering or be required to register for an exemption



---

---

---

---

---

---

---

---

---

---

## Regulatory Requirements

### State based Electrical Regulator

Depending on which state you are in you may be required to register with a state based regulator

- ✓ Victoria: Essential Services Commission (ESC)  
The state based Essential Services Commission (ESC) regulates the Electrical Retail Code in Victoria. Not the AER



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Residential Tenancies Act

Each state has its own Residential Tenancies Act and if you are operating as the Landlord there are often restrictions placed on what you can and can't charge for.

Typically a Landlord cannot charge more than the utility provider would have charged the tenant. In some cases the supply charge cannot be passed on.



---

---

---

---

---

---

---

---

---

---

## Meters

If you plan to charge for utilities they will need to be metered.

Any meter used for this purpose is considered a "Trade Meter" and will need to meet the National Measurement Institute (NMI) requirements



---

---

---

---

---

---

---

---

---

---

## Summary

- Metering utilities can save you money and increase revenue
- You will need to consider your individual situation before proceeding
- You will need to understand the regulatory requirements in your state or engage someone who does



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## Changes to Existing Buildings

Upgrades to current standards are generally not required in existing buildings, except for:

- A change of use
- Major works
- Subdivision
- The building is unfit for occupation or use

\* These are Victorian regulations, for similar regulations in your state, consult a building surveyor/certifier



---

---

---

---

---

---

---

---

---

---

## NCC – Classes of Buildings

Class 1: one or more buildings which in association constitute:

A. Class 1a — a single dwelling being:

- i. a detached house; or
- ii. one of a group of two or more attached dwellings, each being a building, separated by a fire-resisting wall, including a row house, terrace house, town house or villa unit; or

B. Class 1b:

- i. a boarding house, guest house, hostel or the like:
  - a) with a total area of all floors not exceeding 300m<sup>2</sup> measured over the enclosing walls of the Class 1b; and
  - b) in which not more than 12 persons would ordinarily be resident; or
- ii. 4 or more single dwellings located on one allotment and used for short-term holiday accommodation, which are not located above or below another dwelling or another Class of building other than a private garage.



---

---

---

---

---

---

---

---

---

---

## NCC – Classes of Buildings

Class 2: a building containing 2 or more sole-occupancy units each being a separate dwelling.

Class 3: a residential building, other than a building of Class 1 or 2, which is a common place of long term or transient living for a number of unrelated persons, including:

- a) a boarding house, guest house, hostel, lodging house or backpackers accommodation; or
- b) a residential part of a hotel or motel; or
- c) a residential part of a school; or
- d) accommodation for the aged, children or people with disabilities; or
- e) a residential part of a health-care building which accommodates members of staff; or
- f) a residential part of a detention centre.



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## NCC – Classes of Buildings

Class 10: a non-habitable building or structure:

- a) Class 10a — a non-habitable building being a private garage, carport, shed, or the like; or
- b) Class 10b — a structure being a fence, mast, antenna, retaining or free-standing wall, swimming pool, or the like; or
- c) Class 10c — a private bushfire shelter.



---

---

---

---

---

---

---

---

---

---

## National Construction Code

For use as a Rooming/Boarding House, building must be:

- Class 1b: maximum 300sqm and maximum 12 occupants
- Class 3: more than 300sqm or 12 occupants



---

---

---

---

---

---

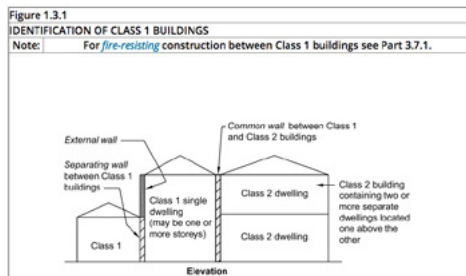
---

---

---

---

## Class 1b Building



---

---

---

---

---

---

---

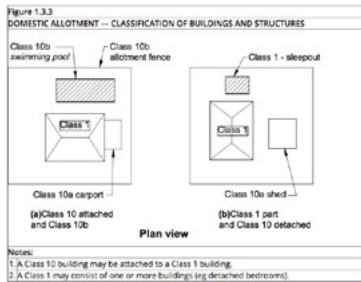
---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Class 1b Building



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

## Class 1b and Class 3 Building

Definition of “boarding house” (a term interchangeable with “rooming house”) is not defined therefore given its ordinary meaning as:

“a dwelling, usually a private house, in which lodging is provided to paying residents who share common facilities such as a kitchen, laundry and living room.”

