Proposed Residential Tenancies (Rooming House Standards) Regulations

Regulatory Impact Statement

Department of Human Services

Published by Housing and Community Building Division
Victorian Government Department of Human Services, 50 Lonsdale Street Melbourne Victoria Australia

August 2011

Also published on www.dhs.vic.gov.au

Authorised and published by the Victorian Government, 50 Lonsdale Street, Melbourne

Table of Contents

This Regulatory Impact Statement

Under the *Subordinate Legislation Act 1994* (Vic), the introduction of all substantial changes or additions to current regulations is required to be accompanied by an evaluation that allows for analysis and public scrutiny of the proposed regulation changes. This evaluation, known as a Regulatory Impact Statement (RIS), must conform to a number of legislative requirements, including:

- A statement of the nature and extent of the problem to be addressed
- An outline of the proposed rules, affected groups and expected effects
- A statement of regulatory objectives
- A statement of alternatives to these regulations
- A statement of the costs and benefits associated with the identified alternatives
- A statement as to why the identified alternatives are not preferred
- A statement of the costs and benefits of the proposed statutory rule including likely compliance and administrative costs
- An assessment of the proposed regulations against the guiding principles of competition policy
- A copy of the proposed regulations.

Submissions

Submissions relating to this RIS should be directed to:

Ms Megan Kirchner
Director, Policy, Planning and Strategy
Housing and Community Building
RE: Regulatory Impact Statement – Rooming Houses
Department of Human Services
GPO Box 4057
MELBOURNE VIC 3001

Submissions must be received by **5pm on 14 October 2011**. All submissions will be treated as public documents, unless otherwise indicated by the submitter.

Abbreviations

AHURI – Australian Housing and Urban Research Institute

AS – Australian Standard

BA – *Building Act 1993* (Vic)

BCA – Building Code of Australia

BR – Building Regulations 2006

CAV – Consumer Affairs Victoria

CHFV – Community Housing Federation Victoria

COC – Code of conduct

Department – Department of Human Services

ESV – Energy Safe Victoria

MFB – Metropolitan Fire and Emergency Services Board

NRAS – National Rental Affordability Scheme

NSW – New South Wales

OECD – Organisation for Economic Co-operation and Development

PHWA – *Public Health and Wellbeing Act 2008*

PHWR – Public Health and Wellbeing Regulations 2009

Qld - Queensland

RAAV – Registered Accommodation Association of Victoria

RCM – Regulatory Change Measurement

REIV – Real Estate Institute of Victoria

RIS – Regulatory Impact Statement

RDNS – Royal District Nursing Service

RTA – *Residential Tenancies Act 1997*

SA – South Australia

Taskforce – Rooming House Standards Taskforce

TUV – Tenants Union of Victoria

VCEC – Victorian Competition and Efficiency Commission

VCOSS – Victorian Council of Social Services

Executive Summary

A significant number of Victorians live in rooming houses. Indeed, given the current affordable housing shortfall and an increasingly tight rental market, rooming houses play an important role in the housing market, especially for vulnerable or disadvantaged households.

However, the quality of some rooming houses gives rise to significant health and security risks. Given that a large proportion of residents of rooming houses are disadvantaged and vulnerable members of the community, they are disproportionately at risk from the impacts of substandard conditions of safety, health protection and amenity.

The Government proposes to intervene in the rooming house market in order to afford protection to these disadvantaged and vulnerable residents. The Government is seeking to ensure that every rooming house constitutes a safer and more habitable housing option for vulnerable Victorians by:

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

At the same time, the Government is committed to ensuring that the rooming house sector remains a viable means of providing affordable accommodation, which includes ensuring that a minimal number of rooming houses are forced to close as a result of any measure to raise standards across the sector.

This Regulatory Impact Statement (RIS) describes recent changes in the rooming house sector. It sets out the rationale for further regulating standards of accommodation in the sector, primarily from the point of view of providing for the safety and wellbeing of disadvantaged members of the Victorian community, and analyses a range of options to achieve the stated objectives.

Options

This document considers four options for achieving the objectives stated above. The four options are:

- Option 1: Regulation (11 standards) - prescribing a range of minimum standards for rooming house accommodation in subordinate legislation, such that non-compliance is an offence
- Option 2: Regulation (seven standards) – prescribing a smaller range of minimum standards for rooming house accommodation in subordinate legislation, such that non-compliance is an offence. The four omitted standards are: provision of certain laundry facilities, periodic gas and electrical safety checks, kitchen facilities, and ventilation and lighting
- Option 3: Self-regulation or code of conduct (COC) – encouraging the rooming house sector to develop a code of conduct, including information about best practice in relation to standards of accommodation
- Option 4: Incentivising good practice (subsidy) – subsidising rooming house owners to encourage them to make improvements to their dwellings in order to meet a range of standards.

Analysis of the costs and benefits

Each of these options leads to certain benefits, as well as incurring certain costs. In order to analyse these costs and benefits, this report conducts a multi-criteria analysis and a break-even analysis for the preferred option.

An estimate was made of the total cost over ten years for each option, incorporating both the likely compliance costs and the likely implementation and enforcement costs. These costs are summarised in the table below.

	Option 1: 11 standards	Option 2: 7 standards	Option 3: COC	Option 4: Subsidy
Compliance costs	$5,721,695	$2,989,265	$286,084	$572,170
Implementation and enforcement costs	$3,521,642	$3,521,642	$150,000	$249,498
Total	$9,243,337	$6,510,907	$436,084	$821,668

The multi-criteria analysis assigned a cost score and a benefit score to each option. These scores were then weighted, and each option ranked accordingly. The outcomes are summarised in the tables below.

Raw scores

	Option 1: 11 Standards	Option 2: 7 Standards	Option 3: COC	Option 4: Subsidy
Cost	-3.00	-2.20	-0.14	-0.27
Loss of stock	-2.00	-1.80	0.00	0.00
Safety	3.70	3.10	0.19	0.37
Amenity	1.00	0.00	0.05	0.10

Weighted scores

	Weight	Option 1: 11 Standards	Option 2: 7 Standards	Option 3: COC	Option 4: Subsidy
Cost	35	-105	-76	-5	-9
Loss of stock	15	-30	-27	0	0
Safety	45	167	140	9	17
Amenity	5	5	0	0	1
Total score	**100**	**37**	**37**	**4**	**9**

In the multi-criteria analysis, Option 1 achieves the same total score as Option 2; that is, a total score of 37. However, the distribution of the costs and benefits to residents and rooming house owners is an important consideration for the Government. Option 1 yields marginally improved safety and amenity outcomes and has higher costs in comparison with Option 2. This option will cost the rooming house industry an additional $2.7 million over a ten-year period compared to Option 2. Given the vulnerability of the resident group and the strong community interest in providing rooming house residents with additional protections, Option 1 is selected as the preferred option.

In selecting this option the Department of Human Services (the Department) has prioritised the slightly higher benefits for rooming house residents that Option 1 offers over the small cost savings for industry presented by Option 2. The Department notes that the distributional considerations explained above may be impacted if rooming house owners pass on increased costs by increasing rents. The Department welcomes feedback from stakeholders on whether any of the proposed standards should be excluded from the preferred option.

The total cost of the proposed 11 standards, excluding implementation and enforcement costs, is around $5.7 million over ten years. This equates to approximately $650 per rooming house resident or $7,760 per rooming house.

In order to determine which standards to include in the proposed regulations, the RIS assessed the costs and benefits of 17 standards that were identified by stakeholders (Appendix 2). The table below shows that six of the potential standards have a net cost; therefore, they were not assessed further in the RIS. The remaining 11 standards either received a positive net score or a net score of zero. For the standards that received a zero net score (i.e. gas and electricity checks, laundry facilities, kitchen facilities, lighting and ventilation), their expected costs are equal to their expected benefits. In order to determine the preferred option, 11 standards were assessed in Option 1 and seven standards were assessed in Option 2.

The Department acknowledges this analysis shows that amongst the suite of standards included in the proposed regulations there are seven standards that have strong net benefits, with net scores between 1 and 4, as well as four other standards that were found by comparison to have no net benefits (net scores of 0). Details of net scores for each standard are set out in the table below and Table 15.

Standard	Cost	Cost score	Benefit score	Net score
Fire-safe locks on bedroom doors	$1,102,767	-3	5	2
Fire evacuation diagram, whose procedures are prominently displayed	$34,949	-1	5	4
Switchboard type circuit breakers and residual current devices	$238,286	-1	5	4
At least one functional double power outlet in each bedroom	$697,614	-2	5	3
Keyless privacy latches on all toilet and bathroom doors	$42,826	-1	5	4

Standard	Cost	Cost score	Benefit score	Net score
Security features (lockable main entrance, securable windows, screen doors)	$389,859	-1	4	3
Gas and electrical safety checks conducted every 2 and 5 years, respectively	$526,740	-2	2	0
Rooms and bathrooms must have natural light and natural or mechanical ventilation	$462,751	-3*	3	0
Fit for purpose window coverings fitted in each bedroom	$482,964	-1	2	1
Provision of certain kitchen and dining facilities that are fit for purpose and allow residents to prepare and eat food	$1,528,720	-3	3	0
Provision of plumbed laundry wash trough or basin (not kitchen sink) and a clothes line or drying facility	$214,219	-1	1	0
Maintenance	$4,502,868	-3	2	-1
Living areas	$29,905,426	-5	2	-3
Insulation	$754,852	-2	1	-1
Heating	$698,146	-2	1	-1
Flyscreens	$574,852	-2	1	-1
Toilet and bathing facilities	$17,788,608	-5	1	-4

* This standard was given a higher cost score than the quantified costs would suggest to take into account the uncertainty about expected costs.

A break-even analysis was conducted for the preferred option. This determined the quantity of benefits that would need to accrue in order to equal the cost of the proposed 11 standards, and how reasonable it is to expect these benefits to occur. This break-even analysis assessed the reduction in loss of lives in rooming houses that would need to result from the introduction of the proposed standards.

The Victorian Competition and Efficiency Commission's (VCEC) guidance note, based on the work of Peter Abelson, suggests that a value of a statistical life of $3.8 million be used in RISs. This value 'refers to the benefits derived from reducing risk of a death that is experienced by a population. The term 'statistical' is used to describe an *ex-ante*, anonymous individual, and the concept does *not* imply that an individual life is a market good.'[1]

Given that the total estimated cost of the preferred regulatory option is $9.2 million, the measures would need to save at least three lives over the ten-year life of the

[1] See Victorian Competition and Efficiency Commission, *Suggested value of a statistical life in RISs and BIAs.*

regulations in order to break even. There were four fatalities from fires in rooming houses between 1998 and 2008 and another three fatalities in a suspected rooming house. Investigations by the Victorian Coroner and the Metropolitan Fire and Emergency Services Board (MFB) have both concluded that some of the proposed fire safety standards could have prevented the death of at least two individuals who died in a 2006 rooming house fire. On this basis, and assuming that the potential for fatalities resulting from fires in rooming houses would remain unchanged over the next ten years, the Department considers that the preferred approach would achieve benefits greater than costs. It is the opinion of the Department, therefore, that the proposed regulations will have a net benefit for the community.

The Preferred Option

Based on the analysis in this RIS, the Government proposes to adopt Option 1 and create new regulations to cover the minimum standards outlined immediately below and develop good practice guidance to assist enforcement agencies with the enforcement of existing and new regulations.

Standard
Fire-safe locks on bedroom doors.
Fire evacuation diagram, whose procedures are prominently displayed.
Switchboard type circuit breakers and residual current devices.
At least one functional double power outlet in each bedroom.
Gas and electrical safety checks conducted every 2 and 5 years, respectively.
Keyless privacy latches on all toilet and bathroom doors.
Security features (lockable main entrance, securable windows, screen doors).
Certain rooms must have natural light and natural or mechanical ventilation. All rooms must have sufficient natural or artificial light.
Fit for purpose window coverings fitted in each bedroom.
Provision of certain kitchen and dining facilities which are fit for purpose and allow residents to prepare and eat food.
Provision of plumbed laundry wash trough or basin (not kitchen sink) and a clothes line or drying facility.

If the proposed regulations are adopted, all rooming house owners would be required to ensure that their properties meet the above standards - along with all other current legislated obligations.

Implementation

The Government proposes to create new regulations to incorporate the new standards. Failure to meet these standards will be an offence under the *Residential Tenancies Act 1997* (RTA). This means that non-compliant owners will be subject to prosecution and will incur a financial penalty. Consumer Affairs Victoria (CAV) will be

responsible for enforcing the new standards, including inspecting properties to assess compliance, and taking action to address non-compliance.

In order to ensure that owners have sufficient time to meet the new requirements, the new standards are proposed to come into effect from late 2012.

Draft regulations are attached to this document at Appendix 1. These draft regulations detail the proposed new standards and the timeframes for implementation.

The Government also intends to support the enforcement of existing standards by working with local councils to prepare guidelines that clearly set out a common understanding of the existing regulations. These guidelines will seek to clarify some of the broader powers that exist in the *Building Act 1993* (BA) and the Public Health and Wellbeing Regulations 2009 (PHWR), in particular by outlining how they apply in the special case of rooming house accommodation. The guidelines will also address the co-ordination of enforcement of standards across building, health, and residential tenancies law.

Draft regulations 26 to 30 outline provisions for rooming houses to be exempted from compliance with some standards in certain circumstances. An example is when, due to the nature, age, or structure of the rooming house, the owner is not able to modify the rooming house to comply with the relevant standards. Other examples include when a competing law exists or when the rooming house owner has addressed the relevant standards by alternative means. The Department invites feedback from stakeholders on whether the proposed parameters governing exemptions are sufficient and whether additional or different parameters should be considered, noting that there are some essential safety standards for which the regulations do not permit an exemption.

Feedback

Stakeholders are encouraged to submit feedback regarding the Government's proposal. In responding to the RIS, the following questions could be considered:

- ❑ What are likely to be the benefits for rooming house residents if the proposed regulations are implemented?
- ❑ What are the likely costs or impacts for stakeholders if the proposed regulations are implemented?
- ❑ What is likely to be the impact on the supply of rooming house accommodation from the implementation of the proposed regulations?
- ❑ Should any of the standards included in the proposed regulations be reconsidered and why? In particular, for the following four standards, are the benefits likely to exceed the costs:
  - kitchen facilities
  - laundry facilities
  - ventilation and lighting
  - gas and electricity safety checks.
- ❑ Are any of the proposed standards overly onerous or difficult to comply with? For example, the proposed requirement that all habitable rooms, bathrooms, shower

rooms, toilets and laundries must have ventilation and be adequately lit by natural light (including by borrowed light from an adjoining room).

- Are the proposed standards likely to impact on rents charged to rooming house residents?
- To what extent are any of the proposed standards likely to contribute to the closure of some rooming houses?
- Are the proposed parameters allowing rooming houses to be exempt from compliance with some standards in certain circumstances sufficient and appropriate? Should the parameters for exemption be reconsidered and if so, how?
- Are the implementation timeframes reasonable?
- What additional measures will assist in the successful implementation of the proposed regulations?

1. Introduction

1.1. Rooming Houses

Under the RTA and the PHWR, a 'rooming house' is defined as a building with one or more rooms available for rent, and which may be occupied by no less than four people.[2]

Rooming house businesses can operate out of different types of buildings, from suburban houses or residential units above shopfronts to purpose-built hostels. The Building Code of Australia (BCA) classifies buildings in relation to their use, size and features. Small rooming houses are typically Class 1b buildings while large rooming houses are typically Class 3 buildings. The BCA, however, does not distinguish rooming houses from other forms of accommodation where unrelated people may reside on a permanent or transient basis.

Rooming houses are owned and operated by both private and public entities. The Director of Housing owns a number of rooming houses, some of which are managed by the community housing sector through registered housing agencies.[3] These rooming houses provide affordable housing to low-income Victorians.

The private rooming house sector is diverse, with no single model of operation. Nevertheless, private rooming houses usually have some of the following characteristics:

- primarily single room accommodation
- shared access to common facilities, such as bathrooms, kitchens, laundries and living areas
- no formal support services are located on the premises
- the owner and their family generally do not live on the premises
- being increasingly used by long-term homeless people or those in housing crisis.

The business models used by private rooming house owners are changing, which is a key reason for the Government's current focus on the sector. These changes have arisen in response to a particularly tight private rental market, in which those on low incomes or statutory benefits find it very difficult to access other forms of accommodation.

The nature of rooming house agreements

Tenancy agreements in the private rental market differ from arrangements in rooming houses in one key regard. Residents of rooming houses tend to have exclusive occupation rights only to their bedroom, and have shared access rights to common areas such as bathrooms, kitchens and common areas. In some circumstances residents also share bedrooms with other residents chosen by the rooming house owner. Where there are multiple residents in a private rental, they are often related or connected in some other way, for example through friendships.

[2] Section 19 of the RTA says that the Minister for Housing may also declare a building to be a rooming house.

[3] Registered housing agencies are regulated through the *Housing Act 1983.* The regulatory framework holds agencies accountable to the government, tenants, investors and the community for their use of public and private funds to provide community housing. Agencies are subject to compliance and enforcement monitoring through the Housing Registrar.

Importantly, at a minimum, they tend to be joint parties to the tenancy agreement, making them liable for, and providing them with rights over, the entire property. This is not typically the case in rooming houses, where rooming house residents tend to be unrelated and otherwise unconnected. Each resident would usually enter into an agreement with the rooming house owner independently of the other residents in the dwelling. That agreement will give a resident exclusive or shared rights over a room with the owner having control over common areas. There may be parts of a rooming house which residents are unable to enter (e.g. offices, storage areas, some utility rooms).

Together with the fact that rooming house residents are often disadvantaged, vulnerable or marginalised members of the community, the nature of rooming house agreements is such that residents tend to be isolated from each other. While this itself is not problematic, certain consequences arise from this situation. For example, rooming house residents tend to be unable to rely on shared resources (e.g. televisions, furniture, cooking equipment) unless this is provided by the rooming house owner. Similarly, rooming house residents may not have the opportunity to cooperate to help run and maintain the dwelling or to advocate jointly to the owner for improvements in conditions. Finally, managing dynamics between residents is an ongoing aspect of the rooming house business.

What is a rooming house owner?

Under the RTA, a rooming house owner is a person who conducts the business of operating the rooming house, which includes the lessee where a rooming house is operating out of a leased premise. That is, the phrase 'rooming house owner' is intended to mean the owner of the rooming house business, rather than of the property itself. Nonetheless, the property owner retains responsibility for the condition of the building under the BA and Building Regulations 2006 (BR).

The PHWR refer to a rooming house 'proprietor' rather than 'owner'. A rooming house 'proprietor' is defined as a provider of rooming house accommodation, and is intended to have the same meaning as rooming house 'owner', as defined by the RTA.

1.2. Residents of Rooming Houses

In the past, rooming house residents were typically middle-aged single men.[4] However, social and economic changes have diversified the rooming house population. Over the last 30 years, rooming houses have become home for a significant group of vulnerable people.[5] At the same time, Victoria has experienced declining affordability and availability of private rental housing. With vacancy rates at record lows, below 2 per cent since 2005, affordable private rental is out of reach for many low-income earners.[6] Household growth has also contributed to a significant increase in demand for rental accommodation.

Residents of rooming houses commonly struggle with an array of other issues, such as mental health problems, drug and alcohol abuse, disability, and poor health. These groups may lack the means necessary to obtain, and sustain, alternative

[4] Australian Housing and Urban Research Institute (2004) Boarding houses and government supply side intervention.
[5] Australian Housing and Urban Research Institute (2004) Boarding houses and government supply side intervention.
[6] *Rental report September quarter 2010*, Department of Human Services, Melbourne

accommodation to rooming houses. This section identifies, and briefly examines, some of the key groups that rely on rooming house accommodation in Victoria.

Families facing hardship

One recently identified issue is the growing number of families residing in rooming houses, particularly single parent families with children. While supporting data is limited, cases of families being referred to rooming houses from support agencies numbered over 330 in 2007-08.[7]

More recent data shows a doubling of the number of documented cases of families reporting to rooming houses for emergency accommodation from 2007-08 to 2008-09.[8] These numbers are likely to be understated as they only capture instances where families have approached agencies before entering rooming house accommodation.

The Department's *Accommodation Options for Families Project* is targeted at providing assistance to families in rooming houses or at risk of entering rooming houses. In the period June 2010 to March 2011, the project assisted 306 families, including 632 children.

Long-term homeless

The Council to Homeless Persons describes private rooming houses as a last resort where no other accommodation is available.[9] A survey of homeless people in Melbourne suggested that 85 per cent had stayed in a rooming house during their period of homelessness,[10] and tended to move in and out of rooming houses often.

Rooming houses also accommodate a large proportion of residents with a mental illness or disability. The role of rooming houses as providers of housing for those with psychiatric illness was a particular focus of the 1994 Burdekin Inquiry into Human Rights and Mental Illness. This reflects the higher incidence of mental disorders amongst homeless people generally.[11] Analysis of the 2006 census indicates that the number of people receiving a Disability Support Pension due to psychiatric illness listed as residing in rooming houses increased by 43 per cent since 2001.[12] There may also be high levels of chronic illness among rooming house residents.

Short-term accommodation crises

When individuals or families face unexpected crises, such as sudden unemployment, mortgage foreclosure, illness or relationship breakdown, they can suddenly find themselves homeless. While private rental is the preferred accommodation option for many, the shortage of available and affordable properties has left many people out of the market. Some people have no alternative but to stay in rooming houses, because of financial pressure or because they are unable to present as an attractive or reliable tenant. In addition, the relative scarcity of social housing and supported accommodation means that private rooming houses are the only available choice for many people. Homelessness support agencies frequently refer people requiring crisis accommodation to both community managed and private rooming houses.

---

[7] Rooming House Standards Taskforce (2009) *Chairperson's report*, Government of Victoria, Melbourne, p.10.
[8] Rooming House Standards Taskforce (2009) *Chairperson's report*, Government of Victorian, Melbourne, p.10.
[9] Tsorbaris, D, 'Editorial', *Parity*, July 2007, p.3.
[10] Chamberlain, C. (2007) *Homelessness in Melbourne*, RMIT Publishing, p.27
[11] Hodder, T., Teesson, M. & Buhrich, N. (1998) *Down and Out in Sydney: Prevalence of Mental Disorders, Disability and Health Service Use among Homeless People in Inner Sydney*, Sydney City Mission, Sydney
[12] Victorian Centrelink data files, 2001 and 2006.

Students and non-English speaking migrants

Overseas students and non-English speaking migrants are placed at risk of exploitation because of language difficulties and a lack of understanding of the operation of the local rental market. Stakeholders reported instances of international students and non-English speaking migrants being targeted by unscrupulous owners and agents seeking to accommodate them in unregistered, overcrowded, and substandard rooming houses.

International students are increasingly residing in rooming houses. More than 190,000 overseas students were enrolled in Victorian educational institutions in 2009, up from 161,000 in 2008. Overseas student enrolments in Victoria have grown by an average of 15 per cent every year since 2002.[13]

Evidently this massive growth has significantly increased demand for affordable housing, particularly in areas near tertiary education institutions.[14] One Local Government Area, with a large university campus within its borders, reported that the number of registered rooming houses grew by over 150 per cent in the six months to April 2010, and that these new rooming houses are almost all catering to international students.

1.3. The Rooming House Sector

The rooming house market can be categorised into three main groups: those run by community organisations, traditional (large) private rooming houses, and newer (small) private rooming houses.

Community managed properties

The Director of Housing's Rooming House Program began in the early 1980s in response to significant decline in the numbers of large private rooming houses in the inner city. Currently, the program includes around 86 properties, housing up to 1400 residents, which are owned by the Director of Housing and managed by registered housing agencies.[15]

Stock in the Rooming House Program is a mix of the 'traditional' rooming house style with private bedrooms and shared facilities, smaller rooming houses with fewer than ten bedrooms, and self-contained bedsits or units. The Department's approach to rooming houses has been to balance conversions and upgrades of existing properties with acquisitions to meet demand. Conversions improve standards and amenity by increasing numbers of self-contained rooms in the program, but often result in a reduction in the total number of rooms available. Community managed rooming houses are subject to the Department's *Community Housing Standards*.

Traditional rooming houses

Historically, rooming houses were large-scale operations providing dozens of rooms and shared facilities in the one building. At their height, during the early twentieth century, such premises were a common accommodation choice, providing housing for between 5 and 10 per cent of Melbourne's population, with most residents being

[13] Australian Education International, Commonwealth Government data, accessed at <http://aei.dest.gov.au/AEI/MIP/Statistics/default.htm>.
[14] See also *Overseas Student Education Experience Taskforce* (Victoria) 2008.
[15] Department of Human Services, unpublished data.

single men. Supply of these properties declined from the 1920s as growing affluence and community expectations regarding privacy drove a preference for self-contained accommodation. Other factors driving decline include gentrification of inner suburbs and costs of maintaining premises. These factors combined to entice owners to sell or redevelop their properties in order to realise capital tied up in their asset.

Nevertheless, some private rooming house owners continue to operate under this model. Now ageing, these large rooming houses are predominantly located in the inner suburbs and, although they are privately owned and operated for profit, many may make little profit due to the limited income of tenants.

Generally these properties are easily identifiable features of their local communities. In many instances the property owner is also the tenancy manager and, although they may not reside at the property, they are known to residents and local social welfare agencies.

Small rooming houses

The new model emerging in the rooming house sector is characterised by small rooming houses, operated for profit. In many cases, this accommodation utilises suburban homes with multiple bedrooms – or sometimes commercial properties not designed as residential accommodation – which are lawfully or unlawfully modified to accommodate larger numbers of people.

