Informal accommodation and vulnerable households

Scale, drivers and policy responses in metropolitan Sydney

A report prepared in conjunction with the Sydney Policy Lab and the Urban Housing Lab by Professor Nicole Gurran, Dr Madeleine Pill, Dr Sophia Maalsen, Dr Tooran Alizadeh and Dr Pranita Shrestha.

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sydney.edu.au/sydney-policy-lab
Get in touch

For information or to contact the Sydney Policy Lab:

Sydney Policy Lab
Level 5 RD Watt Building
The University of Sydney NSW 2006
(+61) 2 8627 5977

policy.lab@sydney.edu.au

— sydney.edu.au/sydney-policy-lab
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Executive summary

Sydney’s ongoing housing affordability crisis has hit low income and vulnerable groups with particular severity. The chronic shortage of social and affordable housing has forced many to seek alternative, often informal arrangements, ranging from share accommodation, often in severely overcrowded conditions, through to living in dwellings which may contravene planning or building regulations. This report explores these informal, sometimes illegal, arrangements which are emerging in parts of Sydney in response to unmet housing needs.

Those at the frontline in local government and advocacy have unique insights into the nature and scale of Sydney’s ‘hidden’ housing problems which are not easily captured in standard housing supply and residential tenancy data. This scoping study was developed in collaboration with Fairfield City Council, Waverley Council and the Tenants Union of NSW and funded by the University of Sydney’s Policy Lab. It draws from qualitative data collected through interviews and focus groups with building inspectors, planners and housing advocates to cast light on the production and occupation of informal housing in Sydney.

Existing demographic and housing market data provide useful context to understand the market for informal housing. Over 14% of households in Sydney, and over 18% of households in Waverley and Fairfield LGAs, spend 30% or more of their income on rent. Affordability pressures are compounded by the loss of traditional sources of low cost rental accommodation, such as boarding houses. Low income earners and those without a rental history, such as recent migrants, face particular barriers to accessing affordable rental accommodation through the private market. With more people increasingly unable to access the private rental sector, the market for informal housing arrangements has burgeoned.

The informal dwelling types being produced take different forms in different parts of Sydney, ranging from subdivision of apartments and houses to create multiple dwellings, to the construction of secondary dwellings such as “granny flats”. Some of these dwellings comply with planning system and building requirements, but many do not. Illegal dwellings in particular pose significant health and safety risks to occupants and amenity risks to the wider neighbourhood.

Informal housing tenures range from private agreements between residents and property owners, through to the sharing arrangements becoming more common across all age groups which increasingly involve individual room rental rather than groups of friends who have chosen to share. The resultant risks for those living in the informal sector relate to reduced or unclear legal protections, and high rental and other costs compounded by the prevalence of unscrupulous practices. Conflicts abound, as a result of overcrowding, between individual residents of share houses, or due to households living in close proximity to one another in secondary dwellings. Housing advocates stress their clients tolerate these issues due to the barriers they face when seeking to access the formal rental market. As well as insecure tenure, many informal rental arrangements involve substandard and inappropriate housing.

The typology of informal housing developed through this study identifies a range of informal dwelling types and forms of tenure, as well as outlining key concerns in terms of household needs and risks to health and safety. A key finding is that the many of the informal accommodation types identified in this study present unacceptable risks to vulnerable tenants or are unsuitable for long-term occupation. As increasing numbers of lower income earners become unable to enter the private rental market without assistance, and are forced into share or other alternative arrangements, it has become more important to better understand the existing and potential role of the informal sector in addressing these needs.
Future research efforts should measure the scale of and trends in informal housing provision across Sydney and non-metropolitan regions, and develop a basis for monitoring and improving the quality and security of low cost housing provided within the private rental sector. In addition to establishing baseline data on informal housing supply and demand, perspectives from residents and providers of different informal housing arrangements are needed to inform policy development.

Informal housing may make an important contribution to Australia’s housing system. But previous planning reforms designed to boost and diversify housing supply need to be evaluated in terms of the extent to which they deliver anticipated benefits to those in need. Specific measures currently being deployed and which could be extended seek to raise awareness about the problems of illegal dwelling production, and the wider issues affecting residents living in informal housing arrangements. However, without a sufficient supply of alternative housing to serve the needs of low income and vulnerable groups, there will continue to be a market for illegal dwelling production in Sydney. This places local government compliance officers and housing support workers who become aware of illegal dwellings in a very difficult position. Structurally, major policy reform is needed to reduce demand for informal housing by increasing the supply of affordable rental accommodation, and addressing the barriers to accessing the formal system experienced by lower income and vulnerable groups.
1. Introduction

The chronic shortage of affordable rental housing remains a primary policy challenge for metropolitan Sydney, with over 271,000 lower income households in rental stress, including 94% of very low income and 35% of moderate income renters (Family and Community Services 2018). It is estimated that a further 130,000 households in NSW are unable to form, because they are unable to access affordable rental accommodation (Rowley, Leishman et al. 2017). These people are forced to stay living with immediate family, relatives or friends, or face outright homelessness.

As media attention focuses on cyclical trends in house prices, rents, and dwelling approvals, and on the barriers facing first home buyers trying to enter the market, the informal, makeshift, and sometimes illegal arrangements which emerge in the context of this unmet housing need are more difficult to monitor. Internationally, there has been growing concern about forms of marginal accommodation which mask street homelessness, such as “beds in sheds” which appear to be growing rapidly in London (Bramley 2017). In the United States (US), it has been estimated that up to five per cent of housing supply, nationally, is produced without formal permission (Durst and Wegmann 2017). The issue appears most problematic in expensive housing markets where unscrupulous landlords provide inadequate accommodation to vulnerable tenants, at inflated costs, rather than when homes are modified to serve their owners’ changing needs (Wegmann 2015). As well as concerns about social inequality and the range of other issues associated with poor quality housing, informal and illegal housing can expose residents to serious health and safety risks. In Sydney, this was highlighted by the recent fire in an illegally subdivided Bankstown apartment which resulted in the death of an international student (Dillon 2015).

Those at the frontline in local government and advocacy have unique insights into these issues. To examine the potential nature and scale of Sydney’s ‘hidden’ housing problems, this scoping study was developed in collaboration with Fairfield City Council, Waverley Council and the Tenants Union of NSW (TUNSW), and funded by the University of Sydney’s Policy Lab.

Aims of this study

In this context, this study aimed to:

- scope the nature and scale of informal housing provision in different parts of Sydney;
- identify the drivers of informal housing arrangements and of illegal dwelling provision;
- canvas the risks associated with specific types of informal housing arrangements, and the groups most likely to experience these risks;
- examine relationships between informal or illegal dwelling production and existing policy, planning and regulatory frameworks; and
- identify potential policy responses, as well as research priorities for further development.

The research drew primarily on qualitative data collected through interviews with building inspectors and planners from local government, and with housing advocates, advisors and support workers. Demographic and housing market data provided contextual information.
What is ‘informal housing’?

An important part of this study was to develop an understanding about what ‘informal housing’ might mean in the context of Sydney. International research on ‘informal’ housing has traditionally focused only on the global South (Harris 2017). However, recent research has questioned assumptions that informal housing provision is confined to cities in developing nations, pointing to examples of irregular and illegal dwellings and rental arrangements in North America (for instance, ‘basement’ conversions in Calgary, Canada, backyard units in Los Angeles, and mobile home communities in California), Hong Kong (roof top houses), and the UK (‘beds in sheds’) (Tanasescu, Wing-tak et al. 2010, Perry 2013, Durst 2014, Mukhiya and Mason 2015, Wegmann and Mawhorter 2017). All of these examples are highly contextual, emerging within or beside formal structures of residential development and tenure.

In a global review of emerging notions of informality in urban development, Harris (2017) defines ‘informality’ as not adhering to institutional rules or as being denied protection from prevailing rules. We adopt this understanding for this study, adapting it to the housing context as follows:

Informal housing means housing that contravenes existing planning, building, or tenancy rules, or which offers residents few protections within these rules.

Examples of informal housing within this definition include illegally constructed, converted or occupied dwellings, as well as informal rental arrangements not subject to standard residential tenancy agreements, including share housing and room rentals. This would include secondary dwellings such as rear “granny flats”, or other self-contained accommodation within a primary dwelling, which may be legally constructed but which are leased on an informal basis. Sometimes these secondary dwellings are permitted or encouraged specifically as a type of affordable housing strategy.

Overall, a key attribute of these housing arrangements is that they are not easily captured in mainstream data on the housing market. For instance, data on new housing supply consists of dwelling ‘approvals’ or ‘occupancy’ certificates; while data on the dwelling stock relies heavily on geocoded addresses and five yearly census counts. In NSW, housing market data consists largely of official sales transactions and rental leases lodged with the Rental Bond Board. But informal housing is supplied and accessed beyond these processes, and may even be deliberately concealed.

We explore the dimensions of informal housing in Sydney further throughout this report.

Research approach

The small but growing body of research on informal housing in the US (Durst and Wegmann 2017, Wegmann and Mawhorter 2017); unauthorised housing in Canada (Goodbrand and Hiller 2017); as well as share and marginal arrangements within the private rental sector in Australia (Parkinson, James et al. 2018, Gurran and Maalsen 2018, forthcoming) informed our approach to this study. Interviews with local government building inspectors, planners, and an elected representative; and with housing advocates, advisers and support workers, provided the primary data for this study. We considered this qualitative, explorative approach the most appropriate method for examining informal housing in Sydney, given the lack of prior published research on this issue in Australia.
Interviews and focus groups

We conducted a total of 14 interviews, with 19 participants, between December 2017 and June 2018. In addition, we held two focus groups at the University of Sydney in August 2018, with a wider group of local government and housing workers.

As well as interviewing key informants from our three partner organisations (Fairfield and Waverley councils and the Tenants Union of NSW), a snowballing method was adopted to identify participants.