(Macquarie Dictionary 5th edition)

I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

## Issues in the Market – What isn’t Legal?

- Fire safety
- Overcrowding
- NCC

I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## Class 1b – Smoke Detectors

### 3.7.2.2 Requirements for smoke alarms

Smoke alarms must—

- (a) be located in—
  - (i) Class 1a buildings in accordance with 3.7.2.3; and
  - (ii) Class 1b buildings in accordance with 3.7.2.4 and 3.7.2.5; and
- (b) comply with AS 3786, except that in a Class 10a private garage where the use of the area is likely to result in smoke alarms causing spurious signals, any other alarm deemed suitable in accordance with AS 1670.1 may be installed provided that smoke alarms complying AS 3786 are installed elsewhere in the Class 1 building; and
- (c) be connected to the consumer mains power where consumer power is supplied to the building; and
- (d) be interconnected where there is more than one alarm.



---

---

---

---

---

---

---

---

---

---

## Class 1b – Smoke Detectors

### 3.7.2.4 Location — Class 1b buildings

In a Class 1b building, smoke alarms must be installed on or near the ceiling -

- (a) in every bedroom; and
  - (b) in every corridor or hallway associated with a bedroom, or if there is no corridor or hallway, in an area between the bedrooms and the remainder of the building; and
  - (c) on each other storey.
- (see Figure 3.7.2.1, Diagram b and Figure 3.7.2.2)



---

---

---

---

---

---

---

---

---

---

## Class 1b - Lighting to Assist Evacuation

### 3.7.2.5 Lighting to assist evacuation — Class 1b buildings

In a Class 1b building, a system of lighting must be installed to assist evacuation of occupants in the event of a fire, and—

- (a) be activated by the smoke alarm required by 3.7.2.4(b); and
- (b) consist of—
  - (i) a light incorporated within the smoke alarm; or
  - (ii) the lighting located in the corridor, hallway or area served by the smoke alarm.

Explanatory information:

The lighting required by 3.7.2.5 may consist of the artificial lighting which may already be installed in a corridor, hallway or area, provided that lighting is activated by the smoke alarm.



---

---

---

---

---

---

---

---

---

---





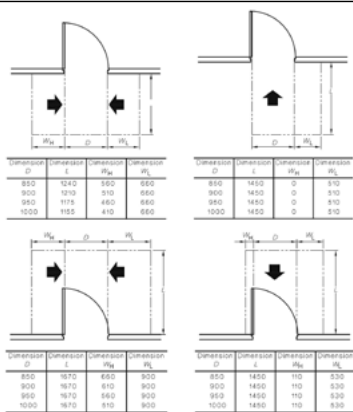
**Table D3.5 CARPARKING SPACES FOR PEOPLE WITH A DISABILITY**

Class of building to which the carpark or carparking area is associated	Number of accessible carparking spaces required
<b>Class 1b and 3</b>	
(a) Boarding house, guest house, hostel, lodging house, backpackers accommodation, or the residential part of a hotel or motel.	To be calculated by multiplying the total number of carparking spaces by the percentage of— (i) <i>accessible sole-occupancy units</i> to the total number of <i>sole-occupancy units</i> ; or (ii) <i>accessible bedrooms</i> to the total number of bedrooms; and the calculated number is to be taken to the next whole figure.
(b) Residential part of a <i>school</i> , accommodation for the aged, disabled or children, residential part of a <i>health-care building</i> which accommodates members of staff or the residential part of a <i>detention centre</i> .	1 space for every 100 carparking spaces or part thereof.



## Australian Standards AS1428.1

- 112 Pages
- Standard provides detailed diagrams
- Tolerances are very small
- Needs to be incorporated into working drawings or a separate report and drawings from access consultant



© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.