This segment of the rooming house market is growing rapidly, particularly in suburban areas that have previously not been traditional rooming house territory. Much of this growth is difficult for enforcement agencies to monitor if owners do not willingly comply with regulatory requirements, as these premises often appear indistinguishable from other forms of residential or commercial property.

Within this segment there are two distinct models of operation: the model in which owners own the premises, and that which sees owners head lease the premises.

Owners invest capital in land and premises. Owners may be 'Mum and Dad' investors, seeking to maximise income from one or two rental properties. Other owners are more entrepreneurial, using debt financing to develop a profitable portfolio of rooming houses.

Generally, head leasing owners do not make the same upfront capital investments. Instead they lease a property from a landlord and then sublet individual rooms through residency agreements. This model is flexible, low-cost and has the potential to be highly profitable. The evidence suggests that, increasingly, these owners are also looking to maximise profit by accumulating a portfolio of several head-leased properties.

Victorian Coroner, Peter White, investigated the deaths of Leigh Sinclair and Christopher Giorgi in a 2006 fire in a Brunswick rooming house. The Coroner's record of investigation outlines in detail the operation of the business that managed the

Brunswick rooming house. In this case, the business leased some 60-70 homes and accommodated some 200-300 people.[16]

Registration

Under section 67 of the *Public Health and Wellbeing Act 2008* (PHWA), rooming houses must be registered with local councils. As part of this process, councils typically inspect rooming houses to ensure that they meet the minimum standards as set out in the PHWR and the BA. Owners are often charged a fee for the registration process, which is determined by each council.

As of October 2010, there were 839 registered rooming houses across Victoria including registered community managed properties, with over 10,172 bedrooms.[17] This is an increase from 727 properties in April 2010, 511 properties in October 2009 and just 230 properties at June 2009. The increase in registered properties between June 2009 and October 2010 was due to a number of factors, including market growth, increased CAV and council inspections and communication with rooming house owners.

Rooming houses are not spread evenly across the state; they are concentrated in certain local government areas. Over 70 per cent of Victoria's registered rooming houses are contained within ten Melbourne municipalities. In October 2010, one municipality had 145 registered rooming houses.

Sector representation

The Registered Accommodation Association of Victoria (RAAV) represents owners of private rooming houses and other registered accommodation in Victoria. Currently, RAAV's membership consists of around 30 owners. RAAV has advocated for improved standards and ethical practices amongst rooming house owners, and was actively represented on the Rooming House Standards Taskforce (the Taskforce).

The Community Housing Federation of Victoria (CHFV) is the peak body for community organisations that develop, own and manage rental housing for low and moderate income Victorians, including community managed rooming houses. CHFV has an active Rooming House subcommittee that meets regularly to discuss issues pertaining to the community rooming house sector.

Context within the affordable housing market

There is clear evidence that market forces are driving demand for affordable accommodation, such as rooming house accommodation. In the current market, demand is outweighing supply. The result of this is that many residents of rooming houses simply cannot access other forms of private rental accommodation. This context and evidence of the state of the market is provided in Appendix 3.

1.4. Current Regulations

Some rooming house minimum standards already exist in a number of legislative instruments including the RTA, the PHWA, the PHWR, the BA, and the BR. Table 1 below summarises the standards contained in these laws.

[16] *Record of investigation into the death of Leigh Sinclair and Christopher Giorgi*, State Coroner Victoria p.12

[17] Precise information on the number of bedrooms in registered rooming houses is not available.

Table 1: Current regulations

Provision	Current Requirements	Instrument	Enforcement
General Facilities	Rooming house buildings must not present an immediate danger to life or property.	s106 BA	Local council: building surveyor
	Rooming house buildings must be fit for occupation.	s106 BA	Local council: building surveyor
	Rooming house owners must keep the rooming house, its rooms, any facilities, fixtures and any furniture or equipment provided by the owner in good repair.	s120 RTA	CAV
Toilet and Bathing Facilities	There must be at least one toilet, one bath or shower and one wash basin for every ten persons or fraction of that number occupying the accommodation.	s25 PHWR	Local council: environmental health officer
	Rooming house owners must provide 24 hour access for residents to the toilet and bathing facilities.	s121 RTA	CAV
Maintenance and Cleanliness	All rooms, bathrooms, kitchens and laundries must be clean, in good repair and good working order. Rooms must be cleaned before vacated and re-used. Linen must be changed weekly, where provided.	s18 PHWR s19 PHWR	Local council: environmental health officer
Water Supply	A rooming house proprietor must provide an adequate and continuous supply of water to all toilet, bathing, kitchen, laundry and drinking water facilities. An adequate and continuous supply of hot water must be provided to all bathing, laundry and kitchen facilities. Proprietors must ensure that water intended for drinking is fit for human consumption.	s20 PHWR	Local council: environmental health officer
Waste Disposal	All sewerage and waste water must be discharged to a reticulated sewerage system or to a septic tank system permitted under the *Environment Protection Act 1970*.	s24 PHWR	Local council: environmental health officer
Refuse Receptacles and Disposal	Proprietors must provide sufficient vermin-proof receptacles for the collection and storage of all putrescible rubbish and ensure that the receptacles are regularly cleaned and collected.	s23 PHWR	Local council: environmental health officer

Provision	Current Requirements	Instrument	Enforcement
Overcrowding	Bedrooms housing one person must have a floor area of at least $7.5m^2$. Bedrooms housing two people must have a floor area of at least $12m^2$. Bedrooms require a further $4m^2$ for each additional person housed.	s17 PHWR	Local council: environmental health officer
Privacy	Rooming house owners must not unreasonably restrict or interfere with a resident's privacy, peace and quiet or proper use and enjoyment of their room and any facilities available for resident's use in the rooming house.	s122 RTA	CAV
	Rooming house owners must give at least 24 hours' notice before entering a resident's room.	s136 RTA	CAV
	The rooming house owner or their agent must enter the resident's room in a reasonable manner and must not stay in the room longer than is necessary to achieve the purpose of the entry without the resident's permission.	s138 RTA	CAV
Security	A rooming house owner must take all reasonable steps to ensure security for the property of a resident in their room.	s123 RTA	CAV
Fire Safety	All Class 1b and 3 buildings built after 1 August 1997 must have a hard-wired smoke alarms or a smoke detection system.	s709 BR	Local council: building surveyor or chief officer of the fire brigade
	All Class 3 buildings must be equipped with essential safety measures which can include fire detection systems, evacuation plans, firefighting equipment and automatic sprinkler systems.	s710 BR	Local council: building surveyor or chief officer of the fire brigade
	Bedroom doors in a boarding house, guest house, hostel, lodging house or backpacker accommodation in a Class 3 building issued a building permit on or after 1 May 2011 must be fitted with fire-safe locks.	BCA Volume 1 D2.21 Operation of Latch	Local council building surveyor

Additional regulations not immediately connected to accommodation standards exist in the RTA. These include displaying statements of rights and duties, house rules, bathroom/bed linen reuse, and registers of occupants.

The BA and BR require premises (including rooming houses) to comply with the standards contained in the BCA. However, dwellings must only meet those BCA standards that prevail at the time of construction or significant modification, and thus these provisions typically do not apply retrospectively[18]. Given that much of Victoria's rooming house stock is ageing, there is a great variation across the sector as to the BCA standards that apply to each dwelling.

In addition to the above, the Department is responsible for determining standards of Community Housing, as set out in the *Community Housing Standards* manual.[19] These standards apply to all properties under the care, management and funding of the Housing and Community Building division of the Department, through the Director of Housing, including community managed rooming house facilities.

The *Community Housing Standards* set out more comprehensive requirements than the existing rooming house standards provided for in the RTA and other pieces of legislation. Although they have been developed in line with standards under the BCA, they occasionally exceed these standards in order to reflect the community's expectation concerning a minimum standard of Government supported housing. It is also important to note that residents of community housing may have more complex needs than the general community (although not necessarily more complex than the needs of residents of private rooming houses), and that the Government has an obligation to afford a minimum level of care and protection to the most vulnerable residents.

1.5. Regulations in Other Jurisdictions

A range of regulations apply to rooming house accommodation across other jurisdictions of Australia. Although each state defines rooming houses differently (in fact, the terms 'boarding house' and 'lodging house' are more common in other parts of Australia), there are some consistencies in the provisions which apply.

All rooming house dwellings are subject to the property standards set out in the BCA at the time of construction or significant modification. Residents and owners of rooming houses in all jurisdictions, except New South Wales and Western Australia, are subject to certain conditions of tenancy.

Table 2 summarises the other main provisions which apply in each jurisdiction.

Table 2: Rooming house provisions in other Australian states

Jurisdiction	Definition of rooming house	Requirements	Instrument
South Australia	Three people on a lease	Rooming houses are required to be licensed and can be inspected for compliance with certain fire safety standards	*Local Government Act*; *Fire Safety (Development) Act*

[18] Notably, the essential safety features described in s710 (such as sprinkler systems in Class 3 buildings) do apply retrospectively

[19] Available at www.housing.vic.gov.au

Jurisdiction	Definition of rooming house	Requirements	Instrument
		Rooming houses are subject to certain maintenance and habitation standards, or else can be subject to rent controls	*Housing Improvement Act* and Housing Improvement (Standards) Regulations
New South Wales	Managed accommodation where residents have non-exclusive occupation rights	Newly built rooming houses must meet certain planning requirements, including room size and occupancy levels	*Affordable Rental Housing – State Environmental Planning Policy 2009*
Tasmania	Shared accommodation, except student housing and owner occupied residences with less than three rooms	Class 3 rooming houses must take certain fire safety measures, including evacuation plans	General Fire Regulations
Western Australia	Six or more lodgers	Lodging houses must be registered, and meet certain broad standards (e.g. clean walls).	*Health Act* Fire Safety and Building compliance legislation
Queensland	One or more rooms, with a minimum of four residents who do not occupy the entire residence	Rooming houses must be registered and accredited. Registration includes a character test. To obtain accreditation, dwellings must meet certain minimum standards	*Residential Services Accommodation Act*, *Residential Tenancies and Rooming Accommodation Act* Fire Safety Regulation *Fire Rescue Service Act*

South Australian and Queensland legislation impose the most onerous requirements on rooming houses and rooming house owners. In both jurisdictions, rooming houses are required to be registered, and both set out certain minimum standards of habitation. The provisions of the South Australian Housing Improvement (Standards) Regulations are detailed and explicit, and allow for the imposition of rent controls in the event of breaches of the standards. Queensland's *Rooming Accommodation Act* specifies minimum standards in a range of areas, including fire safety, security, cleanliness, and the repair of internal and external features.

1.6. Compliance with Existing Regulations

In Victoria, enforcement of the existing regulations is shared between municipal councils and CAV. Municipal councils are responsible for enforcing the provisions of the PHWA, the BA and the BR. CAV is responsible for enforcing the provisions in the RTA.

Stakeholders have expressed concern about levels of compliance with the existing regulations. Compliance issues with the registration requirements are in part the result of the growth of the sector in recent years. Resource and time constraints limit the speed at which unregistered rooming houses can be identified and inspected by municipal councils. There has also been some confusion about the existing regulations because these are set out across a range of different regulatory instruments. However, it is also the case that there is a degree of deliberate non-compliance by some private owners.

Recent initiatives have substantially increased the number of properties registered with municipal councils and the level of compliance with existing standards. Increased inspections undertaken by CAV as well as joint inspections by CAV and municipal councils, have (along with market growth and information campaigns) contributed to a 64 per cent increase in the number of registered rooming houses since October 2009 (from 511 at October 2009 to 839 at October 2010). Further increases can be expected as these efforts continue.

As of October 2010, over 900 complaints have been reported to CAV under this program. It has conducted over 600 inspections as a result, with 193 of these being joint inspections between CAV and local council inspectors. CAV estimate that local council inspectors on their own have conducted over 200 inspections in this time. The outcomes of this program thus far are as follows:

- 69 building notices issued by local councils
- 27 building orders issued by local councils
- 14 health notices issued by local councils
- 2 court actions
- 25 properties working towards registration
- 20 voluntary closures of rooming houses.

2. Nature and Extent of the Problem

2.1. Inadequacy of Existing Regulations

There is a strong view amongst some stakeholders that the existing standards for rooming houses do not adequately provide appropriate levels of privacy, security, safety, and amenity to ensure that rooming houses are safe and habitable for vulnerable residents. This section details the extent to which stakeholders see the existing rooming house minimum standards falling short.

Before considering living conditions in rooming houses, it is important to understand the unique nature of rooming house living arrangements compared to other forms of residential tenancy. As detailed in Chapter 1, rooming houses differ from shared tenancies in that residents enter into individual agreements with the owner, they are usually unconnected, and they occupy a room as their main residence - not the entire premise. Rooming house owners make decisions about who lives in a premise that other landlords do not, and retain a level of access and control over the property that other landlords do not once the premise is rented.

The RTA already acknowledges some of the complexity in managing multiple residencies in a single building in the Act's rooming house provisions. For example, 'notice to vacate' periods for breaches of rooming house residency agreements are generally shorter than equivalent notice periods for general tenancies, allowing owners to evict residents more quickly. Rooming house owners can also make house rules to govern the use and enjoyment of the facility (s126). Such rules can, for example, restrict when visitors may enter the rooming house or when common areas such as kitchens can be used. Many of the problems discussed below relate in part or whole to issues that emerge when housing unrelated people in a shared space. These issues are particular and familiar to the rooming house business.

It is important to note that there is limited empirical data on conditions in rooming houses. Where possible, this report draws on empirical data over a ten-year period, however, often the required level of detail is not available. The Department has also conducted interviews with local councils and service providers to gather further information. Often the best available evidence comes from the advice and expertise of those who have inspected rooming houses, including resident advocacy workers, landlord representatives, and community health workers who regularly visit rooming houses. These stakeholders have informed the following discussion of problems associated with gaps and inadequacies in existing regulation of rooming house standards.

Safety and security

Given that rooming houses often accommodate large numbers of people in the same building, ensuring the safety of these premises is critical. Stakeholders, including tenant advocates, fire services and council officers, have identified three main areas in which residents of rooming houses can be put at risk of loss of life or injury as a result of deficient conditions of the premises, and for which current regulations are inadequate:

(i) fire safety

(ii) gas and electrical safety

(iii) personal security.

(i) Fire safety

Box 1: Lack of fire safety measures in a North Melbourne rooming house

Thirteen residents lived in six rooms in a former retail shop front premise. The two-storey building had two exits, one to the street frontage and another directly abutting an adjoining laneway. The latter exit was permanently locked, leaving the front door as the sole available exit.

The front door was only accessible from the second storey by a narrow central staircase. No fire escape was provided for the second storey. The rooming house owner had not provided a fire evacuation plan.

Source: Tenants Union of Victoria 2010

In his investigation into the deaths of two residents in a rooming house fire in Brunswick, Coroner Peter White found that the inappropriate nature of the locking mechanism fixed to bedroom doors contributed to the tragedy. The Coroner stated:

> In an emergency, occupants of a rooming house should be able to get out of a sole occupancy unit with a minimum of difficulty. The locks introduced at the commencement of the residential lease fell short of that requirement.[20]

Estimates indicate that over half of the rooming houses in Victoria may be fitted with overly complicated locks on bedroom doors.[21] The Coroner recommended that bedroom doors in rooming houses be fitted with 'fire-safe locks'; that is, locks which can be opened and unlocked from the inside with a single hand action, and thus greatly improve ease of escape in the event of an emergency.

The MFB investigated the same rooming house fire and made a similar recommendation.[22] The MFB concluded that another issue in this case was the lack of a suitable emergency management plan, and recommended that these be mandated in all rooming houses to avoid similar incidents in the future. Currently, fewer than one in five rooming houses is estimated to have emergency management plans.[23] Again, the State Coroner made a similar recommendation.[24]

Unpublished data provided by the MFB to the Taskforce demonstrated a 20 per cent increase in fires in rooming houses between 2004 and 2008.[25] The MFB identifies excessive use of power boards, the presence of multiple pieces of the same type of electrical equipment (e.g. televisions, portable heaters) and use of cooking devices in rooms other than the kitchen as contributing risk factors in rooming houses. Stakeholders report that these risks exist because residents will often use kettles, toasters, frypans, microwaves or camp stoves to prepare food in their rooms when kitchen facilities are inadequate or unsafe. Because rooming houses are not

[20] *Record of investigation into death of Leigh Sinclair and Christopher Giorgi*, State Coroner Victoria, p.7
[21] Survey of rooming house inspectors (2010), Department of Human Services
[22] Post Incident Report: Boarding House/Pizza Store 211A Sydney Road Brunswick, MFB, 2006.
[23] Survey of rooming house inspectors (2010), Department of Human Services
[24] *Record of investigation into death of Leigh Sinclair and Christopher Giorgi*, State Coroner Victoria, p32
[25] It should be noted that this information refers to fires in Class 1B or Class 3 rooming houses, which may include structures other than rooming houses.

cooperatively formed households, residents do not readily share electrical equipment. This creates problems associated with both power overload and fire safety.

This increase occurred at the same time as a sharp decline in the availability of affordable private rental accommodation (described in Section 1.3 and Appendix 3 of this RIS). Indeed, the MFB recorded four fatalities in rooming house fires between 1998 and 2008. Given that the pressures on the private rental market are likely to keep increasing over coming years and the rooming house sector will continue to grow, it is clear that fire safety in rooming houses is of paramount concern.

In response to the recommendations of the Coroner, the BCA has been amended to regulate that in new sole occupancy units in Class 3 buildings (which can include boarding houses, guest houses, hostels, etc.) a door must be readily openable without a key from the side that faces a person seeking egress, by a single hand downward action or pushing action on a single device[26]. As explained previously, however, there is great variation across rooming houses as to the standards of the BCA that apply to each dwelling. This new provision applies only to a subset of all rooming houses and does not apply retrospectively.

(ii) Gas and electrical safety

Box 2: Electrical safety hazards in rooming houses

Seven residents lived in a four-bedroom rooming house in Glenroy. The house was constructed in the 1960s and was generally in poor repair.

There was no common area other than the kitchen and hallway as the lounge room was occupied by a couple. Each resident had multiple electrical appliances in their room. The electrical wiring had not been maintained or upgraded to meet the current usage. A residual current device had not been installed. As a result of overloading, fuses regularly shorted leaving a single power point in operation. The residents shared a single power point for two months during the winter of 2009.

Source: Tenants Union of Victoria 2009

Stakeholders have reported that ensuring adequate gas and electrical safety is an important gap in the regulation of rooming houses. Energy Safe Victoria's (ESV) 2009 Annual Report found that there were 3,261 electricity-related fires and 74 gas-related fires across Victoria in 2008-09, although the number of these incidents which occurred in rooming houses is not known.

Substandard electrical wiring can lead to power overload and current leakage. Stakeholders argue that these risks are more pronounced in situations where many unrelated people are living in close quarters, placing a large burden on the power supply, extension leads and power boards. Residents of rooming houses, for example, typically need to power multiple electrical appliances (lights, heaters, televisions, etc.). In other living situations, households share these types of resources. In rooming houses, however, stakeholders report that it is uncommon to see residents sharing these resources. Despite the risks, as few as 50 per cent of rooming house bedrooms are fitted with more than a single power outlet.[27]

[26] Building Code of Australia, Vol. 1 D2.21 Operation of Latch
[27] Survey of rooming house inspectors (2010), Department of Human Services

ESV recently issued a state-wide safety alert advising all households to install electrical safety switches, in order to minimise these risks. The alert followed a death in a house in East Gippsland, and noted that the victim's life would have been saved if a safety switch had been installed.[28] Although this incident did not take place in a rooming house, stakeholders argue that the risks of such an incident are more pronounced in rooming houses, given the age and quality of the stock, the large number of residents, and the tendency for resources not to be shared. Indeed, in 2008, three residents of a suspected rooming house in Footscray lost their lives due to a fire caused by overloaded electrical equipment, according to a report prepared by the MFB. Estimates vary but, of the properties inspected, electrical safety switches may currently be installed in as few as one in five rooming houses in Victoria.[29]

Some stakeholders feel that inadequate standards around gas safety can have equally serious consequences. Malfunctioning gas appliances, or those that are inadequately ventilated, can leak carbon monoxide, a poisonous gas. In May 2010, ESV investigated the deaths of two young boys in Mooroopna and immediately issued a media release that contained crucial advice relating to gas safety.[30] This release noted that there have been six known deaths in Victoria from carbon monoxide poisoning in recent years. ESV advises there have also been numerous near misses where people have nearly died from carbon monoxide poisoning. Moreover, it is good safety practice to ensure that a property is adequately ventilated, even if a gas appliance is working properly.[31]

Although there is no data available that indicates the extent to which rooming houses are affected by this issue, ESV advises that the danger of poisoning is greatly increased when the carbon monoxide is spilling into a confined space where people spend some amount of time. This is precisely the situation in many rooming house bedrooms.[32] Rooming house residents are also often unemployed and may have limited opportunities for social engagement. As a result, stakeholders have consistently reported that residents spend significant amounts of time in the often confined space of their room. Moreover, consultations have demonstrated that bedrooms tend to meet only the minimum requirements for size and overcrowding, and stakeholders assert that rooms are let which are not fitted with adequate ventilation. Nevertheless, the extent to which this problem is unique to rooming houses is not known. Thus, the potential benefit in terms of lives saved, injuries avoided, and protection of property and infrastructure are not certain.

Carbon monoxide is an odourless gas, which means it typically cannot be detected in the event of a leak. As such, it is essential that gas safety is assessed by an industry professional. ESV has commenced a consumer education campaign advising that 'appliances must be serviced, checked and regularly maintained by a licensed or registered gasfitter every two years at least.'[33] ESV has been unable to supply specific data on the rate of response to the campaign by rooming house residents and owners. In light of this, the Department welcomes feedback from stakeholders about whether this is a problem that warrants government intervention, in the form of regular gas and electricity checks, in the rooming house sector.

In the absence of clear data about the responses to the education campaign amongst rooming house owners, it is important to note the impact which residency

[28] ESV, Safety Alert, 7 December 2009.
[29] Survey of rooming house inspectors (2010), Department of Human Services
[30] ESV Media Statement, 3 June 2010.
[31] ESV Media Statement, 3 June 2010.
[32] EnergySafe, Autumn/Winter 2010, Issue 20.
[33] ESV Media Statement, 3 June 2010.

arrangements have on the capacity of residents to attend to gas or electrical safety issues as they arise. If a tenant in a private rental property is concerned that their landlord does not respond to a gas leak or dangerous electrical fault, they may engage the urgent repairs provisions of the RTA (s72) and arrange repairs themselves (to the value of $1000). Urgent repair provisions also apply to rooming house agreements; however, rooming house residents are unlikely to utilise this protection for several reasons. Firstly, owners are responsible for common areas and residents may not be able to access relevant parts of gas or electrical installations. Secondly, rooming house residents are on low fixed incomes and are unlikely to be able to afford to arrange the repairs themselves.

Rooming house residents are underrepresented in the initiation of action at VCAT. It is thought that this occurs because residents fear being evicted into homelessness or because residents lack the skills required to negotiate the dispute resolution process. Rooming houses are generally an accommodation of last resort and, consequently, the rooming house population is transitory. Tenant advocates advise that where owners do not respond to request for repairs, rooming house residents will live in unsafe circumstances or move on from unsafe buildings if they are able. Either way, safety concerns may remain unaddressed.

(iii) Personal security

Many stakeholders are particularly concerned about the issues of personal safety, security and privacy in rooming houses. The Taskforce noted that frequent incidents of crime and violence led many residents to feel unsafe both in shared areas and within their own rooms.[34] Indeed, research shows that 'feeling unsafe is the main reason people do not want to go into boarding house accommodation', [35] and that this sense of fear accumulates from experiencing, witnessing and anticipating violence as a result of inadequate security.

Poor security, such as an absence of locks on bedroom and bathroom doors, can lead to theft or destruction of personal property. Stakeholders report that disputes amongst residents over theft of food are prevalent and act as a catalyst for incidents of verbal and physical assault. Where theft of medications and treatments is involved, this can compromise the health of residents who are unwell. [36] House rules can look to address issues that contribute to disputes between tenants (e.g. noise) but where the cause of the dispute stems from a lack of provision of a service or facility by a rooming house owner (e.g. lack of safe storage), house rules are insufficient protection.

Women in rooming houses appear to be at an increased risk of physical and sexual violence and intimidation. Research in 2009 involving women who had experienced homelessness, and had spent time in rooming houses, outlined that these women reported concerns about their lack of safety and experience of intimidation, harassment or assault.[37] Further, inadequate security in rooms, bathrooms and showers led the women to be fearful of, and vulnerable, to sexual violence.[38] Estimates vary, but it may be that as few as 40 per cent of rooming houses are fitted with adequate privacy latches on toilet and bathroom doors.[39]

[34] Rooming House Standards Taskforce (2009) *Chairperson's report*, Government of Victoria, Melbourne, p.21
[35] Suellen Murray, 'Violence against women in mixed-gender rooming houses', *Parity*, June 2009, p.15
[36] Dorothy Campbell, 'Keeping on with small battles or time for a revolution?: Providing primary health care to residents of rooming houses', *Parity*, June 2009, p.13
[37] Suellen Murray, 'Somewhere safe to call home: violence against women during homelessness', Salvation Army Crisis Services and RMIT University, 2009
[38] Suellen Murray, 'Violence against women in mixed-gender rooming houses', *Parity*, June 2009, p.13.
[39] Survey of rooming house inspectors (2010), Department of Human Services

The Taskforce concluded that existing regulations were not sufficient to guarantee a minimum level of personal safety and security for residents of rooming houses.