The interviews sought to canvas expert perspectives on:

- the nature and scale of informal housing provision in parts of Sydney, and trends over time
- the dwelling types and residential areas in which informal housing typically appears
- key impacts and risks arising from informal housing within the locality
- likely drivers of the phenomenon
- groups which appear to be particularly affected
- evidence needed to inform immediate policy interventions and to develop a systematic basis for ongoing research and monitoring of the informal housing sector
- existing strategic policy tools and interventions to support more appropriate and affordable housing options in areas of high need
- other potential strategic policy tools and interventions to support more appropriate and affordable housing options in areas of high need.

The interviews were structured by a set of core questions, but interviewees were free to elaborate on their responses and add additional information they believed relevant to the study. Interviews were recorded and transcribed for subsequent analysis by the research team.

The two focus groups provided an opportunity to discuss key findings of the study and identify potential implications for further research and policy development.

Typologies of informal housing

A draft typology of informal dwellings and housing tenures was developed through the study. This typology was informed by a review of the international research literature on informal dwelling provision, particularly within the context of the global north, and of research on share housing and other “hidden” housing tenures. The interview data provided primary information about the different types of informal dwelling in Sydney as well as the range of informal tenures, the varying dimensions of legality associated with this housing, and the potential risks associated with accessing or occupying this accommodation.

In addition, members of the research team examined evidence collected by Fairfield local government building inspectors over a twelve month period, and undertook site visits with building inspectors to examine different forms of informal housing within residential neighbourhoods. For the most part, informal and illegal dwelling units are hidden within rear extensions, gardens, garages or outbuildings, apparent in some cases by additional letterboxes or unusual street or rear lane presentations. A subset of building plans submitted as part of complying development

1 In NSW, “complying development” is development that meets preset criteria, and which may be approved by a private certifier. Complying development certificates must be lodged with local council, and buildings must satisfy
documentation were also analysed. These included approved plans for developments including sheds, studios, and dwellings with unusual configurations, identified by the Fairfield building inspectors as typical of designs with high potential for subsequent illegal dwelling conversion or subdivision. Following analysis of these plans, a series of diagrams were drawn to summarise common ways in which illegal dwellings may be created within the regulated system of planning and building approval.

This material was presented and refined with focus group participants.

**Contextual data**

Demographic and housing market data were collected to provide contextual information for this study. In particular, data from the 2016 Census were examined with a particular focus on population growth and new housing provision in Fairfield and Waverley local government areas, as well as homelessness and group housing trends in Sydney more widely. Rental data were sourced from the NSW Rent and Sales reports (Department of Family and Community Services 2018).

**Ethics and confidentiality**

Interview and focus group data were provided on an anonymous basis, consistent with the University of Sydney ethics protocol for this study. In presenting the results of the study in this report, we have taken care to ensure that individual participants are not identified.

**Limitations and contributions of this study**

As a scoping study, this project involved a limited number of interviewees, and focused on selected areas of Sydney only. The lack of reliable baseline data about informal housing provision makes it difficult to evaluate the findings of this project against other indicators. Further, rather than seeking the specific perspectives and experiences of those living in informal housing provision, the study focused on the issue in a more aggregated way, through interviews with local government and housing professionals. These limitations need to be acknowledged in considering the findings of the study.

However, the data and insights developed through this study represent a first attempt to uncover the processes and drivers of informal housing provision in Sydney, in collaboration with front line professionals within local government, housing advocacy, and support services.

**Structure of this report**

The report proceeds as follows:

- Section one provides contextual data for the study, and examines the nature and scale of informal dwelling production in Sydney, the existing planning and policy frameworks within which informal and illegal dwellings arise, and the potential health and safety risks associated with particular types of informal dwelling provision.

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National Construction Code standards. Private certifiers may certify both planning and construction phases of the development, and issue final occupation certificates, stating the building is fit for intended occupation or use.
• Section two examines informal housing tenures, including the range of informal rental arrangements emerging in parts of Sydney and the risks for those living in or seeking to access this sector of the housing system.

• Section three draws this data together, highlighting potential policy implications and responses to informal housing production in Sydney. Section three also identifies priorities for research and policy development.
2. Context and key drivers

Key points

- Over 14% of households in Sydney and over 18% of households in Waverley and Fairfield LGAs pay 30% or more of their income on rent.
- Affordability pressures have been compounded by the loss of traditional sources of low cost rental accommodation, such as boarding houses, from inner Sydney, including Waverley.
- Low income earners and those without a rental history, such as recent migrants, face particular barriers to accessing affordable rental accommodation through the private market.
- With more people increasingly unable to access the private rental sector, a potential market for non-standard and informal housing arrangements has burgeoned.

The case study localities

To examine informal responses to housing affordability pressures in Sydney, this pilot study focused in particular on two case study local government areas: Waverley, in Sydney’s East; and Fairfield, in Sydney’s South West (Map 1).

Overall, Waverley has a more affluent population, with a median household income of $2,308 per week, compared to $1,750 in Greater Sydney (Table 1). In Fairfield, where there is high unemployment (10.5%), the median income is only $1,222, and nearly a quarter of households receive less than $650 per week. Fairfield has high cultural diversity, and has a high migrant population, with nearly three quarters of the community speaking a language other than English at home. Over the last two years Fairfield has also been subject to significant intake of refugees (approximately 10,000 people) under a Federal Government resettlement program. This has significant implications for the provision and demand for affordable/social housing in the area.

In both Fairfield and Waverley, there is high levels of rental housing stress. Overall, 65% of very low, low, and moderate income rental households in Fairfield, and 86% in Waverley, spent 30% or more of their income on housing in 2016, compared to 64% in metropolitan Sydney.

Table 1: Selected characteristics, Fairfield and Waverley

<table>
<thead>
<tr>
<th></th>
<th>Fairfield</th>
<th>Waverley</th>
<th>Greater Sydney</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>198,817</td>
<td>66,812</td>
<td>4,823,991</td>
</tr>
<tr>
<td>Median Household Income (weekly)</td>
<td>$1,222</td>
<td>$2,308</td>
<td>$1,750</td>
</tr>
<tr>
<td>Household income less than $650 per week</td>
<td>23.5%</td>
<td>12.4%</td>
<td>16.8%</td>
</tr>
<tr>
<td>Very low, low, and moderate income rental households in housing stress</td>
<td>65%</td>
<td>86%</td>
<td>64%</td>
</tr>
<tr>
<td>English only spoken at home</td>
<td>24.8%</td>
<td>68.8%</td>
<td>58.4%</td>
</tr>
</tbody>
</table>

Source: (ABS 2016, Family and Community Services 2018)
Figure 1: Case study localities

Source: authors, data derived from Greater Sydney Commission

Central City: Blacktown, Cumberland, Parramatta, The Hills Shire
Eastern City: Bayside, Burwood, Canada Bay, Inner West, Randwick, Strathfield, Sydney, Waverley, Woollahra
North: Hornsby, Hunters Hill, Ku-ring-gai, Lane Cove, Mosman, North Sydney, Northern Beaches, Ryde, Willoughby
South: Canterbury-Bankstown, Georges River, Sutherland Shire
Western City: Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith, Wollondilly

Source: authors, data derived from Greater Sydney Commission
Both localities recorded population growth of around 1% per annum between 2011-2016, a lower rate than metropolitan Sydney overall (Figure 2). This reflects the more established residential character of Fairfield and Waverley, where infill housing development, rather than major new ‘greenfield’ land release or renewal projects, provides the main pipeline for new housing supply.

**Figure 2: Annualised estimated resident population growth, Fairfield, Waverley, and Metropolitan Sydney 2001-2016 and 2011-2016**

![Population growth chart](image)

Source: authors, data derived from Australian Demographic Statistics and QuickStats, Australian Bureau of Statistics 2001-2016

**Housing tenure**

Home ownership is a dominant tenure in Fairfield, where 60% of households live in their own home, compared to 45% in Waverley. The remainder are renting in the private sector (20% Fairfield and 29% Waverley); renting via another ‘landlord type’ (7% in both Waverley and Fairfield); or in an unstated tenure (10% in Waverley, 6% in Fairfield) (Figure 3).

There was a modest increase in the proportion of households living in social housing in Fairfield between 2011-2016; but a decline in Waverley (Table 2); although from a low base. Given the lack of affordable and available rental housing supply in Sydney (Bellamy, Paleologos et al. 2018), the shortage of social housing means that many people are required to make other informal arrangements such as sharing or “doubling up” with relatives or non-related households; room rental, lodging, or boarding house accommodation.

Around 7% of Fairfield respondents and 16% of Waverley respondents to the 2016 Census did not state or were unable to classify their tenure (Figure 3), and there was growth in these categories between 2011-2016. In both cases these patterns are generally consistent with, but more

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2 According to this Anglicare study, no rental advertisements in either LGA were appropriate and affordable for a household on income support in 2017; and less than 1% of advertised properties in Waverley were appropriate and affordable for a minimum wage household (less than 30% of the income band).
pronounced than, the surrounding districts of Western and Eastern Sydney and of the metropolitan area as a whole.

**Figure 3: Tenure and landlord type (persons), 2016**

![Chart showing tenure and landlord type distribution across different districts.]

Source: authors, data derived from TableBuilder, Australian Bureau of Statistics 2016

**Table 2: Change in social housing (dwellings), 2011-2016**

<table>
<thead>
<tr>
<th>LGA_2016 District</th>
<th>Social housing 2011 #</th>
<th>Social housing 2016 #</th>
<th>Social housing growth #</th>
<th>Social housing growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairfield (C)</td>
<td>4,600</td>
<td>4,817</td>
<td>217</td>
<td>4.7%</td>
</tr>
<tr>
<td>Western City</td>
<td>19,729</td>
<td>19,493</td>
<td>-236</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Waverley (A)</td>
<td>566</td>
<td>512</td>
<td>-54</td>
<td>-9.5%</td>
</tr>
<tr>
<td>Eastern City</td>
<td>18,351</td>
<td>18,763</td>
<td>412</td>
<td>2.2%</td>
</tr>
<tr>
<td>Metropolitan Sydney</td>
<td>75,105</td>
<td>74,495</td>
<td>-610</td>
<td>-0.8%</td>
</tr>
</tbody>
</table>

Source: authors, data derived from TableBuilder, Australian Bureau of Statistics 2011-2016

Figure 4 shows that rental stress affects very low, low, and moderate income households across Greater Sydney. Despite its comparatively more affordable housing market, 94% of very low
income renters pay more than 30% of their income on housing. In Waverley and the inner city more widely, this rises to 97%. Waverley has higher overall rental stress than Greater Sydney, with 86% of even moderate income earners paying over 30% of their income on housing (Figure 4).

