

# work stay

In collaboration with



## Spare Room Capacity in Housing Project

Final report

Coauthored:

Kate Sowden – Work+Stay (Settlement Services International initiative)

Olga Cherniak – Welcoming Australia

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## Executive Summary

Spare Room initiative arises in response to the pressing housing and rental challenges across Australia, compounded by critical skills shortages in key sectors, particularly in medical, healthcare, aged care, and home support industries, especially in regional areas. Establishing sustainable housing solutions has become essential with the aging population in these regions and the growing demand for home care workers, aged care workers, and support systems. Focused on three Local Government Areas in New South Wales - Bathurst, Orange and Parkes, the project aims to provide an innovative solution to address these challenges effectively.

An analysis of spare room capacity in the target areas determined that almost 60,000 spare rooms are available, presenting a significant opportunity to address housing shortages. The project also identified a distinct shortage of medical and care worker professionals, worsened by the unaffordability of rental accommodation for most income earners. Inspired by successful models such as the Travelling Nurses and Furnished Finder platform in the USA, which caters to short-term and mid-term rentals for healthcare professionals, this initiative seeks to establish partnerships between industry bodies, healthcare providers, employers, and homeowners.

The proposed initiative aims to provide a seamless medium for connecting homeowners with prospective tenants, automating contract generation, rent payments, and other necessary processes to streamline the rental experience for all parties involved. However, interviews with homeowners and employers revealed concerns regarding security, safety, and privacy in such arrangements, highlighting the need for targeted communications strategies to address societal norms and perceptions.

Stakeholder engagement with homeowners, industry partners, community organisations, and potential tenants will be crucial. This report outlines key findings and recommendations for necessary actions to increase the likelihood of success for this initiative, emphasising the importance of collaborative efforts and strategic communication in overcoming challenges and achieving sustainable housing solutions in regional New South Wales.

## Background

This research aimed to explore the potential for alternative housing opportunities in regional New South Wales (NSW). Regional NSW is currently experiencing a significant skills shortage, particularly in the medical professions, compounded by an ageing population—a common demographic trend in regional Australia. This demographic shift is driving increased demand for support, care, and aged care workers.

Moreover, the vacancy rates in the target areas are critically low, exacerbating the problem. The rental market is also highly unaffordable, further strained by the ongoing cost of living and Australia's broader housing and rental crises. These factors collectively hinder the ability to attract and retain essential healthcare and support professionals in these regions, necessitating innovative solutions to address the housing and workforce challenges.

The housing data analysis indicates that 75% of privately occupied dwellings in all targeted locations have at least one spare room available, revealing a potential of 57,598 available. Approximately 30% of these dwellings are occupied by a single person, while about 40% are occupied by two people. Additionally, there are 3,833 unoccupied dwellings in the analysed regions. These findings highlight the significant untapped potential for alternative housing solutions in regional New South Wales.

Based on the current job listings in the area, the affordability ratios show significant financial challenges for healthcare and community service workers. At the time of the Jobs and Skills Report, there were 115 job listings in Parkes, 460 in Orange, and 358 in Bathurst. The healthcare and medical industry was the top hiring sector in Orange and Bathurst, and the Community Services and development sector was second in Orange and Parkes.

Simultaneously, rental property availability was limited, with 59 rental properties in Parkes, 255 in Orange, and 214 in Bathurst. Analysing the income levels of advertised positions and comparing them to the median income levels of the respective industries revealed the following:

- In Parkes, over 34% of a Community Service & Development worker's income would be allocated to rent, breaching the 30% affordability rule.
- In Orange, Healthcare & Medical professionals would spend more than 36% of their income on rent, and Community Service & Development workers would spend more than 39%, breaching the 30% rule.
- In Bathurst, over 33% of Healthcare & Medical workers' income would go towards rent, breaching the 30% affordability rule.

Notably, aged care workers and healthcare support professionals earn less than the median salaries in their respective industries, making rental accommodation even less affordable for them in these areas.

The number of under-utilised spare rooms in the regions, coupled with the analysed affordability ratios that demonstrate the skilled workforce's inability to afford rental prices, underscores the potential for a spare room capacity housing initiative.

## Research Summary

### Environmental Scan

An environmental scan was conducted to summarise existing projects encouraging landlords to rent spare rooms in their primary residences to meet growing workforce demands. This scan revealed successful examples of spare room rentals in Australia and internationally. Notably, projects offering tax relief for rental income have been particularly successful. Although tax relief is not an option for the proposed initiative, other successful examples, such as Furnished Finder in the USA, were identified.

#### **Furnished Finder**

FurnishedFinder.com is a dedicated platform catering to mid-term rentals, serving the needs of housing professionals, particularly 'Travelling Nurses' across the United States. It acts as a centralised hub, providing listings from various locations and offering a comprehensive resource for traveling professionals.

#### **Key Features**

- **Automated Services:** Through a partnership with KeyCheck, Furnished Finder offers free detailed tenant screening reports, including credit scores, background checks, and eviction history. The platform also facilitates online rent collection.
- **Welcoming a Variety of Professionals:** While popular among traveling nurses, the platform also caters to allied health professionals, athletes, engineers, military personnel, and relocating families.
- **Room Rentals:** Listing individual rooms is particularly popular among traveling nurses due to the stability, professionalism, and predictability associated with this demographic, as well as the high costs of other rental properties.
- **Landlord and Property Screening:** Properties must meet high standards of affordability, cleanliness, and safety. Landlords provide essential utilities and furnishings, and undergo verification through a Fraud Prevention partner. The platform also collaborates with furniture rental partners to help landlords meet listing eligibility requirements.

#### **Outcomes**

The platform's have generated:

- 50,000 listings before the pandemic
- 250,000 listings demonstrates its effectiveness and popularity
- over 100,000 traveling nurses using the platform
- trust from more than 100 medical staffing companies,

Furnished Finder has established itself as a reliable and comprehensive solution for mid-term accommodations for professionals.

In addition to the environmental scan and data analysis, two on-site surveys were conducted to gather insights into the local community's and economy's sentiments regarding the proposed initiative.

### Homeowners Engagement Survey

A total of 301 respondents fully completed the survey. Of these, 82% (247 individuals) indicated awareness of the housing shortage, while 13% (40 individuals) were unaware. Concerns primarily focused on housing availability and affordability, particularly for youth, families, and other individuals. Out of 278 participants, over 70% reported residing in houses with three or four rooms. Additionally, 65% (180 respondents) noted having spare rooms that are not regularly utilised. Of the 148 respondents with spare rooms, 57 considered renting a spare room. Nearly 50% of those expressed a preference for charging up to \$200 per room weekly, considering it a fair price.

### Employer Engagement