Table 3: Potential safety standards

Potential Safety Standards	Rationale
Fire-safe locks on bedroom doors	Inserting this additional standard into the RTR would apply the standard contained within the Coroner's recommendations to all rooming houses.[40] This standard is likely to prevent rooming house deaths. Unpublished MFB data over the period 1998-2008 report four fatalities in rooming houses.
Fire evacuation plan	Evacuation diagrams would improve the information available to residents around escape routes and procedures in the event of fire. It would also mean that fire safety is considered by the rooming house owner when the diagram is prepared and updated, which should lead to improved safety. This is especially important for short term/transient residents who may be relatively unfamiliar with their living environment. To prevent future fatalities, the MFB and the Coroner recommended that this additional standard be established.
Locks on toilet and bathroom doors	Stakeholders report frequent incidents of female residents being assaulted in shared toilets and bathroom facilities.[41] This standard would help prevent these kinds of assaults, and the serious concomitant consequences to health and wellbeing – both physical and mental. Research in the US suggests that, in 1996, the economic cost of a single incident of sexual violence approached US$100,000.[42] If this measure could help prevent just one incident of sexual assault a year, the monetary benefit is likely to be over $1m over ten years, notwithstanding the additional benefits to residents' perceptions of security and wellbeing, all of which amount to a highly significant benefit.
Power overload protection	Mandating power overload protection is aimed at preventing circuit and other infrastructure damage, overheating, fire or explosion as a result of power overloads. The MFB has found that at least one recent rooming house fire was caused by an overloaded electrical appliance. Stakeholders report many rooming houses are at risk of power overload due to the large number of residents and the disproportionally heavy use of power. This measure is likely to reduce the incidence of fire and infrastructure damage, and may even prevent loss of life or injury.
One double power outlet in each bedroom	Mandating one double outlet per bedroom would reduce the risk of fire by reducing the likelihood of multiple residents 'piggybacking' off a single power outlet. The MFB has found that at least one recent rooming house fire was caused by overloaded power boards.
Gas and electrical safety	Failure to ensure that gas and electrical fittings are in working order could result in infrastructure damage, or even serious injury or death. Anecdotal evidence suggests that rooming houses are especially susceptible to these risks. Nevertheless, the extent to which this problem is unique to rooming houses is not known. Thus, the potential benefit in terms of lives saved, injuries avoided, and protection of property and infrastructure are not certain.
Window coverings in each bedroom	Many stakeholders argued that windows should be able to be covered by residents in order to afford them a minimum standard of privacy and sense of personal security. Other stakeholders noted that the provision of window coverings will also assist in improving the thermal efficiency of properties, in both summer and winter conditions.
Security	While the extent of security and privacy concerns arising from the absence of lockable doors at the entrance and security features (such as peep holes) to identify entrants is not known, there is a substantial amount of anecdotal evidence of residents feeling unsafe in rooming houses – particularly female residents, or residents who are especially vulnerable. Stakeholders also report instances of crime, in rooming houses, including theft, assault and drug dealing.[43]
Kitchen	Community health services, fire services, council offices, tenant advocates and community housing services consistently raise the need for rooming houses to

[40] State Coroner of Victoria, *Record of Investigation into death, Case No: 3727/06*, p.24
[41] Rooming House Standards Taskforce (2009) *Chairperson's Report*, 18 September 2009, p.21
[42] Post, L. et al., 'The Rape Tax: Tangible and Intangible Costs of Sexual Violence', *Journal of Interpersonal Violence*, 17(7), 2002, pp.773-782
[43] Rooming House Standards Taskforce (2009) *Chairperson's report*, Victorian Government, Melbourne, p.16

Potential Safety Standards	Rationale
	provide kitchens with sufficient capacity to allow multiple residents to prepare and store food safely and securely. In rooming houses where these facilities are not provided, residents may seek to store and cook food in bedrooms. This leads to an increased risk of fire and power overload, and contributes to the risk of pest infestation. Where kitchen facilities are not provided or are inadequate, residents are rarely able to provide adequate substitutes. They are therefore forced to rely on takeaway food, which is more expensive than home cooked food and tends to be less healthy. Residents who cannot afford to buy sufficient food in this way go without, leading to adverse health outcomes. Stakeholders report food security as an ongoing issue for rooming house residents. This contributes to theft of food between residents and associated disputes.
Lighting and ventilation	Inadequate lighting has important security implications for residents. There are consistent reports of residents feeling unsafe in rooming houses. This is particularly the case for women and those who are made vulnerable by disability or mental illness. Advocates and residents report that crimes such as theft, assault and drug dealing are common. Crime prevention literature argues the importance of lighting in facilitating 'natural surveillance'. Natural surveillance is a design concept in which potential offenders can be easily observed by others, hence minimising opportunistic crime[44]. Adequate ventilation also reduces risk associated with malfunctioning gas installations.

Amenity

Box 3: Excerpt of interview with a female private rooming house resident

> … There is also no washing machine (it doesn't work). I have to catch a bus and train to do my washing. It costs me an extra $30 per week and I can't afford it.
>
> The bathroom is just the same. I just have to try and go there when I think no one is around. There's a lock but it doesn't really work.
>
> The fridge and freezer never worked and they said they would get a new one (5 months later). Every week I would end up having no food as I had nowhere else to keep it …
>
> … The power keeps going out and there are wires everywhere and they don't do anything about it. It has been like that since I moved in (5 months). The Council came the other week and (said) they had to fix the fire things (smoke detectors) but unless they came, it would never have been done …
>
> … It's more about safety. My room has been broken into twice. They only stole my money and smokes, but that's not the point, my stuff should be safe there, I should be safe there. It also happened at the other house. I was not there (when they broke in) thank god because I don't know what I would have done. I just don't sleep because you don't know what will happen.

Source: Interview undertaken by the Council to Homeless Persons Peer Education Support Program, Parity, June 2009

The amenity of a property can refer to its level of comfort and pleasantness, but it can also refer to a dwelling's suitability for habitation. This is different to a dwelling's structural soundness, which is currently regulated by the BA and BR. Local councils, support workers and tenant advocates have reported that the levels of amenity in some rooming houses are so low as to render them uninhabitable in the broader sense of liveability.

[44] Geason, S and Wilson, P (1989) *Designing Out Crime: Crime Prevention through Environmental Design*, Australian Institute of Criminology, Canberra

It is difficult to obtain quantitative evidence of the extent and impact of uninhabitable conditions in rooming houses. In its survey of local councils, the Department asked inspectors to rate the basic amenity level of the rooming houses known to them. Respondents were quite consistently of the view that amenity standards in rooming houses are below average, with a majority feeling that the adequacy of fixtures and facilities was 'poor' or 'very poor'.

Support workers and tenant advocates who have worked with rooming house residents are the main source of evidence about the consequences of substandard amenity for rooming house residents. DHS consulted with TUV, VCOSS and service workers from outreach organisations who argued that rooming houses of substandard amenity can have impacts on the wellbeing and quality of life of rooming house residents. Evidently, the most significant deficiencies in basic amenity in rooming houses concern the adequacy of kitchen, dining and laundry facilities. Stakeholders argued that too many rooming houses lacked adequate food preparation facilities (40 per cent of rooming houses), common areas (50 per cent of rooming houses) and basic laundry facilities (30 per cent of rooming houses). Specific stakeholder concerns regarding each of these amenity issues are discussed further in Table 4 below.

Dorothy Campbell, a Community Nurse with the Royal District Nursing Service (RDNS) who provides outreach services to rooming house residents described the impact of lack of amenity as follows:

> Living and environmental conditions are critical influences on the current health and future health potential of all citizens. In many rooming houses and boarding houses we see ongoing damage to health from poor ventilation, no heating, no natural light, inadequate fire protection, blocked sewers, broken windows, mould, cockroach, mice and rat infestations, overcrowding and limited cooking and food storage facilities such as non functioning stoves and fridges and leaking gas. In addition many properties have very poor or no facilities for doing laundry. Many residents already have serious and chronic illness, low immunity and malnutrition and pregnant women and children are at increased risk of ill health.[45]

Lenny Appleton, who resided with his partner and four-year-old daughter in a five bedroom boarding house in Clayton in 2008, reports paying $240 per week for a room, which doubled as the family's living and dining room.

> They (the owners) turned every single room in this place into a bedroom, we don't even have a lounge room ….We've begged them to leave two rooms vacant so that we can have a lounge and dining room so that the kids can eat off a table and not off the floor or bed.[46]

In the event that a person's accommodation lacks these basic amenity provisions, there can be an associated impact on their health, quality of life and financial capacity to meet their housing and living costs. These effects are often felt most keenly by some of the most disadvantaged members of our society, and those who are most in need of stable, secure and habitable accommodation. Without access to these amenities in the home, residents either have to pay for other services outside of their home (laundromats, takeaway meals, travel costs, etc.), or suffer the consequences of going without. Community health workers report food security is an ongoing issue amongst the rooming house residents that they see.

[45] Campbell D, 'Keeping on with small battles or time for a revolution?: Providing primary health care to residents of rooming houses', *Parity*, June 2009, p.13

[46] 'House of fears no longer home for Monash family' accessed at http://www.berwickleader.com.au/article/2008/07/08/38576_wov_news.html

Indeed, deficiencies in basic amenities contribute significantly to a resident's overall experience of residing in a rooming house illustrated by Box 3 above. Further, some stakeholders contend that the lack of amenity exacerbates tensions between residents. Problems such as the theft of food and other personal items provoke disputes, contributing to violence between residents.

Existing regulations go some way to ensuring that rooming houses achieve an adequate standard of amenity. For example, the BA authorises building surveyors to judge whether a dwelling is fit for occupation or presents an immediate danger to health or safety. However, the effects of substandard amenity as described above are not 'immediate', and local councils have expressed concern that their current powers are not sufficient to address these broader habitability issues.

In the private rental market, it is generally assumed that different standards of amenity may be reflected in different rents that tenants are required to pay. However, the Taskforce heard evidence that the rooming house sector is different. The state of the low-cost accommodation market is such that rooming house owners are able to charge extraordinary rents even for properties which are unsanitary and incapable of providing an adequate standard of amenity for residents.[47] For example, rooming houses under head-lease arrangements have very low operating costs. However, market conditions allow the owners to charge very high rents relative to the quality of the dwelling.

The Department notes that evidence supporting the existence of problems relating to safety and security of rooming house residents is more readily available than evidence supporting the case for problems of amenity. Problems associated with poor amenity are likely to be less tangible and it is more difficult for the Department to provide evidence of a causal link between the amenity of rooming houses and the outcomes for residents. While problems associated with safety and security can result in immediate and tangible negative outcomes, problems associated with poor amenity are likely to have a less immediate impact. However, these problems may occur in more instances. Thus, the Department welcomes stakeholder feedback on whether there is a significant problem in relation to amenity issues, for example, laundry and kitchen facilities, to justify government intervention in the form of regulated amenity standards.

Table 4: Potential amenity standards

Potential Amenity Standards	Rationale
Maintenance (walls, floors, ceilings and doors, fixtures, fittings and facilities)	Inadequate maintenance of properties correlates with adverse health and wellbeing outcomes. Studies have shown that interventions to ensure good quality housing can have a positive effect on physical health, mental health and overall wellbeing. Given that rooming house residents are particularly vulnerable, and are often suffering from other risk factors of poor health, including socio-economic and lifestyle issues, the potential benefits of this standard could amount to significant savings in terms of avoided accident, injury or health costs. Nevertheless, the causal relationship between maintenance improvements and health outcomes is not well documented in the context of Victorian rooming houses.
Kitchen area	Community health services, fire services, council offices, tenant advocates and community housing services consistently raise the need for rooming houses to provide kitchens with sufficient capacity to allow multiple residents to prepare and store food safely and securely. In rooming houses where these

[47] Rooming House Standards Taskforce (2009) *Chairperson's report*, Victorian Government, Melbourne, p.7.

Potential Amenity Standards	Rationale
	facilities are not provided, residents may seek to store and cook food in bedrooms, which leads to an increased risk of fire and power overload and contributes to the risk of pest infestation. Where these facilities are not provided or are inadequate, residents are rarely able to provide adequate substitutes, and are therefore forced to rely on takeaway food, which is more expensive than home cooked food, and also tends to be less healthy. For those residents that cannot afford to buy sufficient food in this way, they go without, leading to adverse health. Stakeholders also report food security as an ongoing issue for rooming house residents and disputes between residents over the theft of food as prevalent.
Living areas	Some argue that it is a minimum community standard for rented dwellings to include a living room.[48] When a rooming house lacks common living areas, residents are often effectively bound to their rooms. Living areas can help reduce isolationism, allowing residents to interact with other residents or guests. Nevertheless, other stakeholders argued that common areas have drawbacks associated with them, too. In particular, common areas are sometimes thought to be more dangerous, more likely to be the site of theft and less likely to be kept clean or in good condition (since no one resident is responsible for that area).
Flyscreens on windows	Some stakeholders raised the issue of flyscreens on windows. The concerns relate to ventilation, in that residents may not open windows without a flyscreen. The benefit of this standard is likely to be small. Arguably, the impact would be largely in terms of reducing nuisance costs to residents that would only be present during summer months, so the benefit is likely to be marginal. Moreover, some stakeholders argue that flyscreens would be very easily damaged in a rooming house environment, which reduces their potential benefit.
Laundry facilities	Stakeholders argue that the lack of laundry facilities may create inconvenience to residents. Moreover, laundromats are often a more expensive alternative to clothes washing at home, and those residents who cannot afford the additional expense may choose to go without, with potential consequences to health and wellbeing. Provision of a basin, taps and drying facilities would allow residents to do their laundry within the rooming house premises, and often at a lower cost than at a laundromat. The time, effort and cost saved would likely lead to a minor benefit.
Toilet and bathing facilities	The PHWR already require one toilet and shower for every ten residents. However, stakeholders have reported that conflicts can arise in sharing bathroom facilities where the toilet and shower is in the same room. This results in inconvenience (i.e. residents needing to wait to use the shower when the toilet is engaged), and some limited impact on health and hygiene.
Ventilation and lighting	Local council heath and building inspectors have reported that there are rooming houses with significant issues around ventilation. The RDNS Rooming House Outreach Service observed 'many residents already have serious and chronic illness, low immunity and malnutrition'. Studies have found relationships between ventilation and respiratory health with researchers comparing the frequency of health symptoms in relation to the presence of mechanical ventilation or natural ventilation.[49] Existing BCA standards apply at the time occupancy certificates are issued and do not apply retrospectively. As a result, older properties or properties where owners have engaged in works without securing new occupancy certificates may not have natural light and ventilation. A survey of council building inspectors estimated that 30 per cent of rooming houses would not comply with this standard.
Heating	The literature suggests a strong link between poor heating in homes and adverse health outcomes for residents, although there is little information which specifically highlights the impact on rooming houses. For people living in temperatures between 12 and 16°C, respiratory problems become more common.
Insulation	Stakeholders are concerned about inadequate heating and thermal inefficiency, particularly in the older rooming house stock. Cold houses are

[48] Chamberlain, C (1999) *Counting the Homeless: Implications for Policy Development*, AHURI, pp.9-11, 49.

[49] Lajoie, P, Leclrec, J.M, & Schnebelon, M. (2007) *Ventilation of residential buildings: Impacts on the occupants' respiratory health*, L'Institut national de santé publique du Québec, Quebec

Potential Amenity Standards	Rationale
	associated with adverse health impacts for residents. The benefits of ceiling insulation would also accrue to landlords and owners as they pay the energy bills. The Australian Government estimates that the average home can save over $200 per annum on heating and cooling.

2.2. Rationale for Government Intervention

As described in Section 1.2, a large proportion of residents of rooming houses are disadvantaged and vulnerable members of the community. As such, they are disproportionately at risk from the impacts of substandard conditions of safety, health protection and amenity.

The Taskforce heard evidence of how rooming houses can be difficult places to live. Often numerous residents live in very close quarters, in conditions of high stress and anxiety. Advocacy workers repeatedly described how residents feel unable or unwilling to advocate on their own behalf for improved living conditions. This situation, along with the substantial power imbalance currently inherent in the market between residents and rooming house owners, means that residents of rooming houses are more susceptible to exploitation by unscrupulous owners than other groups in the community.

The Taskforce therefore recommended that the Government intervene in the rooming house market on grounds of social welfare, in order to afford due protection to these disadvantaged and vulnerable groups.

2.3. Approaches to Address the Problem

Despite the existing regulations regarding rooming houses, significant issues remain to be addressed in the sector.

As such, the Department compiled a list of 17 possible standards as approaches to address these issues. This list was compiled by comparing approaches across Australian and international jurisdictions, as well as through consultation with a number of stakeholders including Taskforce members, tenant advocates and fire and electrical safety experts.

These standards, set out in Table 5 below, have been broadly placed into two categories: safety/security and amenity. Where a standard can be seen to address both these issues it appears in both sections of the table. These categories are intended to align with the problems as articulated in Section 2.1 above.

Table 5 also sets out estimates of the number of rooming houses which currently meet each of the standards. These estimates have been derived from a survey of inspectors from ten local councils, whose jurisdictions incorporated around two-thirds of registered rooming houses, as well as staff from the Tenants Union of Victoria (TUV) and CAV. These groups have first-hand experience of current conditions in rooming houses, and so were able to form a view as to the extent of the existing coverage of the proposed standards. Respondents were asked to estimate how many rooming houses would currently meet the additional standards. There is some uncertainty associated with these estimated rates of coverage, in that they sometimes varied quite substantially across jurisdictions. Moreover, different jurisdictions contain a different mix of small and large rooming houses, which this

survey was not able to capture. Table 5 below uses the average coverage rate across all survey respondents. Appendix 4 includes the complete survey along with measurements of the variance of estimates for each standard.

It should be noted that these surveys considered only private rooming houses, since the state of Director of Housing-owned properties is monitored against the Department's *Community Housing Standards*. Table 5 indicates how each standard compares with provisions contained in the *Community Housing Standards*, as well as those contained in provisions in other jurisdictions.

Table 5: Possible new standards to address issues in private rooming houses

ISSUE	STANDARD	APPROACH	CURRENT VICTORIAN COVERAGE	COMPARISON WITH OTHER APPROACHES
❑ Safety	❑ Fire-safe locks on bedroom doors	❑ In line with the Coroner's recommendation, i.e. a locking device that is operated by a key from the outside and a lever that cannot be locked from the inside. This means all bedroom doors can be unlocked and opened from the inside with a single hand action.	❑ 40% of rooming houses currently meet this standard	❑ This is a higher standard than currently required by the *Community Housing Standards*
	❑ Fire evacuation plan	❑ Emergency evacuation diagrams which meet Australian Standard (AS) 3745, and whose procedures are prominently displayed – this standard is flexible enough to deal with different building types and uses.	❑ 20% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards* ❑ Queensland rooming houses must meet a similar standard
	❑ Power overload protection	❑ Switchboard type circuit breakers and residual current devices. These are safety devices, designed to provide protection against heat damage and electrocution, respectively.	❑ 40% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards*

ISSUE	STANDARD	APPROACH	CURRENT VICTORIAN COVERAGE	COMPARISON WITH OTHER APPROACHES
	❑ One double power outlet in each bedroom	❑ At least one functional double power outlet in each bedroom.	❑ 50% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards* ❑ South Australian dwellings must meet a similar standard
	❑ Gas and electrical safety	❑ Gas and electrical safety checks conducted every 2 and 5 years, respectively.	❑ 10% of rooming houses currently meet this standard	❑ This is a higher standard than currently required by the *Community Housing Standards*
	❑ Security	❑ Each openable window must be able to be fixed open or closed, without the use of a key. If a locking device on a window has an element of key operation, residents must be provided with a copy of the key. Building entrance to be lockable with fire-safe locking device. Security features at main point of entry allows residents to screen visitors.	❑ 40% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards* ❑ Queensland rooming houses must take all necessary steps to ensure a similar standard

ISSUE	STANDARD	APPROACH	CURRENT VICTORIAN COVERAGE	COMPARISON WITH OTHER APPROACHES
	❑ Locks on toilet and bathroom doors	❑ All toilet and bathroom doors must be fitted with a keyless privacy latch.	❑ 50% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards* ❑ South Australian and Queensland rooming houses must meet a similar standard
	❑ Ventilation and lighting	❑ Rooms and bathrooms must have natural light and ventilation (according to the definitions in the BCA) or natural light and mechanical ventilation (complying with certain ASs).	❑ 70% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards* ❑ South Australian dwellings must meet similar standards
	❑ Kitchen area	❑ Adequate kitchen and dining facilities must be provided, namely either by providing a kitchenette in self-contained rooms, or providing one set of communal facilities for every ten residents.	❑ 60% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards*
	❑ Window coverings in each bedroom	❑ To be fit-for-purpose, in that they afford privacy, reasonable protection from heat and cold, and can be opened and closed by the resident.	❑ 60% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards*

ISSUE	STANDARD	APPROACH	CURRENT VICTORIAN COVERAGE	COMPARISON WITH OTHER APPROACHES
❑ Amenity	❑ Walls, floors, ceilings and doors ❑ Fixtures, fittings and facilities	❑ Must be maintained in reasonable condition.	❑ 75% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards* ❑ South Australian dwellings must meet a similar standard
	❑ Living areas	❑ Rooming house owner must provide either an adequate, furnished, living space in a habitable room,[50] or ensure that every bedroom satisfies minimum size requirements of the PHWR for one more person than resides in the bedroom.	❑ 50% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards*
	❑ Kitchen area	❑ Adequate kitchen and dining facilities must be provided, namely either by providing a kitchenette in self-contained rooms, or providing one set of communal facilities for every ten residents.	❑ 60% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards*

[50] Habitable room has the same meaning here as in the BCA i.e. a room used for normal domestic activities such as bedroom, living room, lounge room, kitchen, dining room, study, family room, and sunroom.

ISSUE	STANDARD	APPROACH	CURRENT VICTORIAN COVERAGE	COMPARISON WITH OTHER APPROACHES
	❑ Flyscreens on windows	❑ Each openable window (or window which is fixed open) is fitted with a flyscreen.	❑ 40% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards* ❑ South Australian dwellings must meet a similar standard
	❑ Ventilation and lighting	❑ Rooms and bathrooms must have natural light and ventilation (according to the definitions in the BCA) or natural light and mechanical ventilation (complying with certain ASs).	❑ 70% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards* ❑ South Australian dwellings must meet similar standards
	❑ Window coverings in each bedroom	❑ To be fit-for-purpose, in that they afford privacy, reasonable protection from heat and cold, and can be opened and closed by the resident.	❑ 60% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards*
	❑ Insulation	❑ Ceiling insulation must be installed.	❑ 40% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards*
	❑ Heating	❑ Fixed heating source must be provided to at least one common area and, upon new installation or upgrade, a high efficiency heating option is installed. This is higher than BCA requirements.	❑ 30% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards*

ISSUE	STANDARD	APPROACH	CURRENT VICTORIAN COVERAGE	COMPARISON WITH OTHER APPROACHES
	❑ Toilet and bathing facilities	❑ One toilet and shower for every ten residents (as per PHWR), with additional requirement that where toilet and shower facilities are in the same room (i.e. cannot be accessed at the same time) an additional toilet or shower must be provided.	❑ 70% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards*
	❑ Laundry facilities	❑ Plumbed laundry wash trough or basin (not kitchen sink), as well as a clothes line or drying facility.	❑ 70% of rooming houses currently meet this standard	❑ This is currently required by the *Community Housing Standards* ❑ South Australian dwellings must meet a similar standard

3. Regulatory Objectives

3.1. Primary Objectives

The broad objective of the proposed regulations is to ensure that every rooming house constitutes a safer and more habitable affordable housing option for vulnerable Victorians.

Specifically, the proposed regulations aim to reduce:

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

Given the importance of ensuring the supply of adequate and affordable accommodation, the aim would be to see improvements against these objectives within 12 months of implementation.

3.2. Secondary Objectives

Secondary objectives of the proposed regulations include ensuring:

1. the rooming house sector remains a viable means of providing affordable accommodation. This includes ensuring a minimal number of rooming house closures as a result of any measures to implement minimum standards
2. that any new regulations are consistent with other Government priorities in the area of housing and community services
3. any new regulations are consistent with the other reforms being developed in response to the recommendations of the Rooming House Standards Taskforce and the State Coroner Victoria.

4. Regulatory Alternatives

This section outlines options that have been identified as means of achieving the objectives outlined in Chapter 3. Four alternatives have been identified as means of achieving these objectives:

- Option 1 – Eleven regulated minimum standards
- Option 2 – Seven regulated minimum standards
- Option 3 – Self-regulation or code of conduct (COC)
- Option 4 – Incentivising good practice (subsidy)

This chapter concludes with a discussion of other approaches to the problem, including approaches from other jurisdictions, which are not considered viable in the Victorian context.

4.1. Option 1: Eleven Regulated Minimum Standards

This option would see the creation of subordinate legislation under the RTA to prescribe 11 new minimum standards for rooming houses.

Regulation tends to be the favoured option when the problem to be addressed is high risk and has a high impact or significance.[51] As discussed in Chapter 2, the Taskforce Chairperson's Report found that some rooming house residents are indeed at risk of adverse effects on their safety and security due to deficiencies in accommodation, and at risk of suffering adverse impacts as a result of substandard amenity. Given that a rooming house typically accommodates a number of residents, these risks are even more pronounced.

A regulatory approach also has the advantage of affording maximum protection to the most vulnerable residents. As outlined in Section 1.2, rooming house residents often suffer from other hardships. These include family breakdown, addiction, mental health issues and disabilities. Evidence from stakeholders indicates that most residents find it difficult to advocate on their own behalf for a minimum level of quality in their housing.