## Conversion



I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

## Conversion



I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

## Knock Down and Replace with 3 Rooming Houses



I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Knock Down and Replace with 3 Rooming Houses



---

---

---

---

---

---

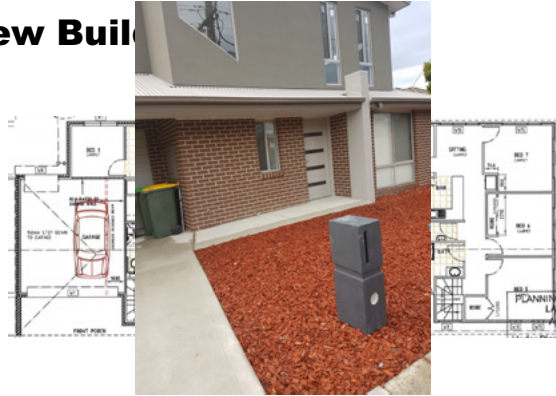
---

---

---

---

## New Build



---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## Rooming/Boarding House – Finance

- Approach depends on the size of the property.
- Usually we will try to purchase the property as residential.
- We do not broadcast the current use or intent.
- Need to be able to cash fund the conversion (or Redraw / LOC).
- Refinancing and equity release can be difficult.
- Financing an existing Rooming / Boarding house can be difficult.
- The Bank will use standard residential rent for servicing.
- Traps are:
  - Not managing the purchase process of an existing rooming house to avoid a full valuation
  - Relying on the increased rent for servicing in the future.



---

---

---

---

---

---

---

---

---

---

## Financing

- Purchase finance – Residential lending for existing house
- Renovation finance from owners funds
- Construction Finance - Residential lending of up to 80% of build cost (assuming plans looks like domestic home)
- Avoid disclosing use as rooming house
- Consider financing build as 4 bedroom house, then once built add extra walls to make extra bedrooms with a permit



---

---

---

---

---

---

---

---

---

---

## Financing

- More bedrooms, more bathrooms and reduced living area can raise some questions
- Consider commercial finance



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Refinancing

- What will the valuer see on inspection?
- Is there locks on all bedroom doors, numbers on kitchen cupboards, or furnishing that looks like rooming accommodation (bar fridge in each room)
- If so, the valuer is likely to view as not a standard residential property, therefore commercial financing
- Commercial finance is generally lower LVR, higher interest, shorter loan term and P&I



---

---

---

---

---

---

---

---

---

---

## Refinancing

- Banks serviceability calculator likely to reduce rental income (shadowing), increase vacancy rate, model on standard rental rate
- Risk of ending up with lower loan amount than you started with
- Work closely with strategist



---

---

---

---

---

---

---

---

---

---

## Be careful of the Banks!



---

---

---

---

---

---

---

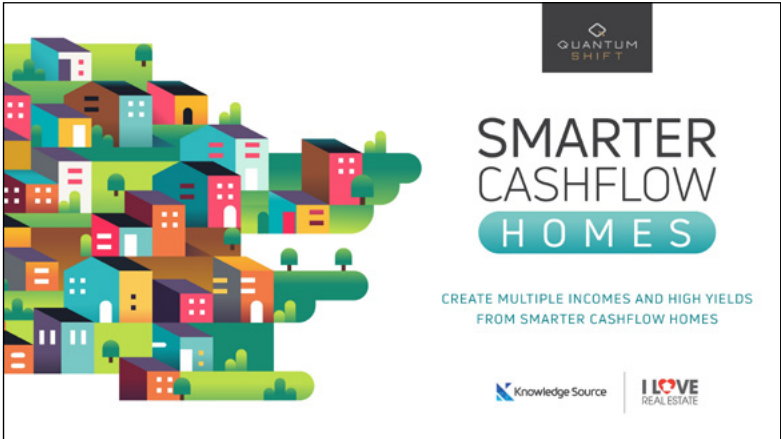
---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.