Figure 4: Fairfield, Waverley, Greater Sydney households in rental stress, 2016

![Bar chart showing rental stress by income level in different areas of Sydney.]

Source: Family and Community Services 2018, ABS 2016

Overall, these trends show a bifurcated housing market, where established home owners have experienced wealth gains over time, combined with lower mortgage repayment rates in the low interest rate climate. At the same time, low and moderate income earners unable to enter home ownership are finding it increasingly difficult to access affordable accommodation in the private rental sector.

**Homelessness**

As a primary indicator of housing crisis, the number of homeless people grew between census periods by 25% in Waverley and 61% in Fairfield (compared to 48% in metropolitan Sydney, Table 3).
Table 3: Change of homelessness (persons), 2011-2016

<table>
<thead>
<tr>
<th>LGA_2016</th>
<th>Homelessness 2011 #</th>
<th>Homelessness 2016 #</th>
<th>Homelessness growth #</th>
<th>Homelessness growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairfield (C)</td>
<td>1,384</td>
<td>2,226</td>
<td>842</td>
<td>61%</td>
</tr>
<tr>
<td>Western City</td>
<td>4,007</td>
<td>5,664</td>
<td>1,657</td>
<td>41%</td>
</tr>
<tr>
<td>Waverley (A)</td>
<td>309</td>
<td>387</td>
<td>78</td>
<td>25%</td>
</tr>
<tr>
<td>Eastern City</td>
<td>7,707</td>
<td>10,868</td>
<td>3,161</td>
<td>41%</td>
</tr>
<tr>
<td>Metropolitan Sydney</td>
<td>18,955</td>
<td>27,963</td>
<td>9,008</td>
<td>48%</td>
</tr>
</tbody>
</table>


Note that the definition of homelessness includes living in inadequate or severely crowded accommodation. As shown in Figure 5, enumerated homelessness due to living in ‘severely’ crowded dwellings more than doubled in both of the case study LGAs, and in metropolitan Sydney overall. Similarly, there was a doubling in the number of homeless people in Fairfield living in improvised dwellings, tents, or sleeping out (Figure 5).

Figure 5: Homelessness growth by classification, 2011-2016

Unmet housing need and the drivers of informal housing

Consistent with these data, interviewees and focus group participants advised that rising housing affordability pressures in Sydney, and an insufficient supply of social or affordable accommodation options, meant that lower income groups are increasingly excluded from the formal housing system.

“There’s not social housing to move you into. You’re probably going to end up in another form of marginal tenure [at the end of a period in dedicated crisis accommodation].” (Housing advocate)

“Because of the housing crisis overall, people are looking for accommodation – landlords and owners can increase the rents beyond the reach of people on Newstart in particular, so there is an issue of a challenge for the poorest people in the community to find rooms.” (Housing advocate)

“People are trying to house themselves and their options for them are shrinking.” (Housing advocate)

Some groups face particular barriers in seeking to access affordable rental accommodation in the private market.

Barriers to the formal housing market

Interviewees reported that single people receiving unemployment benefits, disability support payments, or the old age pension, were particularly affected by housing affordability pressures, and unable to find affordable accommodation in the formal sector of the market. Despite being able to pay up to $200 in rent (with the Commonwealth Rental Assistance (CRA) subsidy), these low income earners are unable to access self-contained accommodation in the private rental sector but rather need to seek share accommodation, lodging, or a boarding house room.

“We find that access to some properties through certain real estate agents is becoming increasingly hard...they’ll straight up admit that they won’t take anyone who’s on Centrelink ... They want people that are working.” (Housing advocate)

Older women, often following a relationship breakdown, face particular barriers, especially if they lack a rental history.

“I think anyone who doesn’t have a strong rental history can be very vulnerable. That’s part of the reason for women, particularly, coming out of a break-up, they may have been in an owned home for a long time. They don’t have rental history. Then they are kind of thrown into the rental market, often with less financial support than the man in the relationship.”

Newly arrived migrants, international students, asylum seekers, and refugees, are all likely to face barriers in the formal housing system because they lack rental references. Often these groups are unfamiliar with Australia’s housing system, or they secure housing online or through a broker before arrival, making it more likely that they will be directed to informal housing arrangements.
“In particular newly arrived refugees and migrants would have a range of risk factors …, [and] language barriers. ... Integrating into the community is a main issue and sometimes the lack of consumer knowledge means they end up falling through the gaps and having no choice but to accept low cost, low quality housing. They can end up in illegal boarding houses or unsuitable accommodation.” (Housing advocate)

**Affordability and owner-occupiers**

Owner-occupiers, although generally earning a higher income, may also rent out a room in their home to gain additional income in order to meet mortgage repayments.

“The other aspect is that people will just - are buying up properties… and then they’re renting out the rooms themselves because they can’t afford the mortgage. They’ve overstretched.” (Housing advocate)

This is not necessarily a new phenomenon, but anecdotal evidence, combined with steep house price increases over the past decade, suggests that the practice of owner-occupiers seeking to let out a room to help with mortgage repayments is increasingly prevalent in Sydney.

**Gentrification and affordable rental housing in Waverley and Fairfield**

Waverley has traditionally been home to a diverse population, with lower income singles often living in boarding house accommodation and low cost rental flats. However, local interviewees advised that boarding houses are increasingly redeveloped into residential apartments, while rents overall have risen well beyond the range affordable to low income groups. Housing advocates reported that although some lower income earners still need to remain in the area, due to strong locational ties, overall, there has been steady displacement of these groups:

“Older boarding houses targeted at those low-income earners are now going. They’re not necessarily going to new boarding houses. They’re going to apartments, or to entire houses, because of the gentrification.” (Housing advocate)

“It’s a reflection of the gentrification. Rents have gone up in Waverley LGA. It's got to a level now where it's just very expensive to rent even a one or two bedroom in the LGA. You're paying $ 750 rent a week. That creates a … barrier to entry.” (Housing advocate)

Those lower and middle income renters who do remain in Waverley are likely to be in some type of share or student accommodation, with fewer tenancy protections. Older residents resort to sharing to stay in the area given the importance of their local social networks.
“So what we know is happening with older people, and we know this because they are coming to us and making an application for our older residents’ housing program… what they’re doing while they’re waiting is sharing accommodation with somebody else which is probably really not what you want to be doing when you’re 70. If people want to stay here, that’s what they have to do”. (Housing advocate)

Further, the rise of Airbnb style holiday rental accommodation in parts of Waverley has created additional pressure on the rental market.

Some housing advocates reported anecdotal evidence from the area that tenants had been evicted only to observe that the property had been subsequently listed on Airbnb. It appears that some households in Waverley are also using the Airbnb platform to share their home with fee paying visitors, in order to help meet their own housing costs (Gurran and Phibbs 2017). These different student and share living arrangements are discussed further in section 3 of this report.

In contrast to Waverley, the relative affordability of Fairfield compared to other parts of Sydney, and the resettlement of approximately 10,000 refugees in the last two years, is increasing demand for housing in the area, creating pressure and competition for low cost rental supply. A recent report estimated that of the eight LGAs which make up the Western Sydney City district, Fairfield has the highest current demand for social and affordable housing at 16,000 dwellings (SGS, 2018).

“Fairfield and the surrounding suburbs are still some of the cheapest accommodation in Sydney, in Western Sydney. So even though there’s high pressure and a high influx of people settling here, it’s still a haven for people that need cheap accommodation.” (Housing advocate)

“So it’s not just new immigrants and refugees coming, it’s people from the inner city coming out west as well, putting more pressure.” (Housing advocate)

In the next section of the report, we examine the informal dwelling types that are emerging in response to this housing demand.
3. Informal housing production

Key points

• Informal dwelling types are being produced in different parts of Sydney, and in different forms – from a residential house which is subdivided to create multiple dwellings through to the construction of a rear garden “granny flat”.

• Some of these dwellings comply with planning system and building requirements, but many do not.

• Illegal dwellings in particular raise significant health and safety risks to occupants and potential amenity risks to the wider neighbourhood.

Diverse housing and the NSW planning system

The NSW planning system has sought to preserve and support diverse housing options over many years. In the early 1980s state planning policy sought to preserve low cost rental accommodation in metropolitan Sydney, essentially by requiring additional assessment and a contribution fee to be paid when boarding houses or non-stratified rental flats were to be redeveloped. This policy evolved to become State Environmental Planning Policy 2009 (Affordable Rental Housing) (the ‘ARHSEPP’), with a number of additional provisions, including incentives to encourage affordable units to be developed as part of residential flat buildings.

Of relevance to understanding informal housing production, the ARHSEPP permits the construction of “new generation” boarding houses to be developed in residential and mixed use zones, overriding any local zoning constraints. The introduction of planning provisions for “new generation boarding houses” was in response to the concern that, as traditional boarding houses were redeveloped, they were not able to be replaced under local planning rules in many parts of Sydney.

The ARHSEPP also enabled secondary dwellings (which are subsidiary to a primary dwelling house, and may be rented out separately) to be permitted as ‘complying’ development in residential zones. This means that “granny flats”, or other alterations to construct a new unit within an existing home, can be approved by a private certifier without needing to go to the council, providing they meet the standards set out in the ARHSEPP. Only one secondary dwelling is permitted, and the ARHSEPP does not enable subsequent strata subdivision of the property.