A key advantage of this approach is that the new standards would apply to all rooming houses. This is consistent with the stated objectives of this RIS, which are to improve the levels of safety and habitability of all rooming house accommodation by ensuring a minimum standard across the sector. All rooming house owners would be responsible for adhering to the regulations, regardless of the rooming house model under which they operate. This approach can deal effectively with the specific challenges which may arise from new rooming house models.

Another advantage of this approach is that it is likely to lead to high levels of compliance,[52] partly because of the deterrent provided by imposing penalties for non-compliance. To be effective, the new regulations would therefore need to be

[51] Victorian Competition and Efficiency Commission (2007) *Victorian guide to regulation*, Government of Victoria, Melbourne, B-3
[52] Victorian Competition and Efficiency Commission (2007) *Victorian guide to regulation*, Government of Victoria, Melbourne, B-3

adequately enforced, which imposes a cost on Government. These costs are explored more fully in Chapter 5.

Prescribing standards in regulation ensures a level of certainty for rooming house owners and rooming house residents. This is achieved by uniformly applying minimum standards for amenity, safety and security across the rooming house sector. Additional standards will continue to reside in other legislative instruments as described in Table 1. The Government will seek to continue to increase understanding of the regulatory system through information campaigns and communication.

Regulation is an effective means of achieving the objectives outlined in Chapter 3. If adopted, the Government proposes to allow for an appropriate implementation period. It is important to allow rooming house owners some time to comply with the new standards.

This approach does not explicitly rely on the capacity of residents to be able to choose preferred providers. Given that the rooming house sector currently does not operate effectively as a free market due to the extraordinary power imbalance between residents and owners (see Section 1.3), regulation is an appropriate means of intervention.

This approach would impose a cost burden on rooming house owners. It is possible that this cost would be offset by rooming house owners raising rents (subject to Division 3 of Part 3 of the RTA, which sets out provisions pertaining to rent increases in rooming houses). This may result in some residents being unable to maintain their residencies and possibly becoming homeless. Alternatively, rooming house owners may decide to cease providing rooming house accommodation because improvements would be too costly, resulting in rooming house closures.

Other jurisdictions, such as Queensland, have sought to combine regulation with subsidies to reduce the cost burden for owners. Under this combined approach, the Government would assist owners in meeting the cost associated with adhering to more onerous regulations. Essentially, this involves passing some or all of the substantive costs associated with regulatory options on to the Government rather than the sector itself. Subsidy schemes are discussed more fully below.

Table 5 above identifies 17 possible standards as approaches to address the issues in the rooming house market which were identified in Chapter 2. To determine which of these standards are appropriate for inclusion in regulation, a preliminary cost-benefit analysis (detailed in Appendix 2) was undertaken. Each of the 17 standards was analysed in order to assess their costs against achieving the Government's objectives (i.e. benefits). This initial analysis found that three of the original standards (common/living areas, additional toilet and bathing facilities, and flyscreens) had a significantly negative cost-benefit score, and that they were, therefore, not an appropriate means of achieving the objectives.

The remaining 14 standards are included for further assessment in the multi-criteria analysis. Of these standards, seven have a positive net benefit score,

which suggest that their benefits outweigh or are commensurate with their costs. Four other standards are assessed to have benefits equal to their costs. Three are identified as having costs which outweigh their benefits. Table 6 below outlines the final cost-benefit scores of each proposed standard.

Table 6: Standards considered in multi-criteria assessment

Standard	Benefit-cost score
Fire-safe locks on bedroom doors	**2**
Fire evacuation diagram, whose procedures are prominently displayed	**4**
Switchboard type circuit breakers and residual current devices	**4**
At least one functional double power outlet in each bedroom	**3**
Gas and electrical safety checks conducted every 2 and 5 years, respectively	**0**
Keyless privacy latches on all toilet and bathroom doors.	**4**
Security features (lockable main entrance, securable windows, screen doors)	**4**
Rooms and bathrooms must have natural light and natural or mechanical ventilation	**0**
Fit for purpose window coverings fitted in each bedroom	**1**
Fixed heating source must be provided to at least one common area	-1
Ceiling insulation must be installed	-1
Walls, floors, ceilings, doors, fixtures, fittings and facilities in a reasonable condition	-1
Provision of certain kitchen and dining facilities which are fit for purpose and allow residents to prepare and eat food	**0**
Provision of plumbed laundry wash trough or basin (not kitchen sink) and a clothes line or drying facility	**0**

Option 1 is to include the 11 standards indicated in bold above in a comprehensive suite of regulation to support the Government's objectives of reducing loss of life, injury, trauma and disadvantage while minimising rates of

rooming house closures. This option comprises all standards for which it could be demonstrated that costs did not clearly outweigh benefits.

Advantages

- **Safety, security and amenity** – Regulations would contribute to improved safety, security and amenity for rooming house residents and are likely to contribute to reductions in loss of life, injury, trauma and disadvantage.
- **Coverage and compliance** – Regulations would apply to all rooming houses, across all models of operation and regardless of building class and location, ensuring a universal minimum standard across the sector. Regulations would include the broadest range of standards for which it could be evidenced that costs did not outweigh benefits.
- **Certainty** – Regulations can create certainty as to the standards which are considered the minimum acceptable by the community, both for rooming house owners and for prospective residents.

Disadvantages

- **Cost** – Cost to owners (or residents, if passed on through increased rents) associated with increasing the standard of accommodation, as well as the cost of enforcing regulations.
- **Closures** – If owners find regulations too burdensome or expensive to comply with, they may leave the market, resulting in fewer rooming houses.

4.2. Option 2: Seven Regulated Minimum Standards

This option would see the creation of subordinate legislation under the RTA to prescribe seven new minimum standards for rooming houses. The seven standards proposed for inclusion in regulation under this option are outlined in Table 7 below. These are essentially the same as Option 1 with the four standards with zero net benefits being removed (i.e. gas and electricity checks, laundry facilities, kitchen facilities, and ventilation and lighting).

Table 7: Standards with positive net benefits

Standard	Benefit-cost score
Fire-safe locks on bedroom doors	2
Fire evacuation diagram, whose procedures are prominently displayed	4
Switchboard type circuit breakers and residual current devices	4
At least one functional double power outlet in each bedroom	3
Keyless privacy latches on all toilet and bathroom doors	4
Security features (lockable main entrance, securable windows, screen doors)	4

Standard	Benefit-cost score
Fit for purpose window coverings fitted in each bedroom	1

This option shares many of the advantages and disadvantages associated with the regulations articulated in the discussion of Option 1 above, but may be viewed by rooming house owners as a less onerous alternative because it contains fewer regulated standards.

The analysis conducted to develop this RIS revealed that amongst the 17 standards considered as possible responses to concerns regarding Victorian rooming houses, there is notable variance in their respective net benefit scores (see Appendix 2). Whereas Option 1 included gas and electrical safety checks, laundry facilities, kitchen facilities, and ventilation and lighting – all of which received a zero cost-benefit score - Option 2 omits the standards for which there is not a clear positive outcome.

A zero cost-benefit score suggests that the costs of these standards are expected to equate to their likely benefits. Given the ambiguity of this outcome, Option 1 errs on the side of including these standards, and in doing so prioritises potential benefits, including possible improved amenity for rooming house residents. Option 2, in the face of the same ambiguity, excludes these four standards and as a result reduces costs to the rooming house industry.

Advantages

- **Safety and security** – Regulations would contribute to improved safety and security for rooming house residents and are likely to contribute to reductions in loss of life, injury and trauma.
- **Coverage and compliance** – Regulations would apply to all rooming houses, across all models of operation, regardless of building class and location, ensuring a universal minimum standard across the sector.
- **Certainty** – Regulations can create certainty as to the standards which are considered the minimum acceptable by the community, both for owners and for prospective residents.
- **Cost** – Lower costs associated with new regulations in comparison with Option 1.

Disadvantages

- **Cost** – Cost to owners (or residents, if passed on through increased rents) associated with increasing the standard of accommodation, as well as the cost of enforcing regulations.
- **Coverage (particularly in relation to amenity)** – Fewer standards that are of concern to stakeholders would be addressed in regulation. In particular, standards related to amenity are excluded from this option.
- **Closures** – If owners find regulations too burdensome or expensive to comply with, they may leave the market, resulting in fewer rooming houses.

4.3. Option 3: Self-regulation or Code of Conduct (COC)

The Government's objectives around improving the safety and amenity of rooming houses might be achieved through self-regulation by the industry. This approach would see the industry develop a voluntary code of conduct (COC), which sets out, amongst other things, basic standards. Note that the community managed rooming house sector is already subject to the requirements set out in the *Community Housing Standards Manual*, which is prepared by the Department, which could easily be adjusted to include the proposed standards. The voluntary COC approach is, therefore, primarily aimed at private rooming houses.

Typically, COC are developed by an expert and representative industry body, perhaps with the assistance of government. In Victoria, the Registered Accommodation Association of Victoria (RAAV) would be best placed to perform this function. The Government is currently working with RAAV to develop 'Best Practice Guidelines' (Guidelines) for the sector as a first step towards consistency in sector business practices. These Guidelines could by augmented to include guidance in implementing the minimum standards outlined in Table 5.

The self-regulatory approach also involves private rooming house owners being responsible for administering and monitoring uptake of the COC. Rooming house owners who choose to adopt the COC would be officially acknowledged by RAAV. Prospective residents and support service providers would be easily able to identify those rooming houses that meet the minimum standards. This would also require ongoing monitoring by the industry body to ensure the register accurately reflects adherence to the COC.

The main advantage of self-regulation is that it imposes a minimum ongoing cost burden on all parties, with the only cost being in the development and ongoing monitoring of a COC. Owners who do not see the benefit in adhering to the COC would not be obliged to pay any cost to lift the standards of their housing. Since enforcement is devolved to the industry itself, there is also a minimal cost to government.

Although self-regulation could be expected to produce some improvements to a limited number of rooming houses, these improvements are not expected to be universal across all rooming houses. In effect, self-regulation would create a two-tiered sector: those rooming houses that choose to adopt the COC and those that do not. Having a two-tiered market risks disadvantaging those residents who are least able to pay for quality accommodation and who are most at risk when residing in substandard accommodation.

The success of a self-regulatory approach evidently relies on having a strong industry body which represents a high percentage of the sector. Currently, RAAV has only limited membership and represents an estimated 5 per cent of the rooming house sector. There is little incentive for less scrupulous owners to seek RAAV membership. This is especially disadvantageous given that it is clear that some private providers would strongly resist efforts to coordinate uniform standards. Given that the Taskforce found evidence of unscrupulous rooming house owners who seek to take advantage of people with complex needs and limited alternative accommodation options, there is a risk that self-regulation

would be ineffective in addressing gaps in existing standards of safety, security and amenity.

Under this option, the incentive to comply is limited. In order to be effective, self-regulation requires the industry to sanction those who do not comply or benefit those who do. Unless the benefits of compliance are obvious, rooming house owners may continue to feel that the incentive to adhere to minimum standards is outweighed by the costs.

Advantages

- **Cost** - Minimal cost burden imposed on all parties, other than the development, and administering, of the COC.

Disadvantages

- **Coverage** - This approach would inevitably create a two-tiered system, therefore leaving some residents vulnerable to very poor quality and unsafe rooming house accommodation.
- **Compliance** - With limited incentives to comply, and only a small industry body to encourage compliance, it is likely that many rooming house owners would continue to supply substandard accommodation.
- **Appropriateness** – Self-regulation works best in a competitive market, where consumers are freely able to exercise choice, but the rooming house sector is defined by residents' inability to choose the most appropriate accommodation.

4.4. Option 4: Incentivising Good Practice (Subsidy)

This approach would involve establishing a financial incentive for rooming house owners to improve the safety and amenity of their properties. In particular, owners would be eligible for government funding to subsidise the full cost of meeting the standards outlined in Table 5. These financial incentives would seek to increase the incidence of good practice, in a way that minimises the cost for owners, and also reduces the likelihood of rooming house closures.

This option would not ensure that all rooming houses meet minimum standards. Rather, it is likely that some, but not all, rooming house owners would take advantage of the subsidies. This could again lead to the creation of two tiers of rooming houses: those that do meet the standards and whose owners are rewarded for doing so, and those that do not. Indeed, research into similar rooming house subsidy programs in Queensland and New South Wales found that 'the up-take of the programs … has been surprisingly limited.'[53] Experience suggests that landlords tend to take up subsidies such as these far less than owner-occupiers, roughly at a rate of nine owner-occupiers to every one landlord.

Prospective residents would still not necessarily be in a position to choose to live in accommodation of a suitable standard, due to the constraints of the rooming house market. This approach would reward good practice on the part of the

[53] *Government Assistance to boarding houses*, AHURI Research & Policy Bulletin, Issue 48.

rooming house owners, but it is not clear that those rewards would flow evenly to vulnerable rooming house residents.

Such an approach is not risk free and can carry with it substantial costs that, ultimately, are borne entirely by the Government. For example, it would be hard to justify why the Government ought to subsidise the improvements required to meet these minimum standards and not others, such as sprinkler systems and hard-wired smoke alarms. In addition, other Australian jurisdictions have found that this approach can lead to perverse outcomes. Experience in other jurisdictions suggests that, rather than achieving the aim of minimising rooming house closures, unscrupulous owners could use government subsidies to make improvements to rooming house dwellings, only to sell the improved properties at an inflated price, thus reducing rooming house stock numbers.

Advantages

- **Cost** - Minimal cost burden imposed on all owners.

Disadvantages

- **Coverage** - This approach would inevitably create a two-tiered system, therefore leaving some residents vulnerable to very poor quality and unsafe rooming house accommodation.
- **Compliance** – Only a limited number of owners would take up a subsidy offer.
- **Closures** – Potential to lead to rooming house closures by owners seeking to realise capital gains on improved dwellings.
- **Appropriateness** – Subsidies are best directed at owner occupiers, rather than landlords.

4.5. Additional Options

The following approaches were also considered. However, for reasons detailed below, they were considered to be unviable means of achieving the stated objectives in Chapter 3. Nevertheless, they are still worth considering as means of improving the state of the rooming house sector.

Information campaign

This approach would seek to ensure that rooming houses are suitable affordable accommodation options by raising awareness amongst landlords, rooming house owners and residents of the community's expectations as to amenity, health provision and safety. Information could also be provided about the dangers of substandard accommodation. This information could be provided by local councils as part of the registration process and also be available through government agencies and tenant advocacy groups.

Information campaigns are most appropriate when the issue to be addressed arises from a lack of information.[54] This does not appear to be the case in this

[54] Victorian Competition and Efficiency Commission (2007) *Victorian guide to regulation*, Government of Victoria, Melbourne, B-3, B-6

instance. Indeed, some of the information about these standards is already provided as part of the CAV's *Rooming houses: An Owners' Guide*, as well as past and current MFB and Energy Safe Victoria (ESV) information campaigns. The Taskforce nevertheless found that rooming houses still fail to meet adequate standards.

The Taskforce found evidence of unscrupulous rooming house owners who take advantage of vulnerable residents, particularly those with complex needs and limited alternative accommodation options. Evidently, unscrupulous owners provide deficient accommodation, not because they are unaware of the implications for health, safety and amenity, but rather as a deliberate strategy to maximise profits.

Social housing

Social housing assistance seeks to provide safe, secure and affordable housing targeted to those in greatest need and in coordination with support services where required. This includes public rental housing and community-managed housing in stock owned either by the Director of Housing or by the community housing sector.

The Victorian Government is working to increase the supply of affordable and secure housing for low-income people living in Victoria. Victoria now has around 81,000 social housing units. The Victorian Government is also partnering with the Commonwealth Government, private businesses, and non-government organisations in the National Rental Affordability Scheme (NRAS) to provide housing to low and moderate income households at reduced rents. In addition, the Commonwealth Government injected approximately $1.17 billion to fund the construction of 4,500 units of new public and community housing in Victoria through the Nation Building and Jobs Economic Stimulus Package.

Nonetheless, demand pressures on affordable housing remain significant. In its *2010 State of Supply Report*, the National Housing Supply Council found that even with recent levels of investment in social housing, a substantial shortfall in the supply of affordable housing (see Figure 1 below) exists across Australia.

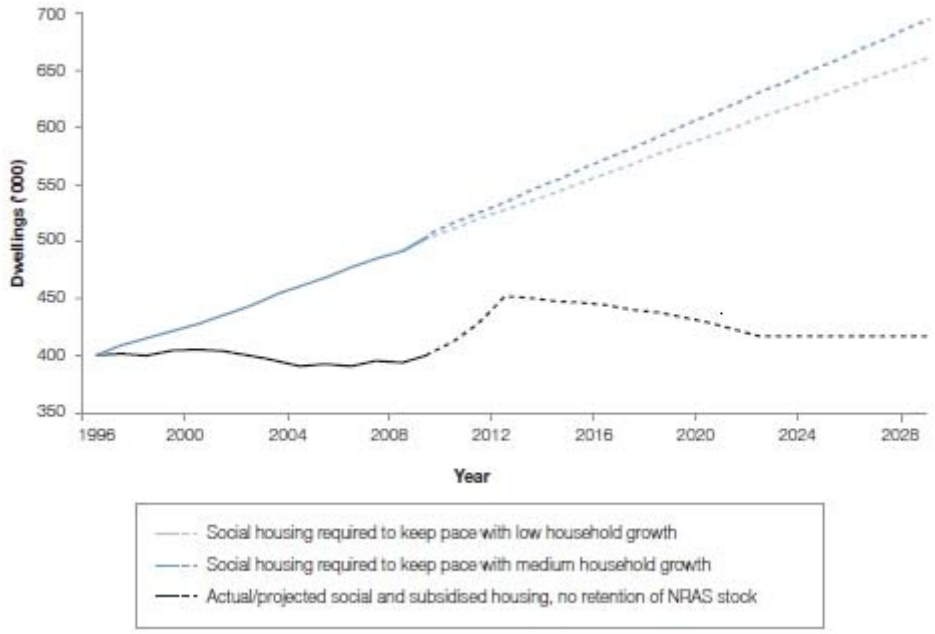

Figure 1: National social and subsidised housing demand and supply projections (Source: 2010 State of Supply Report, National Housing Supply Council)

The Department considers that the option of increasing social housing to meet this demand and, in doing so, resolve problems associated with substandard rooming houses is not feasible. Given the current size of the private rooming house market (estimated at over 8,500 residents[55]), social housing is unlikely to be an effective option to reduce the demand for rooming houses. Public investment must be coupled with a strong, effective private market to deliver a whole of housing system supply response. As a recent research paper prepared by the Australian Housing and Urban Research Institute (AHURI) stated: "Clearly the direct costs of building or acquiring new stock is high. It would seem impossible for governments to directly replace stock that is removed from the private market."[56]

4.6. Approaches in Other Jurisdictions

The most immediately comparable Australian jurisdictions are Queensland (Qld), New South Wales (NSW) and South Australia (SA), given their size, location and the state of their housing markets.

State	Approach to addressing issues in the rooming house sector
NSW	Land tax exemptions
	Boarding House Financial Assistance Program
	Standards imposed on new builds through planning guidelines

[55] This estimate is derived from the estimated number of rooming house bedrooms used in preparing the cost-benefit analysis at Chapter 5 less the number of residents in community managed rooming houses. For further detail see Chapter 5.
[56] Greenhalgh et al. 'Boarding houses and government supply-side interventions', AHURI, March 2004, 51.

State	Approach to addressing issues in the rooming house sector
Qld	Regulated standards Registration requirements Land tax exemption Financial assistance (grant scheme and low interest loan scheme)
SA	Legislated standards of habitation (including rent controls) Registration requirements

NSW seems to have the least onerous approach, which is a combination of regulation and incentivisation. The NSW Boarding House Financial Assistance Program provides grants to help owners and operators of boarding houses undertake essential fire safety works.[57] These grants aim to improve fire safety for boarding house residents, and help retain boarding houses that provide long-term low cost housing. Boarding house owners are exempt from land taxes, as they are in Victoria. However, research has found that these financial incentives have had limited take up.[58]

Recently, NSW implemented their *Affordable Rental Housing – State Environmental Planning Policy 2009*. Under this policy, newly built rooming houses have to comply with certain prescribed standards, such as minimum size requirements (a minimum of 12m² for a single occupant), occupancy limits (only two adults per room) and a requirement for common areas in rooming houses with over five residents. These represent higher minimum standards than those currently in place or being proposed in Victoria.

Given that this is a relatively new policy in NSW, its impact is not yet known. Nevertheless, this approach would not be appropriate in the Victorian context because it only applies to newly built stock. Much of the rooming house stock in Victoria is ageing, and consultation with inspectors suggests that it is often the older stock which is the least habitable. Therefore this approach would not protect the vast majority of current rooming house residents.

[57] The term 'boarding house' in NSW is equivalent to the term 'rooming house' in Victoria.
[58] Greenleigh et al. 'Boarding houses and government supply-side interventions', AHURI, March 2004

5. Cost and Benefits

5.1. Assessment Framework

Given the difficulty of placing a dollar value on the benefits of each of these options, a multi-criteria analysis has been used to assess the overall merit of each alternative.

As discussed in the *Victorian Guide to Regulation*, multi-criteria analysis is a technique that combines quantitative and qualitative analysis by scoring each option against a series of decision criteria. These criteria are chosen to reflect the benefits and costs associated with each proposal.

In this case, the objectives are to reduce loss of life, injury and trauma and to reduce disadvantage to rooming house residents arising from the quality of their accommodation. It is therefore reasonable to score each option against these goals.

All of the options come at a cost, which must be scored as part of the multi-criteria analysis. A secondary cost of each option is the impact they have on rooming houses numbers. Owners may choose to exit the market if the approach is overly costly or burdensome, or if it creates perverse incentives.

A multi-criteria analysis typically assigns a weighting to each of the decision criteria, in order to account for their relative importance. In this case, the primary objective is the safety of rooming house residents, with considerations around amenity of secondary importance. Similarly the costs have been assigned a weighting, as set out in Table 8 below.

Table 8: Decision criteria

	Decision criterion	Weighting
1	Reduces loss of life, injury and trauma in improved rooming houses (Safety)	45
2	Reduces disadvantage due to deficient amenity in rooming house (Amenity)	5
3	Impact on rooming house stock numbers (Closures)	5
4	Cost	35

5.2. Base Case

Each of the scores is measured against a base case scenario. The base case describes the situation if no interventions were to take place; that is, 'business as usual'. In this situation, it is expected that rooming house owners would continue to operate in the current fashion, and therefore current compliance rates with each of the proposed standards would remain static. This also means that stakeholder concerns about the consequences of current rooming house standards would continue, including the likely loss of life and injury due to safety concerns. It is assumed that the rooming house sector would experience a 1.5

per cent growth rate, given current population projections and the likely state of the housing market into the near future, as described in Appendix 3.

5.3. Scoring

The multi-criteria analysis assigns a score to each of the decision criteria, as follows:

Safety

Where possible, the criteria should be scored against monetised costs. In this case, the objective is to reduce loss of life and injury, and so the statistical value of lives saved[59] is a means of scoring the safety objectives. This is measured over a ten-year period.

Amenity

It is difficult to give a quantitative measure of levels of disadvantage due to poor amenity in rooming houses. As such, a qualitative measure must be used. The measurement should indicate the extent of the expected improvement for rooming house residents, ranging from 'significant improvements', down to 'marginal improvement'. This is measured over a ten-year period.

Closures

The amount of rooming house stock that could be lost through each option is measured as a proportion of the total number of (registered) rooming houses. This is measured over a ten-year period. When a rooming house closes, the Department would work to house those residents elsewhere, including in the homelessness system. If 5 per cent of this stock were lost over the course of a ten-year period, this process of rehousing residents would represent a significant burden on the homelessness sector and should therefore be given the lowest score (-5).

Cost

The cost of each option includes a substantive compliance component as well as an administrative component. The substantive cost describes the cost of meeting the new standards, while the administrative cost accounts for the cost of delivering the option.

5.4. Compliance Rates

The net benefit of each option is highly influenced by the amount of rooming houses that would be expected to meet the new standards, which can be called the compliance rate.

[59] Victorian Competition and Efficiency Commission (2007) *Victorian guide to regulation*, Government of Victoria, Melbourne

Table 9: Compliance rates

Option	Compliance Rate	Rationale
1 11 Standards in Regulation	100%[60]	Non-compliance would be an offence.
2 7 Standards in regulation	100%	Non-compliance would be an offence.
3 Self-regulation (Code of Conduct)	5%	An estimate of the number of members in RAAV, now and into the future.
4 Subsidy scheme	10%	Based on uptake rate of energy efficiency subsidies in Victoria.

The compliance rate is used to estimate the cost of each option, as described in the following section.

5.5. Costs

The cost of each option is the sum of the substantive compliance costs and the administrative costs.

The substantive costs are calculated by measuring the cost of meeting each of the standards that would be captured, multiplied by the number of rooming houses that would have to pay that cost:

Cost of meeting included standard x *Compliance rate*

Table 10 below sets out the substantive costs for each option as well as showing the total compliance costs for all 17 standards considered through the analysis.

[60] A compliance rate of 100% for regulated standards is assumed for Options 1 and 2 to facilitate analysis. In reality, a 100% compliance rate will not be achieved, despite strong penalties for non-compliance. The impact of an adjusted compliance rate on final scores, however, is negligible because it would require comparable adjustments to both costs and benefits.