---

---

---

---

---

---

---

---

---

---

---

---

**Planning (1<sup>st</sup> Step)**

- Brisbane City Council
  - 5 Occupants
- NSW
  - New Generation Boarding House
  - Manor House
- Victoria
  - 9 bedrooms
  - 12 occupants
  - 300sqm

**I LOVE REAL ESTATE** **SMARTER CASHFLOW HOMES**

---

---

---

---

---

---

---

---

---

---

---

---

**Registration - QLD**

- Register a Residential Service
  - Criminal History Check
  - Building Compliance Notice issued by council that the building meets MP5.7 (Residential Services Building Standard)
  - Fire Safety Management plan
  - MP2.1 (Fire Safety in Budget Accommodation Buildings) for 6 or more residents
- **Penalties up to \$130,550**

**I LOVE REAL ESTATE** **SMARTER CASHFLOW HOMES**

---

---

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Registration - QLD

- Exemptions
  - Operator lives on the premises and no more than 3 rooms are available for rent
  - Student Accommodation
    - You will need to prove this
    - Must still comply with MP5.7 & MP2.1
- Penalties up to \$130,550




---

---

---

---

---

---

---

---

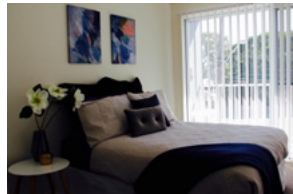
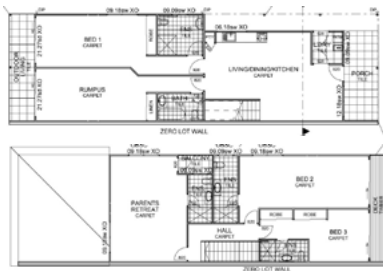
---

---

---

---

## Qld Deal Example




---

---

---

---

---

---

---

---

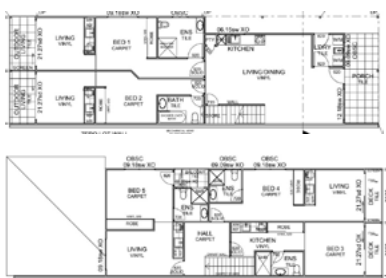
---

---

---

---

## Qld Deal Example




---

---

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Planning - NSW

- AHSEPP was introduced in 2009 to increase the supply and diversity of affordable rental and social housing in NSW
- It comes under the banner of “New Generation Boarding Houses”
- If there is an inconsistency between the AHSEPP and the relevant council’s local environmental plan (LEP), the provisions of the AHSEPP will override those in an LEP to the extent of the inconsistency.



---

---

---

---

---

---

---

---

---

---

## What is a Boarding House in NSW?

The term ‘boarding house’ used in the AHSEPP relates to a building that:

- Is wholly or partly let in lodgings;
- Provides lodgers with a principal place of residence for three months or more;
- May have shared facilities, such as a communal living room, bathroom, kitchen or laundry;
- But does not include backpackers’ accommodation, group homes, serviced apartments, seniors housing or hotel or motel accommodation.



---

---

---

---

---

---

---

---

---

---

## New Generation Boarding Houses Requirements

### (a) Sydney Region

- Within 800m walking distance of a railway station or a Sydney Ferries wharf;
- Within 400m walking distance of a light rail station; OR
- Within 400m walking distance of a bus stop

### (b) Outside of Sydney Region

- Must be within 400m walking distance of land within a B2 Local Centre or B4 Mixed Use zone, or within an equivalent land use zone.



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## New Generation Boarding Houses Requirements

- **Room size:** minimum 12m<sup>2</sup> for single boarding rooms and 16m<sup>2</sup> for doubles. Maximum for both 25m<sup>2</sup>.
- **Maximum room occupancy:** two adult lodgers.
- **Communal rooms:** if a boarding house has 5 or more boarding rooms at least one communal living area is required.
- **Management:** boarding houses with 20 or more residents must have an on-site manager.



---

---

---

---

---

---

---

---

---

---

## New Generation Boarding Houses Requirements

- **Landscaped area:** Landscape treatment of the front setback should be compatible with the existing streetscape.
- **Private open space:** At least 20m<sup>2</sup> to be provided and 8m<sup>2</sup> adjacent to the manager's accommodation (where applicable) in addition to the front setback area.