“New generation boarding houses”

New generation boarding houses contain self-contained units of a minimum of 12m² for singles and 16m² for couples, which may be rented separately but are not able to be strata subdivided. An onsite manager is required for boarding houses accommodating 20 or more lodgers. Despite the fact that new generation boarding houses are covered by the ARHSEPP, there is no requirement to set boarding room rents at an affordable threshold.
Aggregate data on new boarding house development is not available. However, two recent studies have examined boarding house development in Sydney, finding that approximately 73 boarding house rooms have been approved in Waverley between 2009-2017 (Troy, Van den Nouwelant et al. 2018) and 53 in Fairfield (Gurran, Gilbert et al. 2018). Many of the boarding house rooms in inner Sydney are used as student accommodation. In their study of boarding house supply in South Sydney, Troy et al. (2018) concluded that new boarding house rooms added considerably to the supply of smaller rental accommodation (increasing supply of one bedroom equivalent housing by a fifth or more), but appeared to provide little in the way of affordable housing, with boarding room rent in Waverley estimated to be $430 per week.

**Secondary dwellings**

There has been a steady increase in the development of secondary dwellings in Sydney since 2009, with state government data recording more than 10,100 second occupancies approved between 2008/09-2014/15 (Gurran, Gilbert et al. 2018). Again, data are incomplete and do not distinguish between second occupancies which are able to be subdivided from primary dwellings (thus achieving a separate title for property transfer), and secondary dwellings (which may not be subdivided or sold separately from the principal residence).

**Figure 6: Secondary dwelling development, and as a proportion of total dwelling approvals, Fairfield 2004-18**

In relation to South Sydney, Troy et al. (2018) report that there were more than 1,800 approvals per year in 2015/16 and 2016/17, or around 5% of total supply. Fairfield City Council has collated data which estimates that 3,542 secondary dwellings have been approved in the area.
from 2004 to 2018 (Figure 6). As shown, there was a distinct increase in secondary dwellings following the implementation of the ARHSEPP in 2008/09. As a proportion of total dwelling approvals, secondary dwellings (granny flats) represented an extraordinary 58% in 2014/15.

Figure 7 shows the location of these approved secondary dwellings in Fairfield. The relatively large residential allotments across the suburbs comprising the Fairfield Local Government Area explain the even distribution of secondary dwellings across most parts of Fairfield, with particular concentrations in Fairfield West, Bossley Park, and Smithfield.

**Figure 7: Authorised Secondary Dwelling Units, Fairfield Local Government Area, 2004-2018**

Source: Supplied by Fairfield Council

Overall, data on how these secondary dwelling units have contributed to the rental housing stock, and if so, the asking rent and the rental arrangements (ie. via a real estate agent and a formal rental tenancy agreement, or through an informal process), remain unclear. Further, the appropriateness of secondary dwellings as a housing type for unrelated households has not yet been examined. In section three of this report we consider these issues in a qualitative way.

**Moveable dwellings**

Moveable dwellings such as caravans and manufactured homes are a traditional source of low cost housing, whereby residents can own the dwelling, but pay rent for the site on which it is situated. The NSW planning system provides for caravan parks and manufactured home estates to be permitted in certain residential zones. Despite fewer protections than a conventional owner-occupier (who owns their own land), it is often the case that lower income groups seek this type of
accommodation, either as the owner of a caravan or manufactured home (who rents their site from the park/estate), or as a tenant.

There has been a steady loss of caravan park accommodation in NSW, as in Australia overall, as tourist areas or rural lands in metropolitan fringe locations are redeveloped. As with the loss of boarding houses, loss of caravan park accommodation is likely to be associated with increased demand for other types of informal housing (Goodman, Nelson et al. 2013). This may include caravans informally situated on semi rural or even in residential areas.

Figure 8: “Caravan for rent”, outer North Western Sydney (Gumtree)

Local approval policies typically permit a caravan to be kept behind the building line of a residential dwelling, to be occupied by members of the household living in the permanent home. However, this is difficult for local enforcement staff to monitor. Figure 8 shows a Gumtree.com advertisement for a caravan situated on a residential site in Sydney’s north west. Another caravan in very close proximity can be seen to the left of the site. Power cords appear to run between the two vans. The advertisement specifies a “room share” vacancy.
Informal housing production beyond the planning system

Both building inspectors and housing advocates reported that there are a number of different types of dwelling in parts of Sydney which have been produced beyond the regulatory framework for planning and building. These include:

- filling / fitting an existing structure, such as a garage, shed, or even pergola with kitchen and or bathroom facilities, to operate as a secondary dwelling without planning or building approval;
- extending / altering an existing home or constructing a new structure on a residential site, again to operate as a secondary dwelling without approval;
- constructing or converting multiple structures, creating more than one secondary dwelling on the site;
- internally subdividing a residential house into separate flats, without approval;
- converting a residential home into a boarding house (room or bed rental accommodating five or more lodgers), without approval.

Building inspectors advised that these arrangements are typically being produced in rental accommodation rather than carried out by owner-occupiers to address the needs of their own households.

Figure 9: Unauthorised structure, operating as a secondary dwelling

![Unauthorised structure, operating as a secondary dwelling](image)

Source: Supplied by Fairfield City Council

As noted, under NSW planning law, only one secondary dwelling, outbuilding or studio (either Council approved or as complying development) may be permitted on a residential site. Further, it is illegal to live in a non-residential building without permission. Inspectors participating in this study reported that signs of illegal dwelling conversion of industrial or retail buildings were largely absent in their localities.
Interviewees described a practice of installing kitchen fit outs, without permanently affixing the cabinetry to the wall. This allowed landlords to preserve the fit out if and when the illegal dwelling was detected and ordered to be removed, only to be reinstalled later. In another example, a garage roller door had been refitted backwards, achieving technical compliance with an order to remove the illegal dwelling, but with an apparent intention to revert back to the dwelling use following inspection.

One building inspector informant described encountering an outdoor covered concrete area filled in with six rooms served by a common kitchen and toilet. Each of the improvised rooms was leased separately.

Figure 10: Internal view of unauthorised extensions

Source: Courtesy of Fairfield City Council
Building inspectors advised that it is not uncommon for residential properties to be divided via fencing in the rear yard, rendering garages inaccessible to vehicles, but creating separate tenancies in individual, unauthorised dwelling units. In some cases, garages have actually been constructed in a way that they are unable to be used for vehicles, because of an entrance which is too narrow or accessed via a step rather than a vehicle ramp.

Figure 11: Conversion of a garage to an unauthorised dwelling, via removal of a garage door

In other cases, particularly in higher density areas, building inspectors advised that temporary partitions were often used to divide rooms for individual tenancies. In some situations, plywood dividers created illegal subdivisions within apartments.

Building inspectors described situations where tents were installed in rear yards or on balconies to create a private sleeping area; and housing advocates described situations where tenants were sleeping in stair landings, under stair closets, or laundries. The practice of “hot bedding”, where residents share timed access to a bed, falls within these informal dwelling arrangements.

**Illegal dwellings**

In many of these cases, building work is done illegally. Interviewees described a practice whereby tradesmen will perform work without supplying a proper invoice, thereby evading professional liability and responsibility to conform with applicable construction codes.

In other situations, however, construction is authorised under the NSW planning system as ‘exempt’ or ‘complying’ development. This means that, provided the structure meets criteria established in the NSW State Environmental Planning Policy (Exempt and Complying Development Codes) 2008 (known as the ‘Codes SEPP’), it may be authorised via a private certifier, who is able to issue initial approval for the development and also certify each stage of construction and completion.
However, even if the construction work complies with the Codes SEPP and relevant National Construction Code (NCC) requirements, subsequent unauthorised alteration and use of buildings as a dwelling is illegal.

**Understanding the scale and trajectory of illegal dwelling production**

Interviewees advised that it is difficult to know the full extent of illegal dwelling production in Sydney. Building inspectors primarily become aware of illegal dwellings through complaints from neighbouring residents. Across the local government areas involved in the study, interviewees advised that complaints about illegal dwellings ranged from 10 per month (120 per year) to 80 (960 in a year). The majority of these complaints are found to be valid.

Additionally, interviewees from one local government area advised that they had encountered four illegal boarding houses over the past 12 months.

In addition to investigating complaints, Fairfield City Council has become increasingly proactive in reviewing complying development certificates for signs that certified works may subsequently be used as illegal dwelling units. Often signs of illegal dwelling production are visible from the street. These include multiple letterboxes, unusual fencing, or garages which are inaccessible to vehicles. When these signs are observed, council officers will investigate. However, it is more often the case that landlords will seek to conceal signs of illegal dwelling creation.

Almost all interviewees indicated that the trend is growing and that the number of complaints had risen markedly over the past two years (with Fairfield indicating that complaints have more than doubled).

“Our development control officers are just being flooded by complaints about this type of work.” (Building inspector)

However, because the majority of illegal dwellings are uncovered via complaints, interviewees found it difficult to estimate the true scale of the problem. Focus group attendees estimated that perhaps around 10% of illegal dwellings come to their attention via complaints.

Interviewees advised that this is a trend being driven by landlords seeking to increase their rental yield, rather than by resident home owners seeking to provide for their household needs.

“Unfortunately we find that many of our problematic projects in this area, the work's being done by absentee landowners.” (Building inspector)

Interviewees linked this growth to interest in gaining rental returns for little outlay, given the high housing market and rising publicity over the income-generating potential of secondary dwellings. They spoke of the “idea that people can do these things in their back yard”. In some cases, landlords might not be aware of the need to gain approval for these works, in other cases there is an active intention to use the private certification process to maximise the number of structures on the site, which can then be subsequently used as separate rental dwellings.

Building inspectors were of the view that the introduction of the statewide code to regulate structures such as secondary dwellings, outbuildings and studios, as well as the system of private certification,
have both contributed to an increasing prevalence of illegal building works and dwellings. One interviewee described private certification “as a loophole” to get structures approved. In Fairfield, inspectors advised that it was not uncommon to see complicated plan configurations for structures to be approved as complying development – including garages, sheds, studios, as well as a secondary dwelling unit – on a single residential site. While technically permissible, the inclusion of wet areas in each of these structures was often a signal that the owner intended to convert them post inspection into individual dwellings for separate tenancies. Interviewees described private certification under these circumstances as a form of “tacit approval” as it was “obvious” that informal dwellings would result.

One interviewee described inspecting a property where they found six dwellings, which had been approved as a secondary dwelling and a studio, and the owner advised that the certifier had issued the certificate for the works as they were – essentially turning a blind eye to obvious non-compliance.