Table 10: Substantive costs over 10 years

Standards	All standards	Option 1: 11 standards	Option 2: 7 Standards	Option 3: COC	Option 4: Subsidy
Fire-safe locks on bedroom doors	$1,102,767	$1,102,767	$1,102,767	$55,138	$110,277
Fire evacuation diagram	$34,949	$34,949	$34,949	$1,747	$3,495
Locks on toilets and bathroom doors	$42,826	$42,826	$42,826	$2,141	$4,283
Power overload protection	$238,286	$238,286	$238,286	$11,914	$23,829
One double power outlet in each bedroom	$697,614	$697,614	$697,614	$34,881	$69,761
Window coverings in each bedroom	$482,964	$482,964	$482,964	$24,148	$48,296
Maintenance	$4,446,731	$0	$0	$0	$0
Kitchen area	$1,528,720	$1,528,720	$0	$76,436	$152,872
Gas and electrical safety checks	$526,740	$526,740	$0	$26,337	$52,674
Ventilation and light	$462,751	$462,751	$0	$23,138	$46,275
Living areas	$29,905,426	$0	$0	$0	$0
Security	$389,859	$389,859	$389,859	$19,493	$38,986
Insulation	$754,852	$0	$0	$0	$0
Heating	$698,146	$0	$0	$0	$0
Flyscreens	$574,852	$0	$0	$0	$0
Laundry facilities	$214,219	$214,219	$0	$10,711	$21,422
Toilet and bathing facilities	$17,788,608	$0	$0	$0	$0
Total	**$59,890,310**	**$5,721,695**	**$2,989,265**	**$286,084**	**$572,170**

The implementation and enforcement costs of each option measures the amount of resources required to enforce or implement.

Table 11: Implementation and enforcement costs

Option	Rationale
1 11 standards in regulation	Cost of increased inspection: $400,000 per annum and $95,000 in initial capital costs, plus $100,000 to produce guidelines
2 7 standards in regulation	Cost of increased inspection: $400,000 per annum and $95,000 in initial capital costs, plus $100,000 to produce guidelines
3 Self-regulation (Code of Conduct)	The cost of producing a code of conduct (COC), reviewing it twice over ten years, and the cost of providing a part-time officer to monitor and enforce the COC.
4 Subsidy scheme	Administration costs based on experience of similar programs in Qld and NSW.[61] Estimated at $30,000 annually.

The total implementation and enforcement cost of each option is based on the present value of costs over a ten-year period and detailed in Table 12. More detail is also provided in Appendix 2.

Table 12: Implementation and enforcement costs over ten years

	Option 1: 11 standards	Option 2: 7 standards	Option 3: COC	Option 4: Subsidy
Total over ten years	$3,521,642	$3,521,642	$150,000	$249,498

Costs to an individual rooming house owner

As a means of gauging the impact on individual rooming house owners, this section sets out the costs that would be incurred by three hypothetical owners: small, medium and large. For the purposes of estimating this cost, it is assumed that these hypothetical owners currently do not comply with any of the proposed 11 standards. Given the different rates of compliance that currently pertain across the sector, it is unlikely for an owner to be non-compliant across all 14 standards. These figures should, therefore, to be read with caution.

The estimated costs in Year 1 to a small rooming house owner with a single property containing seven bedrooms and one bathroom would be as follows:

Small Rooming House Typical Cost	Year 1
Fire-safe locks on bedroom doors	$1,918
Fire evacuation diagram	$55
Locks on toilets and bathroom doors	$101
Power overload protection	$500
One double power outlet in each bedroom	$1,456
Window coverings in each bedroom	$1,260

[61] Greenhalgh et al., *Boarding Houses and Government Supply Side Intervention*, AHURI, March 2004

Small Rooming House Typical Cost	Year 1
Kitchen area	$4,377
Gas and electrical safety checks	$290
Ventilation and lighting	$1,942
Security	$766
Laundry facilities	$899
Total cost	**$13,563**

A medium sized owner with a rooming house of 15 bedrooms and two bathrooms would incur the following estimated costs in Year 1:

Medium Rooming House Typical Cost	Year 1
Fire-safe locks on bedroom doors	$4,110
Fire evacuation diagram	$55
Locks on toilets and bathroom doors	$134
Power overload protection	$500
One double power outlet in each bedroom	$3,120
Window coverings in each bedroom	$2,700
Kitchen area	$8,226
Gas and electrical safety checks	$290
Ventilation and lighting	$1,942
Security	$1,316
Laundry facilities	$899
Total cost	**$23,292**

A large owner with a rooming house of 40 bedrooms and four bathrooms would incur the following estimated costs in Year 1:

Large Rooming House Typical Cost	Year 1
Fire-safe locks on bedroom doors	$10,960
Fire evacuation diagram	$55
Locks on toilets and bathroom doors	$268
Power overload protection	$500
One double power outlet in each bedroom	$8,320
Window coverings in each bedroom	$7,200
Kitchen area	$16,357
Gas and electrical safety checks	$290
Ventilation and lighting	$1,942
Security	$1,966
Laundry facilities	$899
Total cost	**$48,757**

Rent increases

It is unclear as to whether rooming house owners would pass these costs on to residents in the form of increased rent. Evidence suggests that many rooming house owners currently charge as much rent as the market can bear. Owners may not be in a position to pass on costs, since residents are usually on low incomes and already pay as much rent as they can afford to pay. On the other hand, the fact some rooming house owners can charge such high rents indicates

they have market power. As a consequence of this power, owners may still seek to pass on additional costs to rooming house residents.

Rents in the rooming house sector are governed by broader market forces rather than the safety and amenity standards of a given dwelling. In the context of extremely low vacancy rates, very low levels of affordable rental housing, and increasing supply-demand imbalance, it is impossible to identify the extent to which new regulations regarding minimum standards in rooming houses will lead to an increase in rents.

Calculating the likely cost of the proposed regulations per rooming house resident provides an indication of the capacity for rooming house businesses to absorb the costs associated with the proposed regulations. The most costly option presented is Option 1. The total cost to the industry of the 11 standards contained in Option 1 is around $5.7 million over ten years. The RIS estimates there are approximately 8,772 rooming house rooms.[62] Therefore, the costs of Option 1 equates to around $650 per rooming house resident.

5.6. Benefits

Each of the standards has been assigned a benefit score, which has been adjusted to take into account the differing compliance rates of each of the options. These scorings in Table 13 are taken from Appendix 2.

Table 13: Benefit scores

Standard	Raw score[63]	Option 1: 11 standards[64]	Option 2: 7 standards	Option 3: COC	Option 4: Subsidy
Safety					
Fire-safe locks on bedroom doors	5	5.00	5.00	0.25	0.50
Fire evacuation diagram	5	5.00	5.00	0.25	0.50
Locks on toilet and bathroom doors	5	5.00	5.00	0.25	0.50
Power overload protection	5	5.00	5.00	0.25	0.50
One double power outlet in each bedroom	5	5.00	5.00	0.25	0.50
Window coverings in each bedroom	2	2.00	2.00	0.10	0.20
Gas and electrical safety	2	2.00	0.00	0.10	0.20
Security	4	4.00	4.00	0.20	0.40
Kitchen area	2	2.00	0.00	0.10	0.20
Ventilation and lighting	2	2.00	0.00	0.10	0.20
Average score		**3.70**	**3.10**	**0.19**	**0.37**

[62] This is 10,172 bedrooms less the number of residents in community rooming houses, which is estimated to be 1400. Community managed rooming house rooms are excluded from the calculation because rents are set as a proportion of income and not on the basis of cost recovery.
[63] The raw scores quantify the benefit of a particular standard across rooming houses. The rationale for each of these scores is given in Table 17 of Appendix 2.
[64] The option scores consider the change in compliance rates against the raw scores. Scores for the regulatory options are calculated at 100% of the raw score. Scores for the subsidy scheme and the self-regulation option are calculated at 10% and 5% of the raw score respectively.

Standard	Raw score[63]	Option 1: 11 standards[64]	Option 2: 7 standards	Option 3: COC	Option 4: Subsidy
Amenity					
Ventilation and lighting	1	1.00	0.00	0.05	0.10
Kitchen area	1	1.00	0.00	0.05	0.10
Laundry facilities	1	1.00	0.00	0.05	0.10
Average score		**1.00**	**0.00**	**0.05**	**0.10**

5.7. Final Scores

Based on the above analysis, which scores the net costs and benefits of each option, each of the options can be assigned a weighted score against the decision criteria. These calculations are shown in Table 14 below.

Table 14: Final scores

Raw scores				
	Option 1: 11 standards	**Option 2: 7 standards**	**Option 3: COC**	**Option 4: Subsidy**
Cost	-3.00	-2.20	-0.14	-0.27
Loss of stock	-2.00	-1.80	0.00	0.00
Safety	3.70	3.10	0.19	0.37
Amenity	1.00	0.00	0.05	0.10

Weighted scores					
	Weight	**Option1: 11 standards**	**Option 2: 7 standards**	**Option 3: COC**	**Option 4: Subsidy**
Cost	35	-105	-76	-5	-9
Loss of stock	15	-30	-27	0	0
Safety	45	167	140	9	17
Amenity	5	5	0	0	1
Total score	**100**	**37**	**37**	**4**	**9**

The multi-criteria analysis uses a scale of +/- 5 to assign the scores against each criterion for each of the options. The raw scores and weighted scores are in the tables above. The weighted scores take into account the relative importance of the criterion, which has been outlined in Table 6.

Costs
The scoring for each of the options against the cost criterion is relative to the cost of the 14 standards considered to have some merit (excludes living areas, toilet and bathing facilities, and flyscreens). Table 8 shows that these standards cost a total of $15 million, including implementation and enforcement costs over ten years. The RIS assumes that this cost, if it were considered in the multi-criteria analysis, would be assigned a maximum score of -5. All the options have been assigned scores relative to this value. Option 1 costs $9 million and has been assigned a score of -3. Option 2 costs $6.5 million and has been assigned a score of -2.2. Option 3 costs $436,084 and receives a score of -0.14 and Option 4 costs $821,668 and is awarded a score of -0.27.

Loss of stock
It is assumed that Option 1 is likely to result in around 2 per cent of rooming houses closing. Relative to Option 1, Option 2 costs slightly less and may result in 1.8 per cent of rooming houses closing. As both Options 3 and 4 are voluntary, these options are not expected to lead to any rooming house closures.

Safety and amenity
The safety and amenity scores have been taken directly from Table 13. An explanation of the individual benefit scores assigned to each of the standards is found in Table 17 in Appendix 2.

Option 1 achieves the same total score as Option 2 (i.e. a total score of 37). However, Option 1 yields marginally improved safety and amenity outcomes and has higher costs in comparison with Option 2. Given the vulnerability of the resident group, and the strong public desire to provide rooming house residents with additional protections, Option 1 is selected as the preferred option. The Department welcomes feedback from stakeholders on this approach.

5.8. Break-even Analysis of the Preferred Option

Multi-criteria analysis is a tool to rank options against each other. To assist in determining the overall net benefit of the preferred option (Option 1), the multi-criteria analysis is supplemented here by a break-even analysis, which measures the total costs of the preferred option against those benefits which can be monetised.

A primary objective of this RIS is to reduce loss of life and protect against injury. A monetary value for this can be estimated by using 'the value of a statistical life'. VCEC writes: 'The value of a statistical life refers to the benefits derived from reducing risk of a death that is experienced by a population. The term 'statistical' is used to describe an *ex-ante*, anonymous individual, and the concept does *not* imply that an individual life is a market good.'[65] The other objectives are not as readily monetised and are omitted from this analysis.

VCEC's guidance note, based on the work of Peter Abelson, suggests that the value of a statistical life is $3.8 million (2011 dollars). Given that the total estimated cost of Option 1 is $9.2 million, the measures would need to be

[65] Victorian Competition and Efficiency Commission, *Suggested Value of a Statistical Life in RISs and BIAs.*

expected to save three lives over a ten-year period in order for the regulations to be expected to be net beneficial.

There were four fatalities from fires in rooming houses between 1998 and 2008 and another three fatalities in a suspected rooming house. Investigations by the Victorian Coroner and the MFB have both concluded that if the fire safety standards proposed in the regulations had been in place they would have prevented the death of at least two individuals in a particular rooming house fire. On this basis, and assuming that the potential for fatalities resulting from fires in rooming houses would remain unchanged, the Department considers that the preferred approach would achieve greater benefits than costs. It is the opinion of the Department, therefore, that Option 1 will provide a net benefit to the community.

If Option 1 were to cost 50 per cent more than estimated in this RIS (i.e. $14.25 million), four lives would need to be saved in order to break even. On the basis that seven lives have been lost in the past ten years, and assuming that the potential for fatalities resulting from fires in rooming houses would remain unchanged, the Department considers that Option 1 would still be net beneficial – even at this higher cost.

6. Competition Assessment

The *Victorian Guide to Regulation* requires that all new regulatory proposals assess the likely impact of the proposal on competition. Every RIS must include a section providing evidence that the proposed regulatory instrument is consistent, that it will not restrict competition unless there is a demonstrable net benefit, and that there are no alternative means of achieving the objectives.

The Organisation for Economic Co-operation and Development's (OECD) Competition Assessment Toolkit provides a checklist for identifying potentially significant negative impact on competition. This is based on the following three questions:

1. Does the proposed regulation limit the number or range of suppliers?
2. Does the proposed regulation limit the ability of suppliers to compete?
3. Does the proposed regulation reduce the incentive for suppliers to compete vigorously?

According to the OECD, if the answer to all three of these is negative, then it is unlikely that the proposed regulations will have any significant negative impact on competition.

Does the proposed regulation limit the number or range of suppliers?

The proposed regulations will not impose a limit on the number of suppliers, nor do the regulations seek to limit the range of providers.

In fact, it is likely that the number of rooming houses will continue to increase even after the regulations are imposed. Analysis of the likely trends of the affordable housing market in Victoria – detailed in Appendix 3 – suggests that rooming houses will continue to be an attractive business proposition in the near future, and that the cost of compliance will be able to be absorbed. Indeed, recent increased enforcement and inspection activity has coincided with ongoing growth in the rooming house sector, rather than a decrease in stock numbers.

Nevertheless, it may be that some rooming house owners would seek to leave the market rather than adhere to stricter standards. However, CAV and local councils are intending to work with these owners to assist them to achieve compliance rather than force them to close, thereby keeping the number of closures to a minimum.

Does the proposed regulation limit the ability of suppliers to compete?

The proposed regulations will not impose price controls on rooming houses. Although some owners may seek to pass on the cost of complying with the new standards to residents, the price of rooming house accommodation is far more significantly determined by the market price and the availability of similar accommodation, that is, affordable private rental. In fact, evidence to the Taskforce suggested many owners currently charge rents at the maximum of what the market can bear, and thus will not be in a position to raise rents after the proposed regulations are in place.

The proposed regulations do not impose limits on owners to advertise or market their goods or services, nor do they set standards that apply to only some participants in the market and not others.

Some rooming houses are larger, and therefore will incur a greater expense than smaller rooming houses. However, larger rooming houses tend to be more experienced, longer term participants in the market and are able to accrue efficiencies from economies of scale.

Does the proposed regulation reduce the incentive for suppliers to compete vigorously?

The proposed regulations do not create a self-regulatory regime, do not require rooming house owners to circulate market information, do not exempt the activity of any particular group or industry from the operation of general competition law, nor do they reduce the mobility of customers.

Since all three of the above questions are answered in the negative, the regulations do not appear likely to impose a significant negative impact on competition.

7. The Change in Regulatory Burden

As part of the Victorian Government's *Reducing the Regulatory Burden* initiative, each regulatory change is to be accompanied by a Regulatory Change Measurement (RCM) statement, an assessment of the size of the regulatory burden imposed on business, the not-for-profit sector, the operation of government services, and costs incurred by private individuals.

The proposed regulations contained in this report will impose a certain burden on rooming house owners. They will be obliged to pay certain costs to make improvements to their properties in order to comply. Moreover, the Government will need to enforce the new regulations, and thereby will incur some additional enforcement costs.

An RCM is required where there is prima facie evidence that the change in regulatory burden is likely to be material. A regulatory change is material if:

- the change in administrative burden experienced by the affected sector is greater than $250,000 per annum; or
- the change in the sum of compliance costs (including administrative and substantive compliance costs) and costs of delays, experienced by the affected population, is greater than $500,000 per annum.

This proposal will therefore require an RCM.

The Victorian *Regulatory Change Measurement Manual* recommends that the RCM should be separate from the preparation and publication of a RIS. Indeed, the guide advises that in cases where there is limited precise information available (such as the rooming house sector), it is best to wait for a period of time after the regulatory changes have been introduced before measuring their impact.

The Government will, therefore, prepare an RCM for the proposed regulations after there is more information available on their impact.

8. The Preferred Option

The Government is proposing to introduce 11 new minimum standards into regulation (Option 1), in order to address the problems associated with poor standards in rooming houses as articulated in Chapter 2.

The Department proposes this as the preferred option because analysis suggested that this option would yield marginally improved safety and amenity outcomes in comparison with Option 2 and notably improved outcomes in relation to Options 3 and 4.

8.1. New Standards in Regulation

The analysis in Appendix 2 shows that there are certain key minimum standards whose benefits are likely to outweigh their costs.

It should be noted that four of the proposed standards (gas and electrical safety checks, laundry facilities, kitchen facilities, and ventilation and lighting) received a zero cost-benefit score. This suggests the costs of these standards equate to their likely benefits. Notwithstanding this ambiguity, it is the Government's view that these standards should be included in regulation to support its objective of improving the quality of life of rooming house residents. Feedback collected through responses to this RIS particularly around the impact of including such standards on the Government's other objectives, will inform the Government's final position in relation to these standards.

The proposed 11 new standards are detailed in Table 15 below.

Table 15: Key minimum standards

Issue	Standard
Safety / Security	Fire-safe locks on bedroom doors.
	Fire evacuation diagram, whose procedures are prominently displayed.
	Switchboard type circuit breakers and residual current devices.
	At least one functional double power outlet in each bedroom.
	Keyless privacy latches on all toilet and bathroom doors.
	Security features (lockable main entrance, securable windows, screen doors).

Issue	Standard
	Gas and electrical safety checks conducted every 2 and 5 years, respectively. Fit for purpose window coverings fitted in each bedroom. Rooms and bathrooms must have natural light and ventilation (according to the definitions in the BCA) or natural light and mechanical ventilation (complying with ASs).* Provision of certain kitchen and dining facilities which are fit for purpose and allow residents to prepare and eat food.*
Amenity	Provision of a plumbed laundry wash trough or basin and a clothes line or drying facility.

*This standard has both safety and amenity benefits

Appendix 2 also details the assumptions used to underpin the cost-benefit analysis for each standard. It should be noted that in some instances, limited information was available to inform the costs estimates. For example, in the case of ventilation, costings do not include assumptions regarding the costs of repairs to existing windows where remediation may be needed, as these costs are building specific and cannot be known with confidence. Where the Department is aware of costs that have not been quantified, cost scores have been revised upwards to account for this uncertainty.

The Government proposes to introduce these 11 standards via regulation. That is, this approach would mean rooming house owners would be required, by law, to ensure that their rooming houses meet these standards.

It is proposed that the new standards be prescribed under a new set of regulations called the Residential Tenancies (Rooming House Standards) Regulations and enforced by CAV inspectors. In 2010, the RTA was amended to give the Governor in Council the power to prescribe minimum standards for rooming houses in the areas of privacy, safety, security and amenity. Section 142C of the RTA will provide that is an offence for a rooming house owner to fail to comply with standards as prescribed in regulation. These RTA amendments will be proclaimed to come into effect upon a decision being made by the Government to make regulations in this area.

The proposed Residential Tenancies (Rooming House Standards) Regulations are included in Appendix 1.

9. Implementation and Enforcement Issues

9.1. New Standards

The preferred approach, Option 1, would see a range of new standards introduced via the Residential Tenancies (Rooming House Standards) Regulations, as authorised by section 142C of the RTA.

It would be an offence not to comply with the new standards. The penalty for non-compliance with any one standard would be set at 60 penalty units.

CAV currently conducts inspections of rooming houses, with regard to tenancy matters, at the request of local councils or residents and would inspect rooming houses for compliance with the new standards as part of the proposal.

CAV reports that there would be additional costs associated with inspecting for the new standards, largely as a result of an expected increase in demand for inspection services. CAV estimates that an additional four inspectors would be required, at an additional recurrent cost of $400,000 per annum and $45,000 initial capital costs.

Furthermore, to ensure that the rights of residents and the responsibilities of owners are clear at the outset, the introduction of regulations will need to be accompanied by an appropriate education program at an estimated cost of $50,000.

In order to allow rooming house owners a reasonable period of time to improve their properties to the meet the new standards, the regulations will allow for a 12 month transition period.

9.2. Penalties

The standards will be offence provisions, meaning that rooming house owners who fail to comply would be committing an offence. The RTA sets out the penalties for non-compliance with any prescribed standard. These penalties are 60 penalty units for an individual (which amounts to $7328.40 in financial year 2011-12) or 300 penalty units in the case of a body corporate ($36,642 in 2011-12).

Given the nature of the penalty for breaching these provisions, the proposed regulations are likely to achieve a very high level of compliance, especially when combined with increased enforcement of existing provisions.

However, under the proposed regulations, the Director of Consumer Affairs may exempt a rooming house owner from the obligation to comply with some of the standards set out in these regulations. This permits the Director of Consumer Affairs to exercise discretion, and ensures rooming house owners are not unduly punished if there are compelling reasons why certain standards are not in place.

Draft regulations 26 through to 30 detail the provisions for rooming houses to be exempted from compliance with some standards in some circumstances. Examples of exemptions include when, due to the nature, age or structure of the rooming house, the rooming house owner is not able to modify the rooming house to comply with the relevant standards; when a competing law exists; or when the rooming house owner has addressed the relevant standards by alternative means. The Department invites feedback from stakeholders on whether the proposed parameters governing exemptions are sufficient and whether additional or different parameters should be considered, noting that there are some essential safety standards for which the regulations do permit an exemption.

9.3. More Effective Enforcement of Existing Standards

Currently, rooming houses are subject to a range of regulations (set out in Table 1). Due to growth in the rooming house sector in recent years, local councils and CAV have substantially increased their rooming house registration and inspection activities. This activity has contributed to an increase in the number of registered rooming houses.

Continued support for this work will contribute to improvements in relation to many of the issues raised by stakeholders in the preparation of this RIS. In particular, more effective enforcement of existing provisions could lead to improved standards of general maintenance and amenity.

Consultation with stakeholders, however, demonstrated that existing provisions are interpreted differently across different jurisdictions. Indeed, some provisions are quite broad in their scope, which has led to an inconsistent understanding of the standard that rooming houses should meet according to current requirements. In introducing new regulations, the Government also proposes to work with local councils to develop best practice guidance to serve as a resource for inspectors in interpreting and applying the existing regulations. The guidance would articulate the force and underlying intent of provisions in the BA and the PHWR, as well as considering existing and new provisions in the RTA and the new proposed Residential Tenancies (Rooming House Standards) Regulations.

These guidance notes would not be prescriptive, but rather would serve as an additional resource for inspectors to deliver a consistent approach to enforcing current and new standards. This guidance would also consider the intersection between council and CAV enforcement activity.

Local councils would need to be fully involved in the process of developing guidance notes, as would the relevant state government departments. In 2010, the Department of Health engaged the Municipal Association of Victoria to prepare a 'Guidance Manual for Local Government Authorised Officers' to assist with consistent understanding and application of the PHWA when it was first implemented. This manual is similar to what is being proposed here.

10. Evaluation Strategy

An important feature of best practice regulation is for it to be reviewed regularly to ensure that it represents the most appropriate means of meeting the regulatory objectives.

The Government intends to evaluate the proposed approach in order to determine the extent to which it improves the safety and wellbeing of rooming house residents.

In particular, the Government intends to work with the MFB to analyse the number of fire incidents in rooming houses in the future, and the extent to which fires in rooming houses lead to death or injury to residents.

Furthermore, the Government intends to work with residents' advocates, such as the TUV and the Victorian Council of Social Services (VCOSS), to assess the extent to which the proposed approach leads to improved personal security for rooming house residents.

Finally, the Government intends to work closely with local councils to analyse whether the proposed approach leads to improvements in amenity standards in rooming houses. The analysis will also observe the approach's effect, if any, on rooming house closures.

11. Consultation

The Department held initial consultations with a range of stakeholders about the proposed changes. The stakeholders consulted, and a summary of the issues identified, are detailed below.

Victorian Government

A range of Government departments were consulted in order to ensure that the proposed regulations were consistent with Government policy and direction. In particular, the following departments were consulted:

- Department of Premier and Cabinet
- Department of Human Services
- Consumer Affairs Victoria, Department of Justice
- Department of Health
- Department of Planning and Community Development

These agencies were primarily concerned with the following:

- Ensuring the rooming house sector remains a viable means of providing affordable accommodation. This includes ensuring a minimal number of rooming house closures as a result of any measures to implement minimum standards.
- Ensuring that any new regulations are consistent with other Government priorities in the area of housing and community services.

Advocacy groups and peak bodies

A range of groups who advocate on behalf of residents of rooming houses, the homeless, and other vulnerable Victorians were consulted. In particular, the following groups were consulted:

- Victorian Council of Social Services
- Tenants Union of Victoria
- HomeGround Services

These groups argued that current standards in rooming houses are so inadequate as to cause significant detriment to safety, health and quality of life. These groups formed this judgement based on their extensive experience with inspections and outreach for rooming house residents. They were particularly concerned with the following:

- The impact of current rooming house standards on the health, safety and wellbeing of residents.
- Resident rights to request inspections.
- Recourse to appeal determinations made by inspectors.
- Loss of stock.