---

---

---

---

---

---

---

---

---

---

## New Generation Boarding Houses requirements

### Car Parking requirements:

- 0.5 car spaces per boarding room;
- At least one parking space provided for each person employed in connection with the development and who is resident on the site.

### Cycle Parking requirements:

- One parking space is required for a bicycle and one for a motorcycle per 5 boarding rooms.



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## Example - NSW



I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

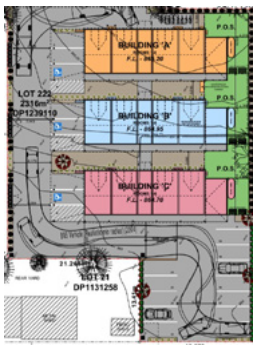
---

---

---

---

## Example - NSW



TYPICAL FIRST FLOOR PLAN - BUILDINGS A & C



TYPICAL FIRST FLOOR PLAN - BUILDING B



TYPICAL FIRST FLOOR PLAN - BUILDING C

I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

## What is a Rooming House - VIC

- A rooming house is defined under Section 3 of the Vic Residential Tenancies Act 1997 as follows:

"rooming house" means a building in which there is one or more rooms available for occupancy on payment of rent in which the total number of people who may occupy those rooms is not less than 4

I LOVE REAL ESTATE

SMARTER CASHFLOW HOMES

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Planning - Vic

- Broad planning exemption
- Permitted use in most zones subject to the following;
  - No more than 9 bedrooms
  - Bedrooms accessed from within the building
  - No more than 12 occupants
  - Less than 300 square metres
  - Parking, 1 per 4 bedrooms



---

---

---

---

---

---

---

---

---

---

## Planning - VIC

- Possible permit triggers
  - More than 1 dwelling on a lot
  - Subdivision
  - Block size
  - Zoning
  - Overlays
  - Covenants
  - Enduring conditions on previous permits



---

---

---

---

---

---

---

---

---

---

## Registration - VIC

- Rooming house
  - 4 or more residents
- Register with local council (PHWA)
  - Class 1b Occupancy Permit
  - Floorplan
  - Minimum Standards



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Minimum Standards - VIC

- Room sizes: 7.5sqm single, 12sqm double
- Locks can be opened from inside without a key
- Windows that can be opened and closed without a key and have a covering that provides privacy
- Adequate supply of hot water
- Adequate toilet and bathing facilities



---

---

---

---

---

---

---

---

---

---

## Consumer Affairs Victoria

- When a property is registered with the Health Department of your local council, it is also listed on the Public register of rooming houses.
- Being listed on this register also triggers Consumer Affairs Victoria to conduct regular inspections to ensure ongoing compliance with the Minimum Standards.



---

---

---

---

---

---

---

---

---

---

## Licensing - VIC

- The Rooming House Operators Act 2016 commenced on 26 April 2017 and all operators were required to be licensed by 24 August 2017
- Has big penalties – 2 years jail or fine of over \$38,000 for an individual. Over \$190,000 for a company
- CAV intend to use this Act to crack down on operators who are skirting around the legislation



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## Licensing – More Information

- [www.consumer.vic.gov.au](http://www.consumer.vic.gov.au)
- [www.raav.org.au](http://www.raav.org.au)
- [www.facebook.com/RAAVictoria](https://www.facebook.com/RAAVictoria)
- [www.facebook.com/roominghouse.expert](https://www.facebook.com/roominghouse.expert)



---

---

---

---

---

---

---

---

---

---

## RAAV

The Registered Accommodation Association of Victoria Ltd is a member organisation set up to represent landlords in the registered accommodation space.