The diagrams below, drawn from actual plans maintained by Fairfield City Council, show typical ways in which complying development designed for subsequent conversion to an illegal dwelling. The plans meet technical compliance with regulations for each of the proposed building uses. However, council compliance staff identify a high likelihood that the non-residential structures will be illegally converted to a residential use. Without a formal role in the private certification process, the compliance team have begun to issue letters to the property owner, advising them that non-residential buildings may not be used as a dwelling. Nevertheless, staff advised that monitoring these practices is extremely difficult.

Figure 12: Complying development plans for secondary dwelling units and a “shed” / “outbuilding”, with identical footprints, and internal wet areas.
Figure 13: Proposed secondary dwelling, “out building” and site map, showing existing primary dwelling. The “outbuilding” is fitted with a wet area and is larger than the proposed “secondary dwelling”.

Existing dwelling area: 204.20 sqm
Proposed Granny Flat area: 60 sqm
Proposed Out Building area: 100 sqm

Source: Pranita Shrestha, compiled from complying development plans submitted to Fairfield Council
Instances of overcrowding and potentially illegal boarding houses are more difficult to determine than secondary dwelling units. Building inspectors advised that the use of temporary dividers and the need to gain permission to enter premises meant that often landlords or residents acted to remove evidence of overcrowding before the inspection can take place.

**Figure 14: A Gumtree add for a bed in central Sydney**

![A Gumtree add for a bed in central Sydney](image)

Room share in Sydney City-Affordable (AUD 125 including bills)

$125

Source: Gumtree, 17/10/19

**Localities and neighbourhood morphologies**

There is a distinct geography to the production of illegal dwellings in Sydney. Building inspectors advised that the practice is more prevalent in older residential suburbs, particularly those where there are larger residential allotments (often around 1000 sq.m). Figure 15 shows the type of residential allotments being used to accommodate a primary and secondary dwelling, as well as additional structures such as ‘garages’, ‘outbuildings’, and ‘studios’ with a high likelihood of subsequent occupation as dwellings. In many cases, the sites are within areas zoned for medium density (up to six stories in height). However, to achieve the necessary lot width for this form of development, sites would need to be purchased for amalgamation.
Figure 15: Locality and site characteristics, informal dwelling supply in Fairfield.

The land is zoned R3 for medium density housing (up to six stories). The site contains a primary three bedroom dwelling, and complying development approval for an additional three bedroom secondary dwelling, secondary dwelling garage (also with a wet area) and studio (again with a bathroom).

In the higher value area of Waverley, complaints relating to illegal housing production are now rare. Interviewees advised that formerly the LGA had a significant problem with unauthorised, overcrowded backpacker accommodation, which peaked during the 2000 Olympics. Since then, and especially since 2015, overcrowding and subdivision of accommodation is believed to have become much less prevalent. Interviewees related this to Waverley’s changing socio-economic characteristics and gentrification. Much of the building work being undertaken is by owner-occupiers extending their own homes. In fact, in contrast to the practice of informal and illegal dwelling production and subdivision, in this higher value housing market there is a growing practice whereby smaller units are purchased to amalgamate into a single larger dwelling. However, student and share housing remain prevalent, discussed further in section three of this report.

Key impacts and risks

In NSW, secondary dwellings and “new generation boarding houses” have introduced flexible ways to increase housing density and diversify supply within established residential areas, often at a lower capital cost for the landlord / developer. However, interviewees were concerned that secondary dwellings in particular are associated with substandard housing outcomes for tenants, without necessarily offering a more affordable option for lower income earners. Further, the design of secondary dwellings, originally conceived for extended family situations, is not necessarily an appropriate form of accommodation for unrelated households, particularly in the long term.
Open space and privacy were identified as key issues. For instance, private open space standards for secondary dwellings are observed when these dwellings have property planning approval. However, there are no residual requirements for the open space for the primary residence, because of the assumption that secondary dwelling inhabitants have a relationship to those in the primary dwelling. This means that tenants of a primary dwelling may find their own residential amenity compromised when the landlord sections off part of the property to install a secondary dwelling.

Tenants of either the primary or secondary dwelling have limited recourse in the case of a social dispute. In contrast with conventional neighbouring properties, residents of a primary / secondary dwelling are unable to use a council or police complaint process to resolve an issue such as loud noise or other nuisance, because the noise is emanating from the same premises.

The problems are compounded when the secondary dwelling is leased by the room or bed (discussed further in section three). Overall, building inspectors expressed concern that the increasing prevalence of secondary dwellings is associated with a long term downgrading of standards and amenity for occupants, which will persist because these structures will be around for many years. Such incremental, low cost and site-by-site based dwelling production may also discourage more substantial redevelopment in older detached residential suburbs, for instance, through townhouses or residential apartments. These development typologies usually depend on site amalgamation, which is more difficult when land-owners have made additional capital investment.

**Risks associated with illegal dwelling production**

Interviewees were extremely concerned about the potential health and safety risks to occupants of illegally constructed dwellings. These risks include:

- inadequate light, ventilation, privacy and open space
- damp and mould due to the lack of damp proofing (which non-residential structures such as garages and sheds are not required to include)
- construction on flood liable land
- inadequate storm water and sewerage provisions
- hazards from non-residential building materials or inadequate electrical work
- lack of smoke detectors
- increased fire risk due to inadequate separation between structures and between property boundaries.

Interviewees expressed the view that illegal dwelling production is exacerbating the disadvantages faced by vulnerable and lower income groups. Not only is the housing substandard in terms of basic amenity, in many instances it is also expensive.

“They fail on health, safety and amenity. There’s no amenity, there’s no safety, there’s no healthy situation…. [and] it’s not affordable.” (Building inspector)
Fire risks are exacerbated by the fact that illegally converted dwellings might not be easily identifiable, or checked for occupants in the case of a fire.

“In a fire situation, the fireman wouldn't even bother looking at that garage, not thinking there's people in there. He thinks it's just a garage.” (Building inspector)

“That's the frightening thing too because... I look up and I look for smoke detectors and there's none in there. In the main dwelling... and in the granny flat, yeah, they're there, but in the stuff that they've divided up, there's no fire safety and I can just imagine this poor elderly couple, if there is a fire, trying to get out of there and with no warning or no nothing. Like we said, the fire brigade go there or the police go there, the first respondent, they don't know there's people in there.” (Building inspector)

If these dwellings are situated at the rear of a site, they may also be beyond the reach of a fire hose. These risks are potentially exacerbated by the vulnerability of occupants. Building inspectors advised that illegal dwellings are often occupied by families with children and/or elderly tenants.

“the one I was at [with six dwellings on the lot], every single [dwelling] had children except for one [which housed] an elderly couple.” (Building inspector)

Figure 16: Illegal conversion of a shed, for unauthorised dwelling. Two children's prams and three mattresses are visible.

From a broader community perspective, the widespread and uncontrolled provision of illegal dwellings and the associated 'hidden' increase in population, generates a number of problems for
provision of social services and facilities. At the local level, a proliferation of illegal dwellings undermine analysis and planning for public open space and community facilities to meet the needs of the increased population.

At State level, a significant, under-enumerated informal sector undermines analysis and planning for new / additional capacity in schools, hospitals, public transport and social support services.

Enforcing planning and building requirements, and potential for retrospective upgrading and approval

Local Councils have established processes for investigating and taking action against potential unauthorised dwellings. When the council receives a complaint about a potentially illegal dwelling, or boarding house, they will usually need to gain a notice to secure access for inspection and to gather evidence. By the time this notice has been issued, evidence of the illegal use may have been removed.

If building works undertaken without consent are discovered, fines may be issued, along with an order for the building to cease being used as a residential dwelling. This is often a lengthy process which becomes very difficult when there is a tenant living in the property. In these cases, the tenant will be given information about how to access alternative accommodation. Unless the structure is obviously very unsafe, the tenant will often be able to serve out their remaining residential tenancy lease.

Interviewees advised that when it is possible to issue retrospective approval for the structure, the council would be amenable to that process. In the case of temporary or low-cost fit-outs (e.g. kitchen cabinetry that is not fully installed, or wall partitions), the interviewees advised that these would often just be removed. But with purpose built structures (e.g. an unauthorised but purpose-built “granny flat”), upgrading works may be carried out to take the structure to habitable standard. Often however this is not practical, because of the difficulties in retrofitting an existing structure.

“If we look at an existing garage, for example, that’s converted, well usually the construction isn’t to the same standard as a habitable room. Trying to make a silk purse out of a sow’s ear is often very difficult.” (Building inspector)

Typically, there is ongoing policing of particular properties where illegal dwellings have been discovered. However officers described their efforts in identifying and maintaining residential building regulations as “scratching the surface” given the scale of the problem.
4. Informal housing tenures

Key points

- Informal housing tenures range from private agreements between residents and property owners through to sharing arrangements between members of a group household.

- Sharing is becoming an increasingly common housing arrangement, with lower income people across all ages entering into forms of share accommodation.

- New forms of share housing are emerging whereby individual rooms are rented via a head tenant or real estate agent.

- As well as insecure tenure, many informal rental arrangements involve substandard and inappropriate housing.

- The diversity of the sector leads to many regulatory ‘blind spots’, providing loopholes which opportunistic and predatory landlords and head tenants can exploit.

Informal housing tenures

Informal living arrangements and tenures occur beyond traditional categories of owner occupation or renting. Often these arrangements relate to forms of rental accommodation which are hard to define, because they are not covered by a standard residential tenancy lease. They may include informal agreements between residents of a group household, when only one resident is named on the lease. They may also include agreements made directly between tenant and landlord, including situations where the tenant rents a secondary dwelling, room, or bed. Certain legal protections may still apply under the NSW Residential Tenancies Act 2010, the Boarding Houses Act 2012, and the Landlord and Tenant Act 1899. However, interviewees advised that these limited protections are poorly understood and can be difficult to enforce.