Landlord representatives

The Registered Accommodation Association of Victoria (RAAV) and the Real Estate Institute of Victoria (REIV) were consulted as part of the identification of standards and costs considered in this report. The REIV, although generally supportive of this proposal, did not indicate a strong view on rooming house matters.

RAAV seeks to represent owners of registered rooming houses across Victoria. Members of this organisation were primarily concerned with:

- The impact of increased standards on the viability of the rooming house sector.
- Ensuring that the increased standards would result in a net benefit for residents.

Local Government

Many local councils in Victoria are very actively engaged in issues relating to the rooming house sector. Councils are often the first point of contact for residents or owners of rooming houses when issues arise. In particular, the following local councils and representatives were consulted:

- Municipal Association of Victoria
- Greater Dandenong City Council
- Greater Geelong City Council
- Hume City Council
- Maribyrnong City Council
- Melbourne City Council
- Monash City Council
- Moreland City Council
- Port Phillip City Council
- Stonnington City Council
- Whitehorse City Council

Local councils provided extensive advice on the current quality of rooming house stock. Experts in building inspection, health inspection and planning provisions provided details about the extent to which current standards are complied with, estimates of current compliance rates with the proposed new standards, as well as an indication of pressures on the sector now and into the future. Local councils were primarily concerned with:

- Current standards – Councils argued that substandard conditions in rooming houses were contributing to various problems in local areas, including health and safety risks to residents and those they interact with, as well as issues associated with increased living density (e.g. noise, parking).
- Enforceability – Councils asked how the inspection of these standards will interact with inspections around existing regulations.

- Resources – Councils asked whether local governments would be required to contribute greater resources to the rooming house sector as a result of the new standards.
- Penalties – Councils asked if the penalties associated with the new regulations would be adequate and commensurate with the efforts required to enforce them.
- Closures – Some councils also expressed concerns about potential closures of rooming houses and the impact of closures on rates of homelessness.

Safety agencies

The following agencies monitor and advise on adverse events arising from fire, electrical and gas incidents:

- Metropolitan and Emergency Services Board
- Energy Safe Victoria

These organisations provided expert advice on the impact of inadequate fire, electrical and gas safety conditions in rooming houses, and recommended measures to ensure a minimum standard of safety. They were primarily concerned with:

- Ensuring that rooming house residents were afforded adequate protection against adverse incidents, especially in the case of vulnerable residents, and in those rooming houses which house a large number of people.
- Ensuring that the proposed standards were consistent with other regulations in place.
- Ensuring that the standards will be adequately understood and enforced by the relevant inspectors.

The minimum required consultation period for a RIS is 28 days. However, in this instance, Government is choosing to consult the public for 60 days. Therefore, all feedback should therefore be provided by 5pm on 14 October 2011. All submissions will be treated as public documents, unless otherwise indicated by the submitter. Written information should be sent to:

Ms Megan Kirchner
Director, Policy, Planning and Strategy
Housing and Community Building
RE: Regulatory Impact Statement – Rooming Houses
Department of Human Services
GPO Box 4057
MELBOURNE VIC 3001

In responding to the RIS, the following questions could be considered:

- What are likely to be the benefits for rooming house residents if the proposed regulations are implemented?
- What are the likely costs or impacts for stakeholders if the proposed regulations are implemented?

- What is likely to be the impact on the supply of rooming house accommodation from the implementation of the proposed regulations?
- Should any of the standards included in the proposed regulations be reconsidered and why? In particular, for the following four standards, are the benefits likely to exceed the costs:
  - kitchen facilities
  - laundry facilities
  - ventilation and lighting
  - gas and electricity safety checks.
- Are any of the proposed standards overly onerous or difficult to comply with? For example, the proposed requirement that all habitable rooms, bathrooms, shower rooms, toilets, and laundries must have ventilation and be adequately lit by natural light, including by borrowed light from an adjoining room.
- Are the proposed standards likely to impact on rents charged to rooming house residents?
- To what extent are any of the proposed standards likely to contribute to the closure of some rooming houses?
- Are the proposed parameters allowing rooming houses to be exempt from compliance with some standards in certain circumstances sufficient and appropriate? Should the parameters for exemption be reconsidered and, if so, how?
- Are the implementation timeframes reasonable?
- What additional measures will assist in the successful implementation of the proposed regulations?

Appendix 1 Proposed Regulations

Residential Tenancies (Rooming House Standards) Regulations

Exposure Draft

TABLE OF PROPOSALS

Victoria

Residential Tenancies (Rooming House Standards) Regulations

Exposure Draft

PART 1—PRELIMINARY

1 Objective

The objective of these Regulations is to prescribe—

(a) privacy, safety, security and amenity standards with which a rooming house owner must comply in relation to all or any combination of the following—

(i) rooming houses;

(ii) rooms in a rooming house;

(iii) rooming house facilities and services;

(iv) common areas of rooming houses;

(v) the general amenity of rooming houses; and

(b) other matters in relation to the regulation of rooming house standards.

2 Authorising provisions

These Regulations are made under sections 142C and 511 of the **Residential Tenancies Act 1997**.

3 Commencement

These Regulations come into operation on 1 October 2012.

4 Definitions

In these Regulations—

BCA means the Building Code of Australia;

BCA Volume One means Volume One of the National Construction Code Series including any variations or additions in the Appendix Victoria set out in the Appendices to that Volume;

BCA Volume Two means Volume Two of the National Construction Code Series including any Victoria additions set out in Appendix A of that Volume;

Building Code of Australia has the same meaning as in section 3(1) of the **Building Act 1993**;

habitable room has the same meaning as in the BCA;

National Construction Code Series has the same meaning as in section 3(1) of the **Building Act 1993**;

resident capacity means the maximum number of residents that a rooming house can accommodate;

the Act means the **Residential Tenancies Act 1997**.

_____

PART 2—STANDARDS

Division 1—Rooms in a rooming house

5 Prescribed standards for rooms in a rooming house

For the purposes of section 142B(1) of the Act, the prescribed privacy, safety, security and amenity standards in relation to a resident's room in a rooming house are the standards set out in this Division.

6 Door to resident's room

The prescribed standards in relation to a door used for ingress to and egress from a room provided to a resident of a rooming house are that—

(a) the door is fitted with a single locking device that is operated by a key from the side that faces a person seeking ingress; and

(b) the door is readily openable without a key from the side that faces a person seeking egress, by a single hand downward action or pushing action on a single device which is located between 900mm and 1100mm from the floor.

7 Power outlets in resident's room

The prescribed standards in relation to power outlets in a room provided to a resident in a rooming house are that—

(a) the room must have at least one double electrical power outlet; and

(b) the power outlet is in working order.

8 Windows in a resident's room

The prescribed standards in relation to a window in a room provided to a resident in a rooming house are that the window is fitted with a window covering that—

(a) can be opened or closed by the resident; and

(b) affords privacy to the resident.

Division 2—Facilities and Services

9 Prescribed standards for facilities and services provided to residents in a rooming house

For the purposes of section 142B(2) of the Act, the prescribed privacy, safety, security and amenity standards in relation to facilities and services available to a resident of a rooming house are the standards set out in this Division.

10 Bathroom facilities

The prescribed standard in relation to a door to a shared toilet or bathroom facility is that it is fitted with a privacy latch which can be securely locked from the inside without the use of a key.

11 Kitchen and food preparation area

The prescribed standards in relation to kitchen and food preparation areas of a rooming house are that—

(a) each resident of the rooming house has access to and use of a kitchen and food preparation area;

(b) if the kitchen and food preparation area is self contained within a resident's room, the following amenities are provided—

(i) a sink;

(ii) an oven and a cook top that are in working order;

(iii) a refrigerator with a minimum gross capacity of 80 litres that is in working order;

(iv) a storage cupboard with a minimum storage space of 0·13 cubic metres;

(c) if the kitchen and food preparation area is communal, the following amenities are provided—

(i) a sink;

(ii) not less than one oven that is in working order for every 10 or fewer residents based upon the resident capacity of the rooming house;

(iii) not less than one four burner cook top that is in working order for every 5 or fewer residents based upon the resident capacity of the rooming house;

(iv) a refrigerator with a minimum gross capacity of 400 litres that is in working order;

(v) not less than one vented, lockable cupboard for each resident based upon the resident capacity of the rooming house with a minimum storage space of 0·13 cubic metres.

12 Dining facilities

The prescribed standards in relation to dining facilities in a rooming house are that—

(a) each resident of the rooming house has access to a chair and table for dining;

(b) if the resident capacity of the rooming house is 30 residents or less and the dining facilities are provided in a common area—

(i) the number of chairs provided is equal to two-thirds of the resident capacity of the rooming house; and

(ii) the number of tables provided is equal to the number of tables that would be sufficient for use by two-thirds of the residents, based on the resident capacity of the rooming house, at any one time; and

(c) if the resident capacity of the rooming house is more than 30 residents and the dining facilities are provided in a common area—

(i) the number of chairs provided is equal to one-third of the resident capacity of the rooming house; and

(ii) the number of tables provided is equal to the number of tables that would be sufficient for use by one-third of the residents, based on the resident capacity of the rooming house, at any one time.

13 Laundry facilities

The prescribed standards in relation to the laundry facilities in a rooming house are that the rooming house owner provides—

(a) a communal laundry wash trough or basin plumbed to a continuous and adequate supply of hot and cold water; and

(b) immediately next to the laundry wash trough or basin, a designated space with hot and cold water supply outlets suitable for a washing machine; and

(c) a clothes line or other clothes drying facility.

Division 3—Rooming Houses

14 Prescribed standards for rooming houses generally

For the purposes of section 142B of the Act, the prescribed privacy, safety, security and amenity standards in relation to the rooms, facilities and services and common areas of a rooming house are set out in this Division.

15 Emergency plans and procedures

The prescribed standards in relation to the emergency plans and procedures of a rooming house are that—

(a) the rooming house owner must prepare an evacuation diagram for the rooming house in accordance with section 3.5 and Appendix E of AS 3745 Planning for emergencies in facilities, as published from time to time; and

(b) the evacuation diagram is prominently displayed in each resident's room and in all communal areas.

16 Electrical requirements

The prescribed standards in relation to the electrical requirements of a rooming house are that all power outlets and lighting circuits of or in a rooming house are connected to—

(a) a switchboard type Circuit Breaker that complies with AS/NZS 3000 Electrical installations, as published from time to time; and

(b) a switchboard type Residual Current Device that complies with—

(i) AS/NZS 3190 Approval and test specification—Residual current devices (current-operated earth-leakage devices), as published from time to time; or

(ii) AS/NZS 61008.1 Residual current operated circuit-breakers without integral overcurrent protection for household and similar uses (RCCBs): General rules, as published from time to time; or

(iii) AS/NZS 61009.1 Residual current operated circuit-breakers with integral overcurrent protection for household and similar uses (RCBOs) Part 1: General rules, as published from time to time.

17 Ventilation

The prescribed standards in relation to the ventilation requirements of a rooming house are that—

(a) if the rooming house is a class 1b building within the meaning of the BCA, each habitable room, bathroom, shower room, toilet and laundry has ventilation satisfying Performance Requirement P 2.4.5 of the BCA Volume 2 or the Acceptable Construction Practice set out in Part 3.8.5 of the BCA Volume Two;

(b) if the rooming house is a class 3 building within the meaning of the BCA, each habitable room, bathroom, shower room, toilet and laundry has ventilation satisfying Performance Requirements FP 4.3, FP 4.4

and FP 4.5 of the BCA Volume One or the Deemed-to-Satisfy Provisions requirements in F4.5 of the BCA Volume One.

18 Lighting

The prescribed standards in relation to lighting in or of a rooming house are that—

(a) the internal rooms, corridors and hallways of a rooming house have access to light, either natural or artificial, which provides a level of illuminance appropriate to the function or use of those rooms; and

(b) a habitable room has access to—

(i) natural light, including by borrowed light from an adjoining room, during daylight hours which provides a level of illuminance appropriate to the function or use of the room; and

(ii) artificial light during non-daylight hours which provides a level of illuminance appropriate to the function or use of the room.

19 Gas safety checks

The prescribed standard in relation to gas safety of a rooming house is that a gas safety check must be conducted at least once every 2 years by a licensed gasfitter of all gas installations and fittings at the rooming house.

20 Electrical safety checks

The prescribed standard in relation to electrical safety of a rooming house is that an electrical safety check must be conducted at least once every 5 years by a licensed electrician of all electrical installations and fittings at the rooming house.

21 External windows

The prescribed standard in relation to external windows of a rooming house is that each external window of the rooming house that is able to be opened is able to be securely fixed in a closed or open position without a key.

22 Entrances

The prescribed standards in relation to entrances to a rooming house are that—

(a) each entrance to the rooming house is fitted with a single locking device that is operated by a key from the outside and a lever that can be unlocked from the inside without a key; and

(b) the main point of entry to the rooming house has—

(i) a window, lockable screen door, peep-hole, security chain or intercom system; and

(ii) an external light fitting.

PART 3—GENERAL

Division 1—Records

23 Requirement to keep record of gas safety check

(1) A rooming house owner must retain a record of a gas safety check conducted in accordance with regulation 19 for a period of 2 years after the date that the gas safety check was conducted.

(2) A record under sub-regulation (1) must include the details of the licensed gasfitter who conducted the gas safety check.

24 Requirement to keep record of electrical safety check

(1) A rooming house owner must retain a record of an electrical safety check conducted in accordance with regulation 20 for a period of 5 years after the date that the electrical safety check was conducted.

(2) A record under sub-regulation (1) must include the details of the licensed electrician who conducted the electrical safety check.

25 Production of records

A rooming house owner must ensure that records required to be kept under this Part are made available for inspection by the Director if the Director conducts an investigation for the purposes of section 131A of the Act.

Division 2—Exemptions

26 Director may grant exemption

(1) The Director may exempt a rooming house owner from the obligation to comply with any of the standards set out in these regulations other than regulations 6, 7, 10, 15, 16, 19 and 20.

(2) Any exemption granted under sub-section (1) in respect of any standard may be—

(a) unconditional or on specified conditions; and

(b) either—

(i) a total exemption; or

(ii) an exemption limited to the extent specified by the Director including a limitation as to time.

27 Application for exemption

(1) The Director may grant an exemption under regulation 26 on an application being made by a rooming house owner.

(2) An application under sub-regulation (1) must be in writing in the form approved by the Director.

28 Grounds upon which an exemption may be granted

(1) The Director must not grant an exemption under regulation 26 unless the Director is satisfied that—

(a) due to the nature, age or structure of the rooming house, the rooming house owner is not able to modify the rooming house to comply with the relevant standards; or

(b) due to the obligation of a rooming house owner to comply with a competing law, the rooming house owner cannot comply with the relevant standards; or

(c) the rooming house owner has sufficiently addressed the relevant standards by alternative means.

(2) The Director must not grant an exemption under regulation 26 if the Director considers that granting an exemption poses an immediate threat to the safety of residents.

29 Notice of decision

(1) After considering an application made by a rooming house owner under regulation 27, the Director must notify the rooming house owner of the outcome of that application.

(2) If the Director grants an exemption under regulation 26, the notice under sub-regulation (1) must include details of—

(a) the rooming house standards from which the rooming house owner has been exempted;

(b) whether the exemption granted is unconditional or on specified conditions; and

(c) whether the exemption granted is a total exemption or a limited exemption and if limited, the respects in which it is limited.

30 Notice of exemptions to be published

Any exemptions granted by the Director under regulation 26 must be published in the Government Gazette as soon as practicable after the granting of the exemption and must provide details of the rooming house owner, the rooming house to which the exemption applies, the exemption granted and the date from which the exemption applies.

ENDNOTES

Table of Applied, Adopted or Incorporated Matter

The following table of applied, adopted or incorporated matter was included in accordance with the requirements of regulation 5 of the Subordinate Legislation Regulations 2004.

In this table—
BCA Volume One means Volume One of the National Construction Code Series including any variations or additions in the Appendix Victoria set out in the Appendices to that Volume; and
BCA Volume Two means Volume Two of the National Construction Code Series including any Victoria additions set out in Appendix A of that Volume.

Statutory rule provision	**Title of applied, adopted or incorporated document**	**Matter in applied, adopted or incorporated document**
Regulation 15(a)	Australian Standard AS 3745-2010 "Planning for emergencies in facilities" as published by Standards Australia on 25 November 2010.	Section 3.5 and Appendix E
Regulation 16(a)	Australian/New Zealand Standard 3000:2007 (incorporating Amendment No. 1) "Electrical installations (known as the Australian/New Zealand Wiring Rules)" as published by Standards Australia and Standards New Zealand on 30 July 2009.	Clause 1.4.2.6 and clause 2.4.3

Statutory rule provision	**Title of applied, adopted or incorporated document**	**Matter in applied, adopted or incorporated document**
Regulation 16(b)(i)	Australian/New Zealand Standard 3190: 2009 "Approval and test specification - Residual current devices (current-operated earth-leakage devices)" as published by Standards Australia and Standards New Zealand on 27 February 2009.	The whole
Regulation 16(b)(ii)	Australian/New Zealand Standard 61008.1:2004 "Residual current operated circuit-breakers without integral overcurrent protection for household and similar uses (RCCBs) Part 1: General rules" as published by Standards Australia and Standards New Zealand on 13 August 2004.	The whole
Regulation 16(b)(iii)	Australian/New Zealand Standard 61009.1:2004 (incorporating Amendment No. 1) "Residual current operated circuit-breakers with integral overcurrent protection for household and similar uses (RCBOs) Part 1: General rules" as published by Standards Australia and Standards New Zealand on 31 July 2007.	The whole

Statutory rule provision	**Title of applied, adopted or incorporated document**	**Matter in applied, adopted or incorporated document**
Regulation 17(a)	BCA Volume Two.	Performance Requirement P 2.4.5 and Acceptable Construction Practice Part 3.8.5 Ventilation
Regulation 17(b)	BCA Volume One.	Performance Requirements FP 4.3, FP 4.4 and FP 4.5 and Deemed-to-Satisfy Provisions requirements F4.5 Ventilation.

Appendix 2 Detailed Cost-Benefit Analysis

Following the release of the Rooming House Standards Taskforce Chairperson's Report, the Government made a commitment to improve on the areas in which rooming house standards in Victoria fall short of the community's expectations of a minimum acceptable quality. Evidence gathered from stakeholders clearly demonstrated that substandard rooming house accommodation can pose serious risks to rooming house residents, especially in terms of residents' safety and security, their privacy, their health and their quality of life.

The Department of Human Services has worked with other government departments, including the Department of Justice, the Department of Health, and the Department of Planning and Community Development, as well as advocacy groups, such as the Victorian Council of Social Services and the Tenants Union of Victoria, to develop a list of accommodation standards designed to address these risks. Expert input was also sought from fire and electrical safety experts, including the Metropolitan Fire and Emergency Services Board (MFB) and Energy Safe Victoria (ESV), and from local councils who are actively involved in inspecting rooming houses and assessing their current standards.

The outcome of these discussions was a shortlist of 17 possible standards, broadly categorised under two headings: safety/security and amenity. Although some standards could be seen to address more than one of these issues, these categories are intended to align with the problems as articulated in Chapter 2 of the Proposed Residential Tenancies (Rooming House Standards) Regulatory Impact Statement (RIS). The complete list of these 17 standards is set out in Table 16 below.

Table 16: Possible new standards to address issues in rooming houses

Issue	Standard
Safety/ Security	Fire-safe locks on bedroom doors.
	Fire evacuation diagram, whose procedures are prominently displayed.
	Switchboard type circuit breakers and residual current devices.
	At least one functional double power outlet in each bedroom.
	Gas and electrical safety checks conducted every 2 and 5 years, respectively.
	Keyless privacy latches on all toilet and bathroom doors.
	Security features (lockable main entrance, securable windows, screen doors)
	Rooms and bathrooms must have natural light and ventilation (according to the definitions in the Building Code) or natural light and mechanical ventilation (complying with Australian Standards).*
	Fit for purpose window coverings fitted in each bedroom.

Issue	Standard
	Provision of certain kitchen and dining facilities which are fit for purpose and allow residents to prepare and eat food.*
Amenity	Fixed heating source must be provided to at least one common area.
	Ceiling insulation must be installed.
	One toilet and shower, in different rooms, for every ten residents.
	Walls, floors, ceilings, doors, fixtures, fittings and facilities in a reasonable condition.
	Adequate living/common areas must be provided.
	Each openable window (or window which is fixed open) is fitted with a flyscreen.
	Provision of plumbed laundry wash trough or basin (not kitchen sink), as well as a clothes line or drying facility.

*This standard has both safety and amenity benefits.

In order to determine which of these standards would be net beneficial in achieving the stated objectives of the RIS, a preliminary cost analysis was conducted by an external firm. The substantive cost of implementing each individual standard was measured and assigned a (negative) cost score. Each standard was then assigned an individualised (positive) benefit score, measured against the base case, based on the evidence set out in Chapter 2 of the RIS. These two scores were then added together, such that each standard which achieved a positive score could be considered net beneficial.

Costs

The methodology for calculating the cost of each standard is as follows: firstly, the substantive cost for implementing each standard is calculated by estimating the upfront and ongoing costs, including the cost of labour. These estimates are shown in Table 19 below. This substantive cost is then calculated over a ten-year period to give the net present cost: an estimate of the total cost an average rooming house owner would bear over this period of time in today's dollars. This cost estimate is also dependent on the number of rooms in each rooming house. For the purposes of this analysis, the rooming house sector is broken up into 'small' and 'large' rooming houses, with the former having an average of seven rooms and the latter having an average of 40 rooms. These estimates are based on information contained in council rooming house registers. The ten-year substantive cost of each standard is shown in below.

The cost of each standard across the sector is measured using the following formula:

Ten-year substantive cost x *Number of rooming houses* x *Compliance rate*

The number of rooming houses is estimated using council rooming house registers (as at April 2010) together with an assumed growth rate of 1.5 per cent in the small rooming house sector (estimated to be around 90 per cent of the registered sector, amounting to 701 registered rooming houses), while the number of large rooming houses (36) is estimated to remain constant. The compliance rate for each standard was estimated based on interviews with health and building inspectors from ten local councils, whose jurisdictions contained almost two-thirds of the registered rooming houses as at April 2010.

The substantive costs will be incurred by different groups, depending on the option. For example, under the subsidy option (Option 4), the substantive costs would be borne by the Government. Under the regulatory options (Options 1 and 2) and the code of conduct option (Option 3), the substantive costs would be borne by owners or, if owners seek to pass on those costs, by residents in the form of higher rents. It is not immediately clear the extent to which owners would be able to raise rents to cover these costs. Rooming house rents are fundamentally related to rents in the private market, which in turn are driven by factors such as population increase and the broader supply-demand imbalance in the affordable housing sector, as described in Appendix 3 of the RIS. Indeed, evidence to the Rooming House Standards Taskforce suggests that many owners are currently charging the maximum amount of rent that the market can bear,[66] which suggests that owners would either absorb the costs (and reduce their profit margins) or exit the market.

The total cost across the rooming house sector is shown below. For the purposes of comparing costs with benefits, these total costs are converted into a score as follows

Score	Cost range (PV over ten years)
0	No different from base case (i.e. $0)
-1	$0 - $500,000
-2	$500,000 - $1,000,000
-3	$1,000,000 - $5,000,000
-4	$5,000,000 - $10,000,000
-5	$10,000,000+

Benefits

Each standard is assigned a benefit score as a means of assessing its capacity to achieve the stated regulatory objectives; namely, to reduce loss of life and injury in rooming houses, to reduce adverse health outcomes for residents, and to reduce adverse impacts on quality of life of substandard accommodation. These scores range from 0 to +5, as follows:

[66] Rooming House Standards Taskforce (2009) *Chairperson's report*, Government of Victoria, Melbourne p.7

Score	Explanation
+5	Highly significant benefit
+4	Major benefit
+3	Substantial benefit
+2	Minor benefit
+1	Marginal benefit
0	No benefit

For some standards, there is a degree of uncertainty around their potential benefit. Where this uncertainty is significant, the scores are adjusted downwards to reflect this.

Safety

Evidence from the Victorian Coroner's *Record of investigation into death of Leigh Sinclair and Christopher Giorgi* and the MFB indicate that the fire safety measures are likely to save lives, perhaps several over a period of ten years. Therefore these measures receive the maximum benefit score. Similarly, the MFB and ESV argue strongly for the importance of the gas and electrical safety measures. Evidence gathered by the Rooming House Standards Taskforce suggests that improved security measures are likely to lead to significant improvements in safety for residents.

Amenity

Feedback from preliminary consultations indicated that adequate facilities represent a major benefit for rooming house residents. The benefit has the potential to be somewhat lessened given that other obstacles can prevent residents from utilising these facilities, for example, feelings of insecurity. As such, the benefits have been scored lower than they otherwise would be.

The scores are assigned as described in Table 17 below.