- Membership is only \$132 and it is recommended you join RAAV
- Can join as associate member before you have a rooming house



---

---

---

---

---

---

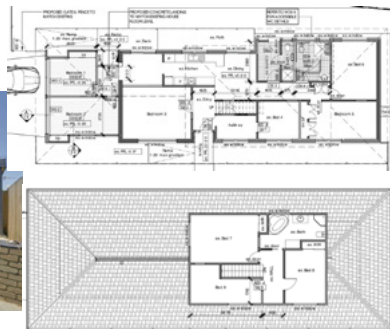
---

---

---

---

## Example - Vic



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Planning - SA

- Multiple dwelling in planning scheme is 1 dwelling occupied by more than 5 persons
- Some councils may still require an application for 5 or less people



---

---

---

---

---

---

---

---

---

---

## Residential Tenancies Act - SA

- Rooming house defined as 3 or more residents
- 1 Week Rent, 2 week bond
- Resident can give 1 day notice (unless on fixed term)
- Two weeks overdue rent, 2 days notice
- Break house rules, 7 days notice
- Serious damage, danger or interfering with peace, immediate vacate



---

---

---

---

---

---

---

---

---

---

## Registration - SA

- Some councils will require registration
- In those that do, it is generally for rooming houses with more than 5 occupants



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## Registration - WA

- Health Act 1911
- Lodging house
- Registration for more than 6 people
- Keeper must not leave the site of a lodging house unless they leave a reputable person in charge



---

---

---

---

---

---

---

---

---

---

## Planning - TAS

- Communal residence in planning scheme
- Response varies by council
- May be able to navigate without a permit, will need a town planner
- Boarding house generally seen as student accommodation



---

---

---

---

---

---

---

---

---

---

## Residential Tenancies Act - TAS

- Boarding residence
- Cannot take a bond
- Cannot head lease/sub lease
- 2 days notice outside fixed term
- House rules about, use of facilities, visitors, parking, alcohol and smoking



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Planning - NT

- State planning scheme and Jabiru
- Boarding – Hostel
- Residential building
- Permit may be required, check land use tables



---

---

---

---

---

---

---

---

---

---

## Residential Tenancies Act - NT

- Silent on boarding



---

---

---

---

---

---

---

---

---

---

## Registration - NT

- Public and Environmental Health Regulations 2014 repealed previous regulations requiring Boarding Houses to be registered



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## Residential Tenancies act - ACT

- Boarder or Lodger is Occupant not Tenant
- Not exclusive possession
- Bond recommended to be lodged



---

---

---

---

---

---

---

---

---

---

## Registration - ACT

- Public Health Act 1928
- Public Health (Boarding-houses) Regulations 1931
- Repealed by Public Health Regulations 2000
- 20% in 1950's declined to 2% by 1970's



---

---

---

---

---

---

---

---

---

---

## More?- ACT

In November 2011 the ACT Government announced plans to strengthen regulations governing boarding style accommodation in response to a lack of affordable accommodation.

- *“Clear and consistent definitions need to be developed to minimise confusion and ambiguity. In particular it is necessary to define the terms ‘boarding style accommodation’, ‘boarding house’, ‘overcrowding’, ‘occupants’, and ‘tenants’ and apply them consistently across legislation. As well, the occupancy principles in the Residential Tenancies Act 1997 need to be strengthened and clarified.”*



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## VIC Land Tax Exemption

You can apply for a land tax exemption in VIC if:

- You rent single rooms for less than \$330.51 and shared rooms for less than \$495.76 per week
- There are more than 4 rooms let in the previous year
- 80% of accommodation is long term letting
- Sting: Special land tax of 5 per cent of the value of the land may apply if this exemption ceases.



---

---

---

---

---

---

---

---

---

---

## NSW Land Tax Exemption

You can apply for a land tax exemption in NSW if:

- You rent single rooms for less than \$267 and shared rooms for less than \$441 per week
- If meals are included, \$397 for a single and \$656 for a couple
- 80% of accommodation is long term letting



---

---

---

---

---

---

---

---

---

---

## Tax and GST

- ATO view Boarding Houses as commercial residential premises
- Subject to GST on sale (unless going concern)
- GST on rent



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## ATO – GST on Rent

Your GST liability depends on whether you provide short-term, long-term or predominantly long-term accommodation.

You provide:

- short-term accommodation – when a guest stays for less than 28 continuous days, in which case you're liable for GST of one-eleventh of the price you charge for the accommodation
- long-term accommodation – when a guest stays for 28 or more continuous days, in which case concessional GST treatment applies
- predominantly long-term accommodation – if at least 70% of the individuals to whom you provide commercial accommodation stay for 28 or more continuous days, in which case concessional GST treatment applies.