Table 4 sets out the spectrum of informal tenures and dwelling types identified beyond formal arrangements, drawing attention to their variety and complexity, different legislative arrangements and implications for tenure security. Interviewees described a piecemeal approach to creating legislative protections at different points in time, and one which leaves significant gaps. Interviewees emphasised the unequal power balance between landlords and tenants, particularly in tight rental markets, which is exacerbated within the informal sector.
<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Legislation*</th>
<th>Tenure Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-tenant</td>
<td>Tenants whose names are on the tenancy agreement and who all share the same rights and obligations</td>
<td>Residential Tenancies Act 2010 (RTA 2010)</td>
<td>Duration of fixed residential tenancy agreement (6-12 months) or 90 days in periodic residential tenancy agreement</td>
</tr>
<tr>
<td>Head-tenant</td>
<td>Tenant with their name on the tenancy agreement who lives at the premises and sub-lets a portion of the premises to a sub-tenant using a separate written agreement, the head-tenant is the landlord to the sub-tenant</td>
<td>RTA 2010</td>
<td>As above</td>
</tr>
<tr>
<td>Formal Sub-tenant</td>
<td>Tenant sub-letting from the head-tenant who is their landlord (as above)</td>
<td>RTA 2010</td>
<td>As above</td>
</tr>
<tr>
<td>Informal sub-tenant</td>
<td>A person who lives in the same house as the head tenant and is not covered by RTA 2010. Usually, not on the lease and has no written agreement with head tenant.</td>
<td>1899 Landlord and Tenant Act NSW**; Otherwise may have common law lease, or common licence</td>
<td>Rent period usually of 7-14 days. Possible to have a fixed contract.</td>
</tr>
<tr>
<td>A Lodger (or boarder)</td>
<td>A person who rents part of the premises from a tenant who lives there or the property owner who also lives there, and is not a tenant. A boarder is a lodger who also receives food.</td>
<td>Boarding House Act 2012; Otherwise may have common licence</td>
<td>Rent period usually of 7 days</td>
</tr>
<tr>
<td>Dwellings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share-house</td>
<td>Tenants can be variously covered by the RTA if they have signed a lease or have a written contract as a co-tenant, head-tenant, sub-tenant. If no written agreement the tenant may have no protection depending on the contractual relationship between the head-tenant and landlord.</td>
<td>RTA 2010</td>
<td>As above dependent on whether co-, head-, formal sub-tenant, informal sub-tenant; or boarder / lodger.</td>
</tr>
<tr>
<td>‘New generation’ boarding houses</td>
<td>Self-contained studio accommodation, often targeted at international students. This tenure type (along with ‘micro flats’) is becoming more prevalent. Are tenants unless a manager is on the premises “demonstrating mastery”, in which case are lodgers or boarders.</td>
<td>RTA 2010 if a tenant Boarding Houses Act 2012*** if not a tenant Common License Occupancy Agreement</td>
<td>Fixed term or reasonable notice period - at least 7 days. If covered by RTA 2010 then the same as co-tenants listed above covered by RTA 2010.</td>
</tr>
</tbody>
</table>
Traditionally, boarding houses are used as a form of housing where residents occupy a room and share kitchen and bathroom facilities. Each resident has an individual agreement with the boarding house operator. Usually, a resident only has a right to occupy a room and share other facilities such as a kitchen and bathroom. They do not have the same rights as tenants.

| ‘Traditional’ boarding houses | Residents occupy a room and share kitchen and bathroom facilities. Each resident has an individual agreement with the boarding house operator. Usually, a resident only has a right to occupy a room and share other facilities such as a kitchen and bathroom. They do not have the same rights as tenants. | RTA 2010 if a tenant | As above | Boarding Houses Act 2012 if not a tenant |

Source: the authors

* The Australian Consumer Law can apply across all of these categories if the landlord or their agent is in the business of trade or commerce.

**Some informal sub-tenants may be covered by the 1899 Act which has limited protection against eviction.

*** Registrable under Boarding Houses Act 2012 if five or more beds.

Pathways into informal housing

Interviewees advised that most of the informal dwellings they come across—from legally constructed secondary dwellings through to illegal boarding houses—appear to be rented out informally. However, it may also be the case that an illegal dwelling, typically an unpermitted garage or studio conversion, is rented via a real estate agent and subject to a residential tenancy agreement and rental bond.

Some housing advocates advised that an important part of their role was to assist people to find appropriate housing, and in doing so, they took care to ensure that they did not house their clients in illegal dwellings.

In many cases, online platforms such as Gumtree and Flatmates.com, as well as informal Facebook groups, provide a conduit into these informal housing arrangements. However, interviewees also advised of an increasing prevalence for real estate agents to manage share accommodation, leasing individual rooms formally rather than allowing a group household to self-organise.

Housing advocates reported that this quasi-formalisation of share housing had ironically made it more difficult for lower income people to access shared housing, because of the need to meet rental history and employment/income criteria set by real estate agents. Real estate agents are also renting out rooms in boarding houses.

Sharing

Housing advocates described the current state of share housing in Sydney. Unlike the formation of traditional share households, by students or those early in their career (who would intentionally seek out a like-minded group), advocates spoke of an increasing desperation, affecting people of all age groups. This correlates with research that has identified share housing’s changing demographic and increasing role as a form of affordable housing (Maalsen, 2018).

“The difference is that... [people in the past] ... were probably more likely ... to be living with people [they] either knew, or like-minded people. Whereas now, people are just desperate and just moving in with anybody.” (Housing advocate)
“The average age of share housing occupants has crept up over time. You occasionally read articles about folks of retirement age who are setting up share houses. It’s all wonderful in the glossy Saturday magazines. But not on Gumtree.” (Housing advocate)

“One of the things that we find is that there are a lot of people in share housing who are … working.” (Housing advocate)

Share households are forming through economic necessity.

“Because their income’s so low and the affordability’s so low, they group together, sometimes four, six people in a two bedroom unit. That creates all sorts of tensions. That creates tension with the landlord and the real estate agent as well. So that group is highly vulnerable, highly at risk of homelessness.” (Housing advocate)

It can be difficult to distinguish between share households which have formed intentionally, and individually rented rooms and beds which may constitute an illegal boarding house.

“I think there was seven in the house and the landlord was trying to kick some of them out because somebody tipped him off to council, because there’s obviously overcrowding. He had them all on individual agreements, $200, $250 each, three in each room.”

“The landlords have the ability to cram as many people as they can in, as is humanly possible … just shoveling people in so you’re getting two or three or four to a room.” (Housing advocate)

Forms of hot bedding, whereby residents take turns in sleeping in their beds, have emerged.

“So we’ve heard stories of people having blanket rosters in the winter, four grown men sleeping in the same bed so they can share linen. People get into physical fights and verbal fights, and tenancies break down because there is not enough wardrobes, or there’s not enough plates and knives and forks in the house. They’re fighting over those little things like that. They don’t have places to put their clothes. They don’t have plates to eat their food on, because they have so little income, so little support.” (Refugee housing advocate)

Landlords often intrude on the privacy of people living in informal tenures, or renting directly from a landlord rather than a real estate agent.

“She continually breaches their right to peace, comfort and privacy; she’ll just rock up. She turned up last – it was a couple of weeks ago, 7:30 in the morning with her kid, turned the
television on, plonked her kid in front of the TV and plugged her phone in. These two – these three tenants were like, you know, didn’t want to upset the kid, so they’re trying to say to her, you can’t be here, you have to go.” (Housing advocate)

“She discovered that they had a friend staying and she said, if you have friends staying, they have to pay $45 a night because that’s what the Bondi Beach Backpackers charge.” (Housing advocate)

There may be particular risks for vulnerable people living in informally rented accommodation.

“[The landlord] had a camera in the bathroom. So yes, that’s the other fun aspect of all this. Not only do you get ripped off, [you get] perved at.” (Housing advocate)

One form of home sharing involves couch surfing between family members and friends. This meets the technical definition of homelessness, and is difficult to sustain over time.

“A lot of the clients are staying with relatives, families or friends, which is couch surfing. That’s very unsuitable because usually the agreement is they are not present at the accommodation for extensive periods. The agreement they stay out for considerable times during the day and only present at night to either sleep in a spare bedroom if that’s available. Usually it isn’t. It’s on a couch, garage space, backyard.” (Housing advocate)

Overall, the range of informal living arrangements described above represent inadequate forms of housing in terms of privacy and security, without necessarily being affordable for residents, relative to their income.

Secondary dwellings

A number of interviewees described particular problems arising from the informal rental of a secondary dwelling or “granny flat”, whether or not the dwelling itself has been legally constructed. The close proximity between unrelated residents of the secondary and primary dwelling was seen to lead to social tensions and conflict.

“To a tenant’s advocate, granny flat means dispute.” (Housing advocate)

“[Living in a granny flat is] one of the ways you can almost guarantee you’re going to end up in a fight, either with a neighbour or your landlord.” (Housing advocate)

Housing advocates described the unfortunate situation when tenants living in a primary dwelling are informed that part of the rear yard will be excised for the construction of a secondary dwelling.
“A whole bunch of tenants living in the main dwelling who discover that there’s now – they are just informed that a granny flat’s going to be built in their back yard…” (Housing advocate)

The informal rental arrangements made between owner-occupiers of the primary home, and tenants of the secondary dwelling, tend to obfuscate the tenant’s rights.

“A lot of the time if the owner lives in the front part of the house, and they have a granny flat in the back, they’ll pretend, and they’ll portray to the secondary dwelling resident that they don’t have tenancy rights.” (Housing advocate)

The fact that these tenants are often unaware of their rights, in part because of the informal way in which they have rented the dwelling, means that they are unable to enforce these rights.

“Whether or not you are covered by the [Residential Tenancies] Act, if you don’t know about it, it’s – then it's not much good to you.” (Housing advocate)

The lack of affordable housing choice in the formal market means people are increasingly willing to accept these compromised arrangements.