Table 17: Benefit scores for potential standards

Potential standard	Potential benefits	Benefit score
Fire-safe locks on bedroom doors	As per the Victorian Coroner's recommendation that this additional standard be immediately established,[67] this standard is likely to prevent rooming house deaths. Unpublished MFB data over the period 1998-2008 report four fatalities in rooming houses. The monetary benefit is likely to be well over $3.7 million[68] due to avoided deaths, which is highly significant.	5

[67] State Coroner of Victoria, *Record of Investigation into Death, Case No: 3727/06*, p.24

[68] Victorian Competition and Efficiency Commission, *Suggested value of a statistical life in RISs and BIAs*

Potential standard	Potential benefits	Benefit score
Fire evacuation diagram	Evacuation diagrams would improve the information available to residents around escape routes and procedures in the event of fire. This is especially important for short term/transient residents who may be relatively unfamiliar with their living environment. To prevent future fatalities, the MFB recommended that this additional standard be immediately established in their post incident report of the 2006 Brunswick rooming house fire. As with the other safety standards, since this measure is likely to prevent loss of life, the monetary benefit would be well over $3.7m, which is highly significant.	5
Locks on toilet and bathroom doors	The Rooming House Standards Taskforce heard evidence of female residents being assaulted in shared toilets and bathroom facilities.[69] The Rooming House Standards Taskforce Chairperson recommended that this standard be immediately implemented, in order to help prevent these kinds of assaults, and the serious concomitant consequences to health and wellbeing – both physical and mental. Research in the US suggests that, in 1996, the economic cost of a single incident of sexual violence approached US$100,000.[70] If this measure could help prevent just a handful of incidents of sexual assault a year, the monetary benefit is likely to be over $10m – a highly significant benefit.	5
Power overload protection	Mandating power overload protection is aimed at preventing circuit and other infrastructure damage, overheating, fire or explosion as a result of power overloads. The Rooming House Standards Taskforce recommended that this additional standard be immediately established. Given the fact that rooming houses are at risk of power overload due to the large number of residents and the disproportionally heavy use of power, this measure is likely to reduce incidence of fire and infrastructure damage, and may even prevent loss of life or injury. The monetary benefit is therefore likely to approach $3.7m, which would mean a highly significant benefit.	5
One double power outlet in each bedroom	Mandating one double outlet per bedroom would reduce the risk of fire by reducing the likelihood of multiple residents 'piggybacking' off a single power outlet. The Rooming House Standards Taskforce Chairperson recommended that this additional rooming standard be immediately established. If this measure can prevent loss of life and injury, and avoid damage to infrastructure and property, the monetary benefit is likely to be well over $3.7m, which would be highly significant.	5
Gas and electrical safety	Failure to ensure that gas and electrical fittings are in working order can cause death, serious injury and/or serious property damage. While the impact of this problem may be significant, the extent to which the absence of electrical and gas checks has resulted in such fire risks is not known. ESV's Annual Report indicates there to be 3,261 electricity-related fires and 74 gas-related fires in 2008-09. However the extent to which these relate to rooming houses, and which could have been prevented through electrical and gas checks, is not known. Given this uncertainty the benefit score should be adjusted downward, so the measure is best described as being of minor benefit.	2
Security	Addressing security and privacy problems is an important policy objective. While the extent of security and privacy concerns arising from the absence of lockable doors at the entrance and security features (such as peep holes) to identify entrants is not known, there is anecdotal evidence of residents feeling unsafe in rooming houses and sleeping in parks due to concerns for their personal safety. The Rooming House Standards Taskforce also heard evidence of crime (theft, assault and drug dealing) within rooming houses,[71] which carries an associated cost. Although the monetary benefit is uncertain, if the introduction of lockable doors and additional security features can reduce the incidence of crime and increase residents' feelings of safety and privacy, this would lead to a major benefit.	4

[69] Rooming House Standards Taskforce (2009) *Chairperson's Report*, 18 September 2009, p.21
[70] Post, L. et al., 'The Rape Tax: Tangible and Intangible Costs of Sexual Violence', *Journal of Interpersonal Violence*, 17(7), 2002, pp.773-782
[71] Rooming House Standards Taskforce (2009) *Chairperson's Report*, 18 September 2009, p.16

Potential standard	Potential benefits	Benefit score
Maintenance (walls, floors, ceilings and doors, fixtures, fittings and facilities)	Inadequate maintenance of properties correlates with adverse health and wellbeing outcomes. This standard is designed as an intervention to address this. Studies have shown that interventions to ensure good quality housing can have a positive effect on physical health, mental health and overall wellbeing. Given that rooming house residents are particularly vulnerable, and are often suffering from other risk factors due to poor health, including socio-economic and lifestyle issues, the potential benefits of this standard could amount to major savings in terms of avoided accident, injury or health costs. Nevertheless, there is significant uncertainty around the effectiveness of this standard, and therefore the benefit is scored downwards to reflect this.	2
Ventilation and lighting	Adequate lighting offers important security benefits for residents. There are consistent reports of residents feeling unsafe in rooming houses – particularly women and those who are made vulnerable by disability or mental illness. Advocates and residents report that crimes such as theft, assault and drug dealing are common. Crime prevention literature argues the importance of lighting in facilitating 'natural surveillance'. Natural surveillance is a design concept in which potential offenders are kept under observation by others, hence minimising opportunistic crime.[72] Natural lighting and ventilation also offer amenity benefits to residents. There is an established literature on the availability of natural light improving physiological and psychological health, which has supported its use in aged care and other assisted-living facilities.[73] Like residents in those facilities, many rooming house residents are frail, aged, disabled or have mental health issues. They are generally unemployed and because of the nature of living arrangements in rooming houses, will often spend significant periods of time in their rooms (as outlined previously in the RIS).	3
Window coverings in each bedroom	In rooming houses, residents live with unrelated people and usually have exclusive occupancy only to their own room. In such living arrangements, a resident's capacity to maintain privacy and associated feelings of personal space and security are limited to the confines of their room. Other parts of their home are occupied by unknown, and frequently changing, individuals housed at the discretion of the rooming house owner. Individuals with drug and alcohol issues, mental health problems, acquired brain injury and/or intellectual disability (who may at times exhibit aggression or other forms of anti-social behaviour) are prevalent in the resident cohort. Residents often fear each other and incidents of violence between residents are common. Without window coverings, residents are limited in their capacity to restrict interactions with other residents. Window coverings would benefit residents by affording them the capacity to control visual intrusion by co-residents into their private space. This would improve feelings of privacy and personal security, which would be expected to contribute to a reduction in disputes. Stakeholders have argued that the provision of window coverings will also assist in improving the thermal efficiency of properties. The proposed standard does not specify the thermal quality of the window covering to be provided and thus the impact of such benefit is less significant.	2
Heating	There is a strong link in the literature between heating and adverse health outcomes.[74] For people living in temperatures between 12 and 16°C, respiratory problems become more common. The impact of the benefit of this standard is limited by the fact it only guarantees heating in common areas and not bedrooms. It is therefore likely that this measure would amount to only a marginal health and wellbeing benefit.	1

[72] Geason, S and Wilson, P (1989) *Designing Out Crime: Crime Prevention through Environmental Design"*
[73] US Department of Energy, National Renewable Energy Laboratory (2002) *A Literature Review on the Effects of Natural Light on Building Occupants*
[74] Howden-Chapman, Philippa, Housing standards: A glossary of housing and health, in *Journal of Epidemiology and Community Health*, 2004; 58; 163.

Potential standard	Potential benefits	Benefit score
Kitchen area	Stakeholders identified poor standards in rooming house kitchens as a major issue affecting residents' health and wellbeing. Most rooming house residents are on very low fixed incomes (often with complicating health issues), with many residents eating only once per day due to their financial circumstances. Residents cannot afford to buy pre-prepared food, and the ingredients that are purchased for food preparation are often at risk of being stolen by other residents. Disputes over theft of food are also prevalent and the safety of residents is compromised where kitchen facilities are inadequate or unsuitable for sharing. Residents are dependent on the owner to fit out kitchen facilities to a base level – they would not, for example, supply their own fridges, microwaves, kettles etc in communal kitchens because of the risk that that appliance might be stolen or damaged by other residents. Rooming houses are different to shared housing in this respect and owners take on additional responsibilities associated with these differences. Where the kitchen facilities provided are inadequate or unsafe, residents supplement the limited facilities provided by owners by providing their own kettles, microwaves, etc. and storing food (including perishables) in their individual rooms. Fire services cite cooking in rooms and overloading of electrical outlets as increasing the risks of fire in these premises. Inappropriate food storage also increases the risk of pest infestations. Existing building law does not specify in detail the features of a kitchen to be provided in rooming houses. Surveys of local councils estimated that 40% of registered rooming houses do not have adequate kitchen and dining facilities. To counter these issues, residents require facilities to store and prepare food. Residents of rooming houses, unlike share houses, are also not likely to share the preparation and consumption of food and so kitchens must be designed to allow for multiple residents to prepare and eat meals simultaneously. The proposed regulation would benefit clients by reducing incidents of disputes and/or violence between tenants, reducing fire and infestation risks, and improving food security by reducing theft and spoilage of food.	3
Living areas	Some stakeholders argued that rooming house residents ought to have access to communal living areas, in order to socialise with other residents as well as guests. Others argued, however, that common areas are sometimes thought to increase the risks to residents, since they are more likely to be the site of violence and theft. Moreover, since no one resident is responsible for that area, the common areas are less likely than bedrooms to be kept clean or in good condition. Given the great uncertainty around the consequences of this measure, the benefits must be regarded as minor.	2
Insulation	In discussions with stakeholders, there were concerns around inadequate heating and the need for thermal insulation of houses. The benefits of ceiling insulation would effectively accrue to landlords and owners (as they would need to pay the energy bills). Sustainability Victoria indicates that ceiling insulation can save 20–30% of heating and cooling energy,[75] and therefore energy costs would also decrease, along with concomitant improvements in health outcomes for residents. However, not all rooming houses could be insulated, and not all insulation is equally effective in heating and cooling or in improving health and wellbeing outcomes. Given this uncertainty, the benefit score should be adjusted downwards, with the measure most likely to lead to a marginal benefit.	1

[75] http://www.sustainability.vic.gov.au/resources/documents/Insulation_benefits.pdf

Potential standard	Potential benefits	Benefit score
Flyscreens on windows	The issue of flyscreens on windows was raised by some stakeholders during the consultation process. Arguably, the impact would be largely in terms of reducing nuisance costs to residents that would only be present during summer months, so the benefit is likely to be marginal.	1
Laundry facilities	The lack of laundry facilities may create inconvenience to residents. Moreover, laundromats are often a more expensive alternative to washing clothes at home, and those residents who cannot afford the additional expense may choose to go without, with potential consequences on health and wellbeing. However, this standard does not guarantee that residents would not use laundromats located off-site, given that they may not be able to supply their own washing machine (e.g. it may be too costly for the resident to procure, or there are security issues around leaving private property in common areas). Provision of a basin, taps and clothes lines etc. would allow residents to do their laundry within the rooming house premises, and often at a lower cost than at a laundromat. The time, effort, and cost saved would likely lead to a marginal benefit.	1
Toilet and bathing facilities	The Public Health and Wellbeing Regulations 2009 already requires one toilet and shower for every ten residents. However, conflicts may arise in sharing bathroom facilities where the toilet and shower is in the same room. This results in inconvenience (i.e. residents needing to wait to use the shower when the toilet is engaged). Including an additional requirement to provide an additional toilet or shower, if toilet and shower facilities are in the same room (i.e. cannot be accessed at the same time), will directly address resident amenity and convenience around accessing toilets and bathrooms, which would likely lead to a marginal benefit.	1

Net score

The net benefit associated with each standard is assessed by adding the benefit score to the cost score. Those standards which have a positive net score are likely to be net beneficial, since the cost of achieving that standard is outweighed by the benefits that are likely to accrue to the residents. On the other hand, where a standard has a negative net score, then the cost of implementing the benefits are not likely to be significant enough to justify the cost of achieving that standard.

The net cost and benefit score of each standard is set out in Table 18 below.

Table 18: Net benefits for potential standards

Potential standard	Cost score	Benefit score	Net score
Fire-safe locks on bedroom doors	-3	5	2
Fire evacuation diagram	-1	5	4
Locks on toilet and bathroom doors	-1	5	4
Power overload protection	-1	5	4
One double power outlet in each bedroom	-2	5	3
Gas and electrical safety	-2	2	0
Security	-1	4	3

Potential standard	Cost score	Benefit score	Net score
Maintenance (walls, floors, ceilings and doors, fixtures, fittings and facilities)	-3	2	-1
Ventilation and lighting	-3*	3	0
Window coverings in each bedroom	-1	2	1
Heating	-2	1	-1
Kitchen area	-3	3	0
Living areas	-5	2	-3
Insulation	-2	1	-1
Flyscreens	-2	1	-1
Laundry facilities	-1	1	0
Toilet and bathing facilities	-5	1	-4

*because not all costs have been factored in this score has been revised to -3 instead of -1.

The table demonstrates that of the 17 standards originally proposed, six have cost-benefit scores of -1 or less. These standards are, therefore, very unlikely to be the best means of achieving the stated objectives. The 11 remaining standards are included in the multi-criteria analysis to determine the most appropriate means of putting them into effect.

The remaining 11 standards have non-negative scores, which suggests that for these standards the benefits equal or outweigh the costs. These ought, therefore, to be considered the most important standards to achieve the stated objectives.

Table 19: Detailed substantive costs

Item	Upfront cost	Ongoing costs	Source / Description
General			
Fire-safe locks in bedrooms	$274 x 7 (small) $274 x 40 (large)		Costing approach: Installation and purchase cost of firesafe lock. Capital/Service cost: Fire-safe locks range from $108 to $165. For the purposes of this analysis, a midpoint of $136.50 is adopted. (http://www.locksgalore.com.au/page/shop/browse/a/category/e/locks_deadlocks_deadlatches) Labour Hours: A labour cost of 2.5 hours is assumed for installation.
Fire evacuation diagram	$55		Costing approach: Preparation cost of evacuation plan. Labour Hours: A labour cost of 1 hour is assumed for preparation.
Locks on toilet and bathroom doors	$67 x 1.5 (small) $67 x 4 (large)		Costing approach: Installation and purchase cost of lock. Capital/Service cost: Bathroom locks range from $9 to $15. For the purposes of this analysis, a midpoint of $12 is adopted. (http://www.authenticlightingandhardware.com/cabin-hooks.html) Labour Hours: A labour cost of 1 hour is assumed for installation.
Power overload protection	$500		Costing approach: $500 to professionally install and fit. Source: http://www.commerce.wa.gov.au/energysafety/PDF/Misc/RCD_flyer.pdf
Power outlet in each bedroom	$208 x 7 (small) $208 x 40 (large)		Costing approach: Installation and purchase cost of power outlets. Capital/Service cost: Power outlets range from $6 to $10. For the purposes of this analysis, a midpoint of $8 is adopted. (http://www.electricalwholesales.com.au/c/124494/1/general-power-outlets.html) Labour Hours: A professional labour cost of $200 is assumed for installation.
Window coverings	$180 x 7(small) $180 x 40 (large)		Costing approach: Installation and purchase cost of window covering. Capital/Service cost: Estimated cost of window coverings is $70. (http://www.iseekblinds.com.au/buynow/buynow_25mm.asp); Labour Hours: A labour cost of 2 hours is assumed for installation.
Maintenance		$2,500 (small) $7,500 (large)	Costing approach: Percentage of capital value of building to represent annual maintenance bill. Estimated yearly maintenance cost @ 0.5% (as advised by DHS) of property value.
Kitchen area			
Kitchen area		$8,320	Costing approach: Ongoing average annual operating cost based on rent per room per annum.

Item	Upfront cost	Ongoing costs	Source / Description
Bench top oven/cooktop	$1,778 x 1 (small) $1,778 x 4 (large)		Costing approach: Installation and purchase cost of upright oven with cook-top. Capital cost: Electric ovens range from $700 to $1,000. For the purposes of this analysis, a midpoint of $850 is used. (http://www.myshopping.com.au/PT--304_Upright_Ovens_Electric__fs_8252_p2_e__) Service cost: Estimated installation cost for an electric oven is $385. (Reeves Electrical Contractors) Costing approach: Installation and purchase cost of 4 burner cook-top. Capital cost: Electric cook-tops range from $338 to $395. For the purposes of this analysis, a midpoint of $367 is used. (http://www.myshopping.com.au/PR--389208_Westinghouse_PHR255_Electric_Cooktop?Find=electric%20cooktop%204%20burner). Service cost: Estimated installation cost for an electric oven is $176. (Reeves Electrical Contractors)
Sink	$438		Costing approach: Installation and purchase cost of sink. Capital cost: Estimated cost of kitchen sink is $179 and mixer tap is $79. (http://www.bunnings.com.au/emag/bunnings/index.aspx?document=catalogue/vic_metro) Service cost: Estimated installation cost of kitchen sink and tap is $180. (GnS Gas and Plumbing)
Lockable food storage cupboards	$433 x 2 (small) $433 x 10 (large)		Costing approach: Installation and purchase cost of lockable cupboards. Capital/Service cost: Estimated cost of 2 x 4 unit lockable storage cupboards is $378. (http://www.officeworks.com.au/retail/products/Furniture/Bookcases-and-Storage/Storage-Cabinets/OWQUAN4DSG) Labour Hours: A labour cost of 1 hour is estimated for installation.
Large refrigerator	$999 x 1 (small) $999 x 4 (large)		Costing approach: Purchase cost of refrigerator. Capital/Service cost: Estimated cost of large refrigerator is $999. (www.retravision.com.au)
Hot and cold running water	$90		Costing approach: Installation cost of hot/cold water supply to kitchen. Capital/Service cost: Estimated installation cost to connect hot and cold water to kitchen area is $90. (GnS Gas and Plumbing)
Tables and chairs	$639 x 1 (small) $639 x 4 (large)		Costing approach: Purchase cost of tables and chairs (7 piece). Capital/Service cost: Estimated cost of tables and chairs (7 piece) is $639. (www.ikea.com.au)

Item	Upfront cost	Ongoing costs	Source / Description
Gas and electrical safety checks			
Electrical	$200		Costing approach: Service cost per check. Capital/Service cost: Estimated cost of electrical safety check is $200. (Energy Safe Victoria)
Gas	$90		Costing approach: Service cost per check. Capital/Service cost: Estimated cost of gas safety check is $90. (GnS Gas and Plumbing)
Ventilation and lighting	$971 x 2		Costing approach: Assumes mechanical ventilation and skylights are only required where no window is present. Assumes in the case of larger premises that bathrooms are larger (ie contain multiple toilets and showers). Assumes that artificial lighting fixtures are installed as per BCA performance provisions and the costs associated with light-bulbs etc to ensure fixtures illuminate are negligible. Costing approach: Cost of installing mechanical ventilation and skylight. Capital cost (ventilation): Small mechanical fans range from $120 to $270. For the purposes of this analysis, a midpoint of $195 is used. (http://www.ventilationwarehouse.com.au/pages/products.asp?cat=7&sub=125) Service cost (ventilation): Estimated installation cost of a small mechanical fan is $140. (Reeves Electrical Contractors) Capital/Service cost (lighting): Estimated cost and installation of a skylight is $636. (http://www.skylightshop.com.au)
Living areas			
Living area		$9,100	Ongoing average annual operating cost based on the opportunity cost of rent per room per annum.
Furnishings	$649		Costing approach: Purchase cost of two couches and coffee table. Capital/Service cost: Estimated cost of 2 basic couches and 1 coffee table is $649. (www.ikea.com.au)
Security			
Securely fixed windows	$50 x 9 (small) $50 x 33 (large)		Costing approach: Cost of installing window locks. Capital/Service cost: Estimated cost of a window lock is $22.50. (http://www.hardwarefast.com.au/component/cubecart/?_a=viewProd&productId=1533) Labour Hours: A labour cost of 0.5 hours is assumed for installation.

Item	Upfront cost	Ongoing costs	Source / Description
Locked main entrance	$274		Costing approach: Installation and purchase cost of fire-safe lock. Capital/Service cost: Fire-safe locks range from $108 to $165. For the purposes of this analysis, a midpoint of $136.5 is adopted. (http://www.locksgalore.com.au/page/shop/browse/a/category/e/locks_deadlocks_deadlatches) Labour Hours: A labour cost of 2.5 hours is assumed for installation.
Ability to screen visitors at entrance	$42		Costing approach: Cost of installing and purchasing peephole on door. Capital/Service cost: Estimated cost of door peephole is $14. (www.bunnings.com.au) Labour Hours: A labour cost of 0.5 hours is assumed for installation.
Insulation	$1,400 (small) $5,600 (large)		Costing approach: Cost of installing ceiling insulation. Capital/Service cost: Estimated cost and installation of ceiling insulation for a 200 sq/m house is $1,400. This cost is calculated at 4 times for large rooming houses. (Source: Insulation & Skylight Services)
Heating	$328	$113	Costing approach: Cost of installing high efficiency heater plus annual operating costs. Capital/Service cost: Estimated price for efficient electric wall panel heater is $328. (http://www.getprice.com.au/NOBO-750W-PANEL-HEATER-Gpnc_125--42535624.htm) Operating cost: Estimated operating costs for electric panel heater are $113 per year. This assumes an hourly rate of around $0.12 per hour and a usage rate of 8 hours per day, 120 days per year. (Sustainable Energy Authority Victoria, 2004)
Windows	$115 x 9 (small) $115 x 33 (large)		Costing approach: Installation and purchase cost of flyscreen. Capital/Service cost: Estimated cost of a fly screen is $60. (www.bunnings.com.au) Labour Hours: A labour cost of 1 hour is assumed for installation.
Laundry facilities			
Clothes line/Drying facility	$424		Costing approach: Installation and purchase cost of clothesline. Capital cost: Clotheslines range from $189 to $389. For the purposes of this analysis, a midpoint of $289 is used. (http://www.lifestyleclotheslines.com.au/folding-frame-clothes-line) Service cost: Estimated installation cost of a clothesline is $135. (http://www.lifestyleclotheslines.com.au/folding-frame-clothes-line)
Trough/basin	$475		Costing approach: Installation and purchase cost of trough/basin. Capital cost: Estimated cost of a laundry trough with cabinet is $295. (http://www.bournebathrooms.com.au/bathroom-kitchen) Service cost: Estimated installation cost of laundry trough is $180. (GnS Gas and Plumbing)

Item	Upfront cost	Ongoing costs	Source / Description
Toilet and bathing facilities		$9,100	Ongoing average annual operating cost based on the opportunity cost of rent per room per annum.

Notes: Where costs are time based, $55 per hour has been used as the default labour rate throughout this analysis (which includes on-costs).[76]

[76] Victorian Competition and Efficiency Commission (2011) 'Suggested default methodology and values for staff time in BIA/RIS analysis', in *Victorian Guide to* Regulation, Victorian Government, Melbourne.

Table 20: Ten-year substantive costs for small rooming houses for 17 standards

Projections											
Years											
Discount period		1	2	3	4	5	6	7	8	9	10
Growth factor		1.02	1.03	1.05	1.06	1.08	1.09	1.11	1.13	1.14	1.16
Discount		0.97	0.93	0.90	0.87	0.84	0.81	0.79	0.76	0.73	0.71
Number of small rooming houses		701	712	723	733	744	756	767	778	790	802
Number of new small rooming houses		701	11	11	11	11	11	11	12	12	12
Item	Present value	1	2	3	4	5	6	7	8	9	10
Fire-safe locks on bedroom doors	$874,037	$807,131	$12,107	$12,289	$12,473	$12,660	$12,850	$13,043	$13,238	$13,437	$13,638
Fire evacuation diagram	$33,418	$30,860	$463	$470	$477	$484	$491	$499	$506	$514	$521
Locks on toilets and bathroom doors	$38,165	$35,244	$529	$537	$545	$553	$561	$570	$578	$587	$596
Power overload protection	$227,851	$210,410	$3,156	$3,203	$3,252	$3,300	$3,350	$3,400	$3,451	$3,503	$3,555
One double power outlet in each bedroom	$552,918	$510,594	$7,659	$7,774	$7,890	$8,009	$8,129	$8,251	$8,375	$8,500	$8,628
Window coverings in each bedroom	$382,790	$353,488	$5,302	$5,382	$5,463	$5,545	$5,628	$5,712	$5,798	$5,885	$5,973
Maintenance	$3,885,360	$438,353	$444,928	$451,602	$458,376	$465,252	$472,231	$479,314	$486,504	$493,802	$501,209
Kitchen area											
Bench top oven/cooktop	$375,195	$346,474	$5,197	$5,275	$5,354	$5,435	$5,516	$5,599	$5,683	$5,768	$5,855
four-burner cooktop	$164,964	$152,336	$2,285	$2,319	$2,354	$2,389	$2,425	$2,462	$2,499	$2,536	$2,574
Sink	$133,065	$122,879	$1,843	$1,871	$1,899	$1,927	$1,956	$1,986	$2,015	$2,046	$2,076
Lockable food storage cupboards	$131,546	$121,476	$1,822	$1,849	$1,877	$1,905	$1,934	$1,963	$1,992	$2,022	$2,053
Large refrigerator	$303,498	$280,265	$4,204	$4,267	$4,331	$4,396	$4,462	$4,529	$4,597	$4,666	$4,736
Tables and chairs	$194,129	$179,269	$2,689	$2,729	$2,770	$2,812	$2,854	$2,897	$2,940	$2,984	$3,029
Gas and electrical safety checks											

Electrical	$245,195	$126,246	$1,894	$1,922	$1,951	$1,980	$128,256	$3,934	$3,993	$4,053	$4,113
Gas	$257,678	$56,811	$852	$57,676	$1,730	$58,567	$2,635	$59,485	$3,566	$60,430	$4,526
Ventilation and lighting	$442,487*	$408,615	$6,129	$6,221	$6,314	$6,409	$6,505	$6,603	$6,702	$6,802	$6,905
Living areas											
Living area	$28,285,420	$3,191,211	$3,239,079	$3,287,665	$3,336,980	$3,387,035	$3,437,840	$3,489,408	$3,541,749	$3,594,875	$3,648,798
Furnishings	$246,459	$227,593	$3,414	$3,465	$3,517	$3,570	$3,623	$3,678	$3,733	$3,789	$3,846
Security											
Locked main entrance	$124,862	$115,304	$1,730	$1,756	$1,782	$1,809	$1,836	$1,863	$1,891	$1,920	$1,948
Ability to screen visitors at entrance	$18,912	$17,464	$262	$266	$270	$274	$278	$282	$286	$291	$295
Securely fixed windows	$205,066	$189,369	$2,841	$2,883	$2,926	$2,970	$3,015	$3,060	$3,106	$3,153	$3,200
Insulation	$637,983	$589,147	$8,837	$8,970	$9,104	$9,241	$9,379	$9,520	$9,663	$9,808	$9,955
Heating	$666,461	$216,551	$58,766	$59,647	$60,542	$61,450	$62,372	$63,307	$64,257	$65,221	$66,199
Flyscreens	$471,652	$435,548	$6,533	$6,631	$6,731	$6,832	$6,934	$7,038	$7,144	$7,251	$7,360
Laundry facilities											
Clothes line/Drying facility	$96,609	$89,214	$1,338	$1,358	$1,379	$1,399	$1,420	$1,442	$1,463	$1,485	$1,507
Trough/basin	$108,229	$99,945	$1,499	$1,522	$1,544	$1,568	$1,591	$1,615	$1,639	$1,664	$1,689
Toilet and bathing facilities	$16,971,252	$1,914,726	$1,943,447	$1,972,599	$2,002,188	$2,032,221	$2,062,704	$2,093,645	$2,125,049	$2,156,925	$2,189,279
Total	$56,075,200	$11,266,521	$5,768,805	$5,912,148	$5,944,020	$6,089,991	$6,250,776	$6,275,102	$6,312,418	$6,463,915	$6,504,063

*This cost is likely to have been underestimated because it does not include any costs associated with repairing windows.