---

---

---

---

---

---

---

---

---

---

## ATO – Boarding House Definition

- Commercial intent – Operated in a businesslike manner
- Offered to the public
- Central management – accept reservations, allocate rooms, payments
- Entity operating the premises supplies accommodation, not an agent
- Provision of services
- Guest status



---

---

---

---

---

---

---

---

---

---

## ATO – NOT a Boarding House

- Periodic term such as a residential lease
- Operator can charge a cleaning fee
- Occupant responsible for cleaning and minor maintenance
- Occupant can alter the premises, such as hanging things on walls
- May allow pets
- Occupant may be responsible for utilities



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Insurance

- There are insurers who will cover rooming houses
- Price is reasonable
- If you don't disclose the use, your insurance will not cover you
- Standard landlord policies do not cover multiple tenancies



---

---

---

---

---

---

---

---

---

---

## Example 3 bedrooms



---

---

---

---

---

---

---

---

---

---

## Example 3 bedrooms



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## Example 7-9 bedrooms



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

## SUPER CASHFLOW DEVELOPMENTS

I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.







## 7 Quickest Ways to lose money on Rooming Houses

1. Under capitalised, running out of money
2. Too big too fast, complex strategy
3. Using wrong consultants, costly errors and delays
4. Short term hold, not enough rent to recover costs
5. Taking short cuts
6. Building as Class 1a first, costly errors and delays
7. Poor management



---

---

---

---

---

---

---

---

---

---

## Advanced Strategies

- VIC – 12 rooms, planning application
- Lease/sub-lease
- Multi-story class 3 – Specialist student accom etc.
- Creative strategies



---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## Head Lease/Sub Lease



---

---

---

---

---

---

---

---

---

---

## Head Lease/Sub Lease



---

---

---

---

---

---

---

---

---

---

## Head Lease/Sub Lease



---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.



## Vendor Finance



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

## Mortgage Auction



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.









## Modular



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

## Modular



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

## Modular



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Modular



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

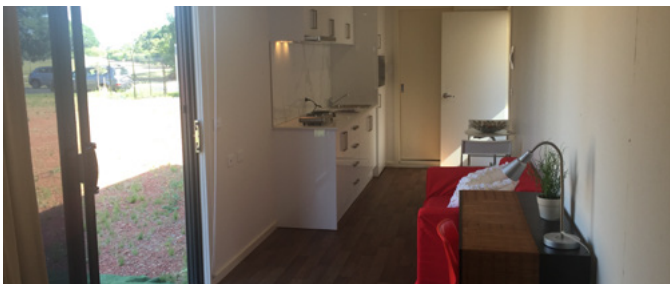
---

---

---

---

## Modular



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

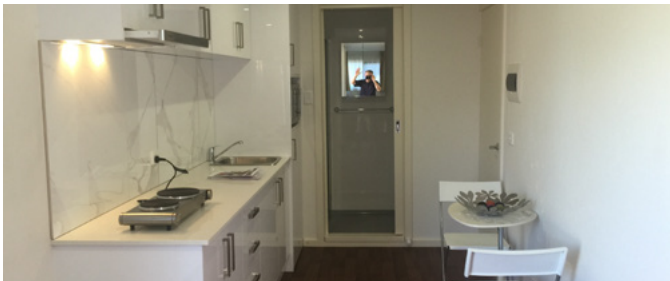
---

---

---

---

## Modular



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.

## Modular



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

## Modular



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

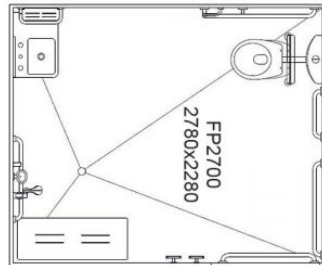
---

---

---

---

## Modular Bathroom Set Ups



I LOVE  
REAL ESTATE

SMARTER  
CASHFLOW  
HOMES

---

---

---

---

---

---

---

---

---

---

© Copyright 2021. This content remains the property of the publisher. Copying or distributing without permission is prohibited.