“There are people who probably would have rented their own studio, say, or a one-bedroom, and would have been very clear in their tenancy rights and in the relationship that they had, and now are in a granny flat. It’s much more unclear what they are getting and what their rights are. I think they feel more precarious, whether or not they strictly are in the legal sense.” (Housing advocate)

The self-contained nature of a secondary dwelling makes it more appealing to those with limited choice than renting in a traditional boarding house. Housing advocates reported that this is especially the case for older, single women such as those seeking accommodation after a relationship breakdown. These women face particular barriers to entering the formal rental market, due to their lack of material assets and rental history. However, the informal nature of the rental arrangement may mean fewer legal protections than offered by an occupancy agreement under the NSW Boarding Houses Act 2012.

“I’m seeing a lot more – a lot more single, particularly maybe older female people, in the granny flats. They are - that is a more secure, yet still marginal at some level, form – than a boarding house.” (Housing advocate)
Boarding houses

Boarding houses may comprise individual rooms with shared facilities, or separate studio units with bathrooms and kitchenettes. They are often associated with lower levels of privacy and autonomy, with larger boarding houses overseen by an onsite manager.

“People’s human rights are totally taken away in boarding houses … people can’t have overnight visitors, you can’t develop relationships, you can’t have guests at all in some of the properties…” (Housing advocate)

“People are paying $200 a week and you can’t have someone come and visit. You might not want to anyway but it’s not very – it’s a basic human right”. (Housing advocate)

As noted in section two, “new generation boarding houses” include self-contained units, and may offer a higher degree of amenity for residents, but with rents which are typically unaffordable for lower income groups.

International student housing

Housing advocates described a number of concerns about the conditions experienced by international students, many of whom organise their housing through agents before arriving in Australia. In this way, they are often locked into expensive arrangements including high bonds and additional charges for cleaning or utilities. This is compounded by their lack of knowledge of their rights, limited awareness of housing support services, and their vulnerability to exploitation by those with whom they share a cultural background.

“I can only imagine that what we see is just the tip of the iceberg. For most international students, they’re probably just paying that thinking that it’s the custom of the country when they arrive. That or the parents are paying for it and they’ve not really got any responsibility towards where the money is going and what it’s paying for.” (Housing advocate)

“(They are paying) three months’ rent upfront, not getting their bond back, being charged a cleaning fee at the end. „ Increased electricity costs during winter and summer months for heating, and having heaters removed from the premises if they use them too much.” (Housing advocate)

In other cases, students find accommodation online, renting from a landlord who may be subletting the property in increments to individual people, often at a much higher rate.

“They’re lied to a lot by the people they see as their landlord, but often times their landlord is actually a fellow international student who’s been here a bit longer and has cottoned on to how you can rent a whole three-bedroom unit and then sublease.” (Housing advocate)
Many of these arrangements are characterised by extreme overcrowding with informal or temporary forms of subdivision such as dividers and curtains.

“She rented a three-bedroom unit in the backstreets of Chippendale and then divided it up and had people on mattresses on floors. So there was a curtain across what was the lounge room and three or four mattresses on the floor. There was also a curtain across the stairwell, underneath the stairs, and a bed there. In total, there was about eight or nine students.” (Housing advocate)

Some of these landlords or student housing agents are also engaging in “bond harvesting” whereby high bonds are paid by tenants but are difficult to have returned.

“They’ve also worked out ... these people trust [them; they can take] ...a bond from them. They aren’t even sometimes writing [the bond receipt] on a slip of paper, I acknowledge that I received X from Y person. They don’t even do that.” (Housing advocate)

“Most are able to keep bonds, probably more in the student part of the market. The backpackers type run as a close second, because they know the tenants are going to finish their tenancy basically the day before they get on the plane and go somewhere else, so they actually can’t fight for their bonds legally, if they have that chance anyway.” (Housing advocate)

Tenants might be required to find a replacement tenant when they leave, or again, relinquish their bond.

“You’ve got to find the next tenant to move in when you move out…” (Housing advocate)

“So we get calls where somebody has been stuck at the end of the tenancy and they’re trying to get out and they can’t get their bond.” (Housing advocate)

**Airbnb and short term rental housing in residential areas**

The emergence of online platforms for short term rental accommodation has introduced a new element to the informal housing market. Airbnb in particular has popularised the market for residential homes as tourist accommodation, with the anonymised platform enabling operators to evade detection for contravening any planning constraints preventing tourist accommodation in residential areas.

Waverley is a particular hotspot for Airbnb listings, with more than five times the number of homes listed on the tourist platform as permanent rental vacancies (Gurran, Searle et al. 2018). By contrast, there are fewer than 60 Airbnb listings in Fairfield, amounting to less than one percent of
the housing stock, and of which only 33 properties appear to be frequently available and therefore potential excisions from the permanent rental housing market.

The high proportion of the housing stock which is subsumed as tourist accommodation, rather than offered as rental housing, is likely to exacerbate housing affordability pressures in Waverley.

However, online home sharing may also offer potential for local residents to gain additional income by renting a room or bed to tourists, rather than via conventional share housing arrangements. In some cases, renters may sublet a room or bed in their home, despite legal uncertainty about their rights to do so under standard residential tenancy agreements.

In Waverley, there are currently just under two thousand hosted rooms or shared rooms listed on Airbnb (Table 5). This means that up to 8% of households in the Waverley LGA engage in this practice, although a third of rooms / beds are listed by the same ‘host’, potentially indicating accommodation within the same dwelling. These households earn approximately $196 per month from hosting.

<table>
<thead>
<tr>
<th>Total dwellings</th>
<th>Airbnb listings (total)</th>
<th>Airbnb listings % of dwellings</th>
<th>Rooms / beds as % of households</th>
<th>Whole properties, frequently available, as % of rental stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waverley</td>
<td>31,496</td>
<td>5,298</td>
<td>16.8%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Table 5: Airbnb listings and the housing market, Waverley

If households opt to rent a spare room to tourists rather than to share with a permanent flatmate or lodger, there may also be some implications for the share housing market. Data on supply and demand in the share housing sector remains so limited that it is not possible to estimate these implications.

For other members of a share household however, there are real implications when one of their own flatmates chooses to ‘host’ a fee paying visitor, particularly if they do so while themselves away. Housing advocates described the situation where household members are forced into the position of de-facto “host”, when their flatmates rent their room or bed to a tourist in order to maintain their own rental payments if away on holiday.

“[He’d] been in a house where somebody Airbnb’d out their room while [they] were there. That made it very awkward, because [they had] to be… on good behavior… He didn't even share any of his Airbnb profits …[they] were just there to host.” (Housing advocate)

However, other advocates suggested that lower income residents of share homes had always sought to sub-lease their room when away, in order to keep up with rental payments and retain their place.

“Airbnb has shone a light on that, and probably facilitated the expansion of that, but it’s always been a problem in those high-demand areas where people always struggle to hold onto long-term places because of the insecure nature of renting in the first place.” (Housing advocate).
Key risks and impacts

In summary, housing advocates referred to a number of risks for vulnerable groups living in informal housing arrangements. A primary concern relates to the reduced or unclear legal protections when the terms of the rental arrangement are not clearly stated or written down. Adding to this is the fact that rental costs within this informal sector remain high, and that there are often other expenses arising from the lack of a clear rental or occupancy agreement. These may include unscrupulous practices around bonds, or the imposition of additional fees and charges.

Further, the nature of informal rental arrangements often exacerbates the power imbalances between landlord and tenant. When the landlord lives onsite, proximity and perceived oversight by the landlord is likely to undermine privacy. There is high potential for conflict between individual residents of share houses which have been arranged by landlords or agents, and those than which have formed by choice. There are particular conflicts which are likely to emerge in situations of overcrowding or with households living in close proximity to one another, such as in primary / secondary dwellings.

Nevertheless, housing advocates advised that their clients tolerated these issues because of the barriers they face when seeking to access the formal rental market.

“30 or 40 people turn up to each [property inspection], and for the amount of rent that they charge for what you’re getting … So when you have landlords that are … doing questionable stuff, you’re … incentivised to put up with it rather than [face] the alternative.” (Housing advocate)
5. Typologies and dimensions of informal housing in Sydney: Implications for research and policy development

This report has examined the production and occupation of informal housing in Sydney. Through interviews and focus groups with building inspectors, housing advocates, and by focusing on two distinct local areas in Sydney, the study has cast light on a segment of the housing system which is largely concealed, operating beyond formal and enumerated processes of housing supply and occupation. In particular, the study has sought to understand the dimensions and drivers of informal housing in Sydney, and identify implications for policy. In this final section of the report, we summarise the key findings of the study and identify priorities for policy development and research.

Typologies of informal housing

Table 6 summarises the typologies and dimensions of informal housing which have been identified through this scoping study. It highlights the range of informal dwelling types and forms of tenure that have emerged in parts of Sydney and outlines the key concerns around their adequacy having regard to particular household needs, as well as specific health and safety risks. The typology distinguishes between the adequacy and legality of a dwelling. It highlights the serious risks associated with inadequate dwellings, ranging from health and safety risks to compromises around privacy and access to facilities. In Sydney, the availability of legal pathways for certain types of informal housing, such as secondary dwellings and new generation boarding houses, means that illegal dwellings established in contravention to planning codes are usually inadequate and present unacceptable risks to occupants and surrounding neighbours. However, even legally compliant informal dwelling types may compromise housing outcomes in the long term. For instance, it is unclear whether secondary dwellings are appropriate for certain households, particularly those with children, group households, or the elderly, especially given the potential for conflicts over the use of private open space.