Table 21: Ten-year substantive costs for traditional rooming houses for 17 standards

Projections											
Years											
Discount period		1	2	3	4	5	6	7	8	9	10
Growth factor		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Discount		0.97	0.93	0.90	0.87	0.84	0.81	0.79	0.76	0.73	0.71
Number of traditional rooming houses		36	0	0	0	0	0	0	0	0	0
Number of new traditional rooming houses		0	0	0	0	0	0	0	0	0	0
Item	Present value	1	2	3	4	5	6	7	8	9	10
Fire-safe locks on bedroom doors	$228,730	$236,736	$0	$0	$0	$0	$0	$0	$0	$0	$0
Fire evacuation diagram	$1,530	$1,584	$0	$0	$0	$0	$0	$0	$0	$0	$0
Locks on toilets and bathroom doors	$4,661	$4,824	$0	$0	$0	$0	$0	$0	$0	$0	$0
Power overload protection	$10,435	$10,800	$0	$0	$0	$0	$0	$0	$0	$0	$0
One double power outlet in each bedroom	$144,696	$149,760	$0	$0	$0	$0	$0	$0	$0	$0	$0
Window coverings in each bedroom	$100,174	$103,680	$0	$0	$0	$0	$0	$0	$0	$0	$0
Maintenance	$561,371	$67,500	$67,500	$67,500	$67,500	$67,500	$67,500	$67,500	$67,500	$67,500	$67,500
Kitchen area											
Bench top oven/cooktop	$68,730	$71,136	$0	$0	$0	$0	$0	$0	$0	$0	$0
four-burner cooktop	$30,219	$31,277	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sink	$6,094	$6,307	$0	$0	$0	$0	$0	$0	$0	$0	$0
Lockable food storage cupboards	$30,122	$31,176	$0	$0	$0	$0	$0	$0	$0	$0	$0
Large refrigerator	$55,597	$57,542	$0	$0	$0	$0	$0	$0	$0	$0	$0
Tables and chairs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Gas and electrical safety checks	$35,562	$36,806	$0	$0	$0	$0	$0	$0	$0	$0	$0
Electrical											
Gas	$11,532	$6,480	$0	$0	$0	$0	$6,480	$0	$0	$0	$0
Ventilation and lighting	$12,334*	$2,916	$0	$2,916	$0	$2,916	$0	$2,916	$0	$2,916	$0
Living areas	$20,264	$20,974	$0	$0	$0	$0	$0	$0	$0	$0	$0
Living area											
Furnishings	$1,362,260	$163,800	$163,800	$163,800	$163,800	$163,800	$163,800	$163,800	$163,800	$163,800	$163,800
Security	$11,287	$11,682	$0	$0	$0	$0	$0	$0	$0	$0	$0
Locked main entrance	$5,718	$5,918	$0	$0	$0	$0	$0	$0	$0	$0	$0
Ability to screen visitors at entrance	$866	$896	$0	$0	$0	$0	$0	$0	$0	$0	$0
Securely fixed windows	$34,435	$35,640	$0	$0	$0	$0	$0	$0	$0	$0	$0
Insulation	$116,870	$120,960	$0	$0	$0	$0	$0	$0	$0	$0	$0
Heating	$31,685	$11,115	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850	$2,850
Flyscreens	$103,200	$106,812	$0	$0	$0	$0	$0	$0	$0	$0	$0
Laundry facilities											
Clothes line/Drying facility	$4,424	$4,579	$0	$0	$0	$0	$0	$0	$0	$0	$0
Trough/basin	$4,957	$5,130	$0	$0	$0	$0	$0	$0	$0	$0	$0
Toilet and bathing facilities	$817,356	$98,280	$98,280	$98,280	$98,280	$98,280	$98,280	$98,280	$98,280	$98,280	$98,280
Total	$3,815,109	$1,404,312	$332,430	$335,346	$332,430	$335,346	$338,910	$335,346	$332,430	$335,346	$332,430

*This cost is likely to have been underestimated because it does not include any costs associated with repairing windows.

Table 22: Cost scores for each standard

Standards	Regulation	Cost score
Fire-safe locks on bedroom doors	$1,102,767	-3
Fire evacuation diagram	$34,949	-1
Locks on toilets and bathroom doors	$42,826	-1
Power overload protection	$238,286	-1
One double power outlet in each bedroom	$697,614	-2
Window coverings in each bedroom	$482,964	-1
Maintenance	$4,446,731	-3
Kitchen area	$1,528,720	-3
Gas and electrical safety checks	$526,740	-2
Ventilation and lighting	$462,751*	-3
Living areas	$29,905,426	-5
Security	$389,859	-1
Insulation	$754,852	-2
Heating	$698,146	-2
Flyscreens	$574,852	-2
Laundry facilities	$214,219	-1
Toilet and bathing facilities	$17,788,608	-5

*This cost is likely to have been underestimated. Therefore a score of -3 instead of -1 has been assigned to take into account compliance costs that could be greater than $1 million in practice.

Appendix 3 Context Within the Affordable Housing Market

In a competitive market, consumers may ordinarily choose not to stay in poor quality accommodation. However, this section demonstrates that, in the current affordable housing market, demand far outweighs supply. Thus, not everyone who stays in poor quality accommodation has the opportunity or means to exercise that choice. Many rooming house residents have very few alternatives to rooming house accommodation and so would not be able to participate freely in the market place in the same way as other consumers.

Private rental

Since 2006, there has been a sharp and significant decline in the availability of affordable private rental accommodation in metropolitan Melbourne. Similar stresses, though less acute, have developed in the regional rental market during that time. This reflects the increases in the cost of renting which occurred over this period.

As of March 2011, less than 20 per cent of all new lettings across the state were affordable to lower income households. This compares with a rate of over 30 per cent in March 2006.

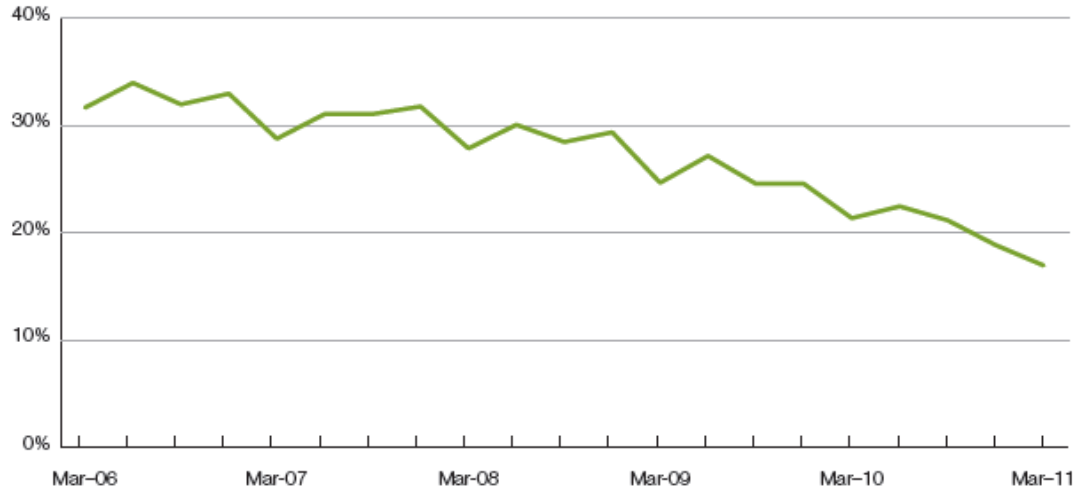

Figure 2: Affordable rentals as a proportion of all rentals, Victoria as at March 2011
Source: Rental Report, Department of Human Services.

This coincides with a sharp increase in the rate of rent increases observed in Melbourne (and, to a lesser extent, in regional Victoria) between 2004 and 2008, as measured by the rent indices developed by the Department of Human Services in the quarterly *Rental Report.* The change in these indices over time is plotted below.

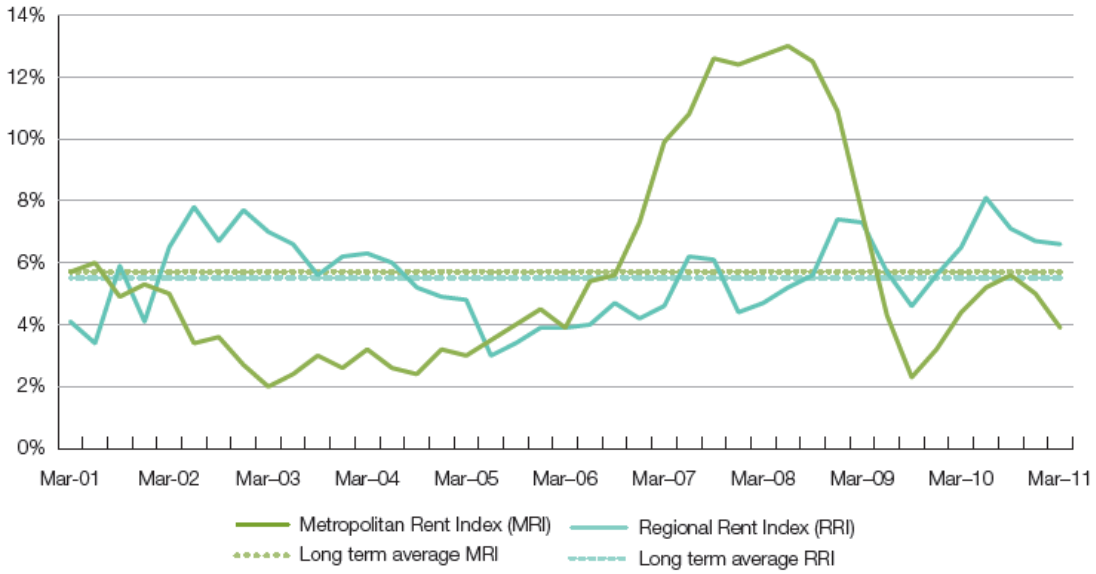

Figure 3: Metropolitan Rent Index and Regional Rent Index, annual percentage change, as at March 2011
Source: Rental Report, Department of Human Services

Perhaps the most profound demonstration that the private rental market is currently going through an historically significant period of tightening is in the way Melbourne's vacancy rate has been trending in recent years. The vacancy rate measures the proportion of private rental properties which are unlet at a given point in time. The average vacancy rate for the period between 2000 and 2005 was 3.6 per cent, but has remained below 2 per cent for almost the past five years, as demonstrated in Figure 4.

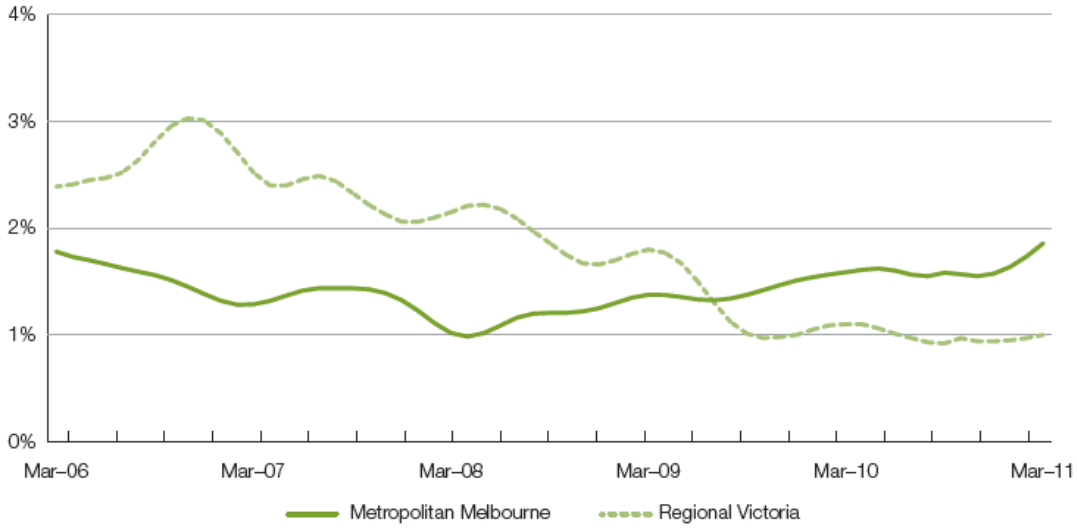

Figure 4: Melbourne rental vacancy rate, trend, as at March 2011

State of supply

Housing supply is a critical element of a structural and multi-dimensional housing affordability problem. There has been a sharp deterioration in the affordability of housing in recent times due to factors set to continue, including strong population growth and continued overall favourable tax-transfer treatment of owner-occupied housing. The National Housing Supply Council estimates that there is a substantial gap between total underlying housing demand and total supply which amounts to a cumulative shortfall of 178,400 dwellings Australia-wide. Under assumptions of medium growth in demand and supply, this gap is projected to grow to 308,000 dwellings by 2014. By 2019, the gap is projected to increase to 436,300 dwellings and, by 2029, to 640,600.[77]

Moreover, the burden of poor housing affordability is not equally distributed. Lower-income households experienced high housing costs (more than 30 per cent of income) at almost double the average rate for the population. This proportion had risen from 24 to 28 per cent over the decade to 2002, while the average rate stayed stable.

Growth in the rooming house sector

In 2004, the Australian Housing and Urban Research Institute found that rooming houses were in decline in Queensland, New South Wales and Tasmania. However, the state of the Victorian rental market since that time suggests this is a trend unlikely to occur in Victoria. Part of the decline in Queensland was caused by a tightening of regulation after a fire at the Childers Backpackers Hostel in 2000.

Indeed, the Rooming House Standards Taskforce Chairperson's Report found that the rooming house sector in Victoria has grown in recent times, particularly the number of smaller rooming houses. This growth is attributable to the tightening of the private rental market more broadly, as described above. Given the National Housing Supply Council's projections that the housing supply-demand imbalance is likely to continue to grow over the coming decades, it is reasonable to assume that small rooming houses will continue to be very profitable enterprises. As such, the market is likely to grow – although the National Housing Supply Council's analysis suggests that even with significant growth the rooming house market will continue to be distorted by a substantial supply-demand imbalance, which disadvantages residents.

[77] National Housing Supply Council (2010) *2nd State of Supply Report 2010*, Commonwealth of Australia, Canberra.

Appendix 4 Coverage Rate Survey

The Department of Human Services conducted a survey of inspectors from ten local councils in 2010, whose jurisdictions incorporated around two-thirds of registered rooming houses, as well as staff from the Tenants Union of Victoria (TUV) and inspectors from Consumer Affairs Victoria (CAV). This survey is included below.

These groups have first-hand experience of current conditions in rooming houses, and so were able to form a view as to the extent of the existing coverage of the proposed standards. Respondents were asked to estimate how many rooming houses would currently meet the additional standards.

There is some uncertainty associated with these estimated rates of coverage, in that they sometimes varied quite substantially across jurisdictions. The table below uses the average coverage rate across all survey respondents and includes the complete survey along with measurements of the variance of estimates for each standard.

It should be noted that these surveys focused primarily on private rooming houses, since the state of Director of Housing-owned properties is monitored against the *Community Housing Standards*, which seek to address precisely these issues. Altogether, though, these estimates also give an important indication of the extent of the problem of deficient rooming housing accommodation.

Potential Standard	Av (rounded)	Std Dev
Fire-safe locks on bedroom doors, i.e. a locking device that can be unlocked and opened from the inside with a single hand action and without a key.	40%	0.33
Fire evacuation diagram, whose procedures are prominently displayed.	20%	0.17
Switchboard type circuit breakers and residual current devices.	40%	0.33
Gas and electrical safety checks conducted every 2 and 5 years, respectively.	10%	0.09
Openable windows able to be fixed in a closed or open position, without a key.	60%	0.30
Keyless privacy latches on all toilet and bathroom doors.	50%	0.33
Security features at main point of entry that allows residents to screen visitors.	40%	0.32
Building entrance to be lockable with fire-safe locking devices.	40%	0.38
At least one functional double power outlet in each bedroom.	50%	0.33
Window coverings fitted in each bedroom.	60%	0.28

Potential Standard	Av (rounded)	Std Dev
Walls, floors, ceilings, and doors in 'reasonable condition'.	80%	0.24
Fixtures, fittings and facilities in 'reasonable condition'.	70%	0.23
Rooms and bathrooms must have natural light and ventilation (according to the definitions in the Building Code of Australia) or natural light and mechanical ventilation (complying with certain Australian Standards).	70%	0.30
Provision of an adequate, furnished, living space in a habitable room to serve as a common area.	50%	0.30
Ceiling insulation must be installed.	40%	0.24
Provision of certain kitchen and dining facilities that are fit for purpose and allow residents to prepare and eat food.	60%	0.31
Fixed heating source must be provided to at least one common area.	30%	0.33
Each openable window (or window which is fixed open) is fitted with a flyscreen.	40%	0.24
Provision of plumbed laundry wash trough or basin (not kitchen sink), as well as a clothes line or drying facility.	70%	0.24
One toilet and shower for every 10 residents, not in the same room.	70%	0.24

Rooming House Standards – survey for local councils

1. Particulars

Your organisation's name				
What aspect of rooming houses do you inspect?	Building regulations	Public health regulations	Resident wellbeing	Other (please explain):
How many rooming houses do you inspect annually?				
What sort of rooming house stock are you most concerned with?				
Large rooming houses	Student accommodation	Converted private dwellings	Other	

2. How would you rate the quality of the rooming houses in your area against the following categories:

Category	**Rating**				
Fire, gas and electrical safety	Very poor	Poor	Average	Good	Excellent
Personal safety and security	Very poor	Poor	Average	Good	Excellent
Cleanliness and hygiene	Very poor	Poor	Average	Good	Excellent
Adequacy of facilities and fixtures	Very poor	Poor	Average	Good	Excellent
Impact on surrounding environment and neighbourhood	Very poor	Poor	Average	Good	Excellent

3. Possible new standards

Category	Standard	How many rooming houses would currently meet this standard? (estimate)					
Fire, gas and electrical safety	Fire-safe locks on bedroom doors, i.e. a locking device which can be unlocked and opened from the inside with a single hand action and without a key.	0%	20%	40%	60%	80%	100%
	Fire evacuation plan, whose procedures are prominently displayed.	0%	20%	40%	60%	80%	100%
	Switchboard type circuit breakers and residual current devices.	0%	20%	40%	60%	80%	100%
	Gas and electrical safety checks conducted every 2 and 5 years, respectively.	0%	20%	40%	60%	80%	100%
	At least one functional double power outlet in each bedroom (note that power boards are not a suitable substitute).	0%	20%	40%	60%	80%	100%
Personal safety and security	Keyless privacy latches on all toilet and bathroom doors.	0%	20%	40%	60%	80%	100%
	Security features at main point of entry which allow residents to screen visitors.	0%	20%	40%	60%	80%	100%
	Building entrance to be lockable with fire safe locking devices (as defined above).	0%	20%	40%	60%	80%	100%
	Openable windows able to be fixed in a closed or open position, without a key.	0%	20%	40%	60%	80%	100%

Category	Standard	How many rooming houses would currently meet this standard? (estimate)					
Cleanliness and hygiene	Window coverings fitted in each bedroom.	0%	20%	40%	60%	80%	100%
	Walls, floors, ceilings and doors in 'reasonable condition'	0%	20%	40%	60%	80%	100%
	Fixtures, fittings and facilities in 'reasonable condition'	0%	20%	40%	60%	80%	100%
	Dwelling to be reasonably free from moisture and damp, whatever the cause.	0%	20%	40%	60%	80%	100%
Adequacy of facilities and fixtures	Rooms and bathrooms must have natural light and ventilation (according to the definitions in the Building Code of Australia) or natural light and mechanical ventilation (complying with certain Australian Standards).	0%	20%	40%	60%	80%	100%
	Provision of an adequate, furnished, living space in a habitable room to serve as a common area.	0%	20%	40%	60%	80%	100%
	Ceiling insulation must be installed.	0%	20%	40%	60%	80%	100%
	Provision of certain kitchen and dining facilities must be provided, either by providing a kitchenette in self-contained rooms, or providing one set of communal facilities for every ten residents.	0%	20%	40%	60%	80%	100%
	Fixed heating source must be provided to at least one common area.	0%	20%	40%	60%	80%	100%
	Each openable window (or window which is fixed open) is fitted with a flyscreen.	0%	20%	40%	60%	80%	100%
	Provision of plumbed laundry wash trough or basin (not kitchen sink), as well as a clothes line or drying facility.	0%	20%	40%	60%	80%	100%
	One toilet and shower for every ten residents (as per PHWR), with additional requirement that where toilet and shower facilities are in the same room (i.e. cannot be accessed at the same time) an additional toilet or shower must be provided.	0%	20%	40%	60%	80%	100%

8 July 2011

Ms Megan Kirchner
Director, Housing Policy
Department of Human Services
Level 24, 50 Lonsdale Street
MELBOURNE VIC 3000

Victorian
Competition & Efficiency
Commission

Level 14, 55 Collins Street
Melbourne Victoria 3000
GPO Box 4379
Melbourne Victoria 3001
telephone (03) 9092 5800
facsimile (03) 9092 5845
email contact@vcec.vic.gov.au
web www.vcec.vic.gov.au

Dear Ms Kirchner

ASSESSMENT OF REGULATORY IMPACT STATEMENT

Thank you for seeking an assessment of the Regulatory Impact Statement (RIS) on the proposed *Residential Tenancies (Rooming House Standards) Regulations 2011*.

The Victorian Competition and Efficiency Commission (VCEC) assesses the adequacy of RISs as required under section 11 of the *Subordinate Legislation Act 1994* (the Act). I advise that the final version of the RIS received on 8 July 2011 meets the requirements of section 10 of the Act.

The VCEC's assessment is based on the adequacy of the evidence presented in the RIS and is focused on the quality of the analysis rather than the merits of the proposal itself. **Therefore, an assessment of adequacy by the VCEC does not represent an endorsement of the proposal.**

The following important qualifications are made in regard to the VCEC's assessment of the RIS.

Existence of amenity problems

The RIS presents limited evidence to demonstrate the existence of significant amenity problems in rooming houses. The RIS states that the Department of Human Services (the Department) acknowledges that it is difficult to provide evidence of a causal link between the amenity of rooming houses and outcomes for residents. Stakeholder feedback may assist in providing further evidence on the nature and extent of amenity problems.

Multi-criteria analysis

The multi-criteria analysis presented in the RIS does not clearly identify a preferred option. That is, the proposed regulations consisting of 11 new standards that require rooming house operators to improve the safety/security and amenity of their premises has been awarded the same total score as an option with seven safety/security standards. The proposed regulations have been identified as the preferred option by the Department on the basis that the additional standards provide greater protection to rooming house residents. Stakeholder feedback will be important in determining whether the proposed four additional standards, relating to gas and electrical safety checks, kitchen facilities, laundry facilities, and ventilation and lighting, should be included in the proposed regulations. That is, whether the additional benefits of these four standards to residents justify imposing additional costs.

Total costs of the proposed standards

The proposed standards are estimated to cost $9.2 million in present value terms over a 10 year period. The VCEC notes that the total estimated cost may not include all costs likely to be incurred by rooming house operators in practice. For instance, it was not possible to estimate the total compliance cost of the ventilation and lighting standard due to uncertainty

about how operators will comply (for example, repairing windows or installing mechanical fans and skylights). Stakeholder feedback may assist in providing information about these costs.

Costs to rooming house residents

The RIS also notes that rooming house operators may pass on increased costs arising from the new standards to rooming house residents through higher rents. Combined with the potential for some rooming house closures (resulting from the proposed regulations), this may partly negate the objective of improving living standards for residents. Stakeholder feedback may assist in determining the extent of pass through of costs to rooming house residents and the likelihood of rooming house closures.

In the interests of transparency, most departments publish this assessment letter alongside the RIS when it is released for consultation. The VCEC recommends that you do the same.

If you have any questions, please contact RegulationReview@vcec.vic.gov.au.

Yours sincerely

N Voukelatos

Nick Voukelatos

Acting Assistant Director

Victorian Competition and Efficiency Commission