The typology also distinguishes between issues of appropriateness versus legal protections available to particular informal tenure types. As shown, the various types of informal tenures, and living arrangements present trade offs between cost, tenure security, privacy, and household formations. Those most vulnerable due to their low incomes, rental history, language barriers, age, or other special needs, are most likely to face additional barriers to entry and discrimination in this sector of the housing system. They are also most likely to be unaware of or unable to assert the protections that do exist under the various forms of residential tenancy and consumer law in NSW.
<table>
<thead>
<tr>
<th>Example</th>
<th>Adequacy</th>
<th>Legality</th>
<th>Potential issues / risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dwelling</td>
<td>Building condition; thermal performance; solar access; privacy and security; parking / access</td>
<td>Authorised / unauthorised</td>
<td>Health and safety risks to occupants and neighbours</td>
</tr>
<tr>
<td>“Granny flat”; Converted shed / outbuilding / studio / garage house extension</td>
<td>Postbox, garbage bin and waste collection</td>
<td>Able to be permitted / illegal</td>
<td>Amenity impacts for neighbourhood – noise, waste, traffic, parking, stormwater</td>
</tr>
<tr>
<td>Subdivided house / apartment</td>
<td>Access to bathroom / kitchen</td>
<td>Unlicensed / unscrupulous building professionals</td>
<td>Increased population not factored into planning for community facilities, open space and increased capacity required in schools, hospitals, public transport</td>
</tr>
<tr>
<td>boarding houses / student housing – purpose built rooms with shared facilities</td>
<td>Improvised building materials, structurally unsound</td>
<td></td>
<td>Undermines building standards and efficient development</td>
</tr>
<tr>
<td>Non-residential building (eg. factory)*</td>
<td>Fire separation</td>
<td></td>
<td>Difficult to classify, often not included in completions data</td>
</tr>
<tr>
<td>Moveable dwelling (eg. caravan)</td>
<td>Inappropriate site – eg. flood zone / bushfire zone / inadequate drainage or services</td>
<td></td>
<td>Inability to identify or access dwelling from street – visitors, emergency access</td>
</tr>
<tr>
<td>Tents (rear yards or balconies)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupation /Tenure</td>
<td>Household composition (gender, age); size; bedroom standard; privacy</td>
<td>Formal / informal rental tenancy agreement</td>
<td>Discrimination and barriers to entry</td>
</tr>
<tr>
<td>Share housing; households “doubling up”</td>
<td>Security</td>
<td>Written lease / non-written lease</td>
<td>Health and safety issues arising from overcrowding, lack of privacy</td>
</tr>
<tr>
<td>Room rental / room sharing</td>
<td>Appropriateness for long term use?</td>
<td>“bond harvesting”</td>
<td>Language barriers</td>
</tr>
<tr>
<td>Hot-bedding</td>
<td></td>
<td>Unreasonable / excessive service fees</td>
<td>Insecure tenure with few protections</td>
</tr>
<tr>
<td>Sub-lets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Squatting*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lodgers / boarders (often classification is unclear)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: the authors

* Identified in the literature but not identified by respondents in this study as prevalent
Policy responses

The study has highlighted that local councils and housing advocates are at the front line of Sydney’s informal housing system. Structurally, major policy reform is needed to reduce demand for informal housing types that present health or safety risks of which offer inadequate privacy or tenure security. This requires strategies for: increasing the supply of affordable rental accommodation in locations of high unmet housing need; and addressing the barriers to accessing the formal system experienced by lower income and vulnerable groups. There are also some specific measures which could be extended in order to reduce and eliminate illegal dwelling production, and to improve awareness of rights and support available to people living in informal housing arrangements.

Addressing informal dwelling production

Compliance officers within Waverley and Fairfield, and the wider group who participated through interviews and focus groups, described a number of existing strategies in place which seek to prevent, identify and respond to illegal dwelling production. These include providing information to members of the community about the processes and requirements for housing and building works, as well as standards and requirements for tradespeople. A number of councils reported that they meet regularly with members of the real estate and building industry to share information about issues and trends. They advised that this relationship with local real estate agents meant that agents are more likely to be proactive in advising landlords about requirements, and in notifying councils about illegal secondary dwellings.

Some councils have begun to issue letters to property owners who have had compliance certificates issued for development, about the need to retain structures for their approved use, and that the use of a non-residential building for the purpose of a dwelling is not allowed.
### Table 7: Existing and potential strategies for responding to illegal dwelling production

<table>
<thead>
<tr>
<th></th>
<th>Existing / potential tools and strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preventing illegal dwelling production</td>
<td>Information for local residents, tradespeople, private certifiers and real estate agents about planning and building requirements and standards (in community languages)</td>
</tr>
<tr>
<td></td>
<td>Advisory letters to private certifiers and to property owners about permissible uses of complying development, and penalties for non-compliance</td>
</tr>
<tr>
<td></td>
<td>Raising awareness about the health and safety risks associated with inadequate and illegal dwellings for residents</td>
</tr>
<tr>
<td></td>
<td>Review of complying development provisions to remove potential uncertainties and loopholes (State)</td>
</tr>
<tr>
<td>Identifying illegal dwelling production</td>
<td>Proactive inspections of complying development; periodic reviews of rental advertisements</td>
</tr>
<tr>
<td></td>
<td>Agency data sharing (water connections, dwelling completion data, school enrolments)</td>
</tr>
<tr>
<td></td>
<td>Online reporting facilities</td>
</tr>
<tr>
<td></td>
<td>Regular industry meetings with real estate agents</td>
</tr>
<tr>
<td>Responding to illegal dwelling production</td>
<td>Appropriate compliance orders and penalties</td>
</tr>
<tr>
<td></td>
<td>Clear referral processes for potentially displaced tenants</td>
</tr>
<tr>
<td></td>
<td>Advice on potential remediation works to rectify and permit dwellings retrospectively where possible</td>
</tr>
<tr>
<td></td>
<td>Support for affordable housing providers and projects</td>
</tr>
</tbody>
</table>

Source: the authors

However, without a sufficient supply of alternative housing to serve the needs of low income and vulnerable groups, there will continue to be a market for illegal dwelling production in Sydney. This places local government housing compliance officers, and housing support workers who become aware of illegal dwellings, in a very difficult position.

### Addressing informal housing arrangements and tenures

As outlined in this report, in some cases the distinction between illegal dwelling production and informal housing arrangements can be unclear. Overall, housing and tenant advocacy and service organisations are playing a critical role in raising awareness about the rights of tenants and responsibilities of landlords, and where possible, referring vulnerable households to more secure and appropriate housing. These organisations explained that much depended on landlord type and orientation, with some landlords consciously ‘working around’ the legislation and thus undermining the rights of their tenants.

Interviewees expressed the view that universities should do more to assist tertiary students, particularly international students, in accessing appropriate and affordable accommodation, and in informing them about their rental rights. The considerable amount of money paid by international students, often for housing which is substandard, means there is scope for the sector to be improved with more stringent monitoring and organisation.
Interviewees also suggested that existing schemes designed to help lower income people trying to access the rental market, such as bond guarantees, could be extended. There is a particular need to assist asylum seekers to access appropriate and secure rental housing.

Implications for research and policy development

Informal housing is not necessarily a new phenomenon in Sydney. However, with increasing numbers of lower income earners unable to enter the private rental market without assistance, and in many cases being forced into share or other alternative arrangements when they do so, it has become more important to understand this sector of the housing system.

The health and safety risks associated with illegal dwellings, as well as the wider social implications associated with these new forms of accommodation, make research and policy intervention imperative. Future research efforts should extend the case study work conducted for this study to measure the potential scale of and trends in informal housing provision across Sydney and in non-metropolitan regions, and develop a basis for monitoring and improving the quality and security of low cost housing. In addition to establishing baseline data on informal housing supply and demand, perspectives from residents and providers of different informal housing arrangements are needed to inform future policy development.

Informal housing may make an important contribution to the diversity and flexibility of Australia’s housing system, and increasing choice in the housing market is an important objective for urban policy. However, having introduced planning reforms designed to boost and diversify housing supply, such as the Affordable Rental Housing SEPP 2009, it is important to evaluate the extent to which these measures are now delivering anticipated benefits for those most in need. It is critical to ensure that low cost market forms of affordable housing supply, such as the secondary dwellings and boarding houses discussed in this report, are only one part of a much wider affordable rental supply program in Sydney and NSW.

Conclusion

Those at the frontline in local government and housing advocacy are well aware of Sydney’s ‘hidden household’ problem. Working with frontline partners has yielded important insights into the scale and drivers of informal housing, scoping the evidence base needed to inform policy options as outlined in this report.

Research partners and others interviewed saw the growth in informal housing as symptomatic of Sydney’s chronic shortage of affordable rental accommodation. Affordability is the driving factor in people having to resort to overcrowded, inadequate and insecure housing, despite the fact that informal accommodation may still cost a considerable amount of money, particularly relative to income, with illegal dwellings and even shared rooms typically renting for more than $200 per week. As a building inspector commented, “there’s nothing affordable about paying good money for rubbish”. Landlords (and head-tenants) are “seeing [and exploiting] the opportunities” by renting out informal housing such as garages, or fueling informal tenures such as by sub-letting overcrowded accommodation.

The built form and tenure types associated with growing informality manifest differently in different areas, and relate to the varied social groups seeking informal housing. Particularly vulnerable groups are those lacking a strong rental history, such as older women following relationship
breakdown, international students, and newly-arrived migrants — a group of note in our partner LGA Fairfield which is experiencing intake of vulnerable refugee populations (approximately 10,000 people in the last 2 years). Participants in our partner LGA Waverly stressed the challenges for its elderly residents in rental accommodation not wanting to leave their local social support networks.

Further research is needed to reveal the scale and scope of the currently hidden informal sector to enable development of effective policy, including development of reliable baseline data; and qualitative research to gather the specific perspectives and experiences of those living in informal housing. However, the data and insights developed through this study represent a first attempt to uncover the processes and drivers of informal housing provision in Sydney, in collaboration with front line professionals within local government, housing advocacy, and support services.

Informal housing options play an important but poorly understood role in accommodating Sydney’s low income renters. Interventions to enhance the quality of informal housing options and the security of informal tenures, are urgently needed. These will involve support for local governments in strengthening regulation and enforcement around residential dwelling supply; design and policy innovation to address issues around privacy and appropriateness of informal dwelling types if they are likely to provide long-term accommodation for non-related households; and further rental tenancy reform to better protect vulnerable renters. Regulatory reform of informal rental accommodation should distinguish between exploitative, unsafe and unacceptable arrangements and those which are tolerable for their specific purpose of relatively short-term, accessible accommodation (Martin 2015). Adequate resourcing of tenant and specialist housing support and advice services remains critical. Along with commitments to boost social and affordable housing supply overall, facilitating and reinvigorating creative, community-based housing alternatives such as rental cooperatives or deliberative development models would reduce demand for illegal and substandard accommodation.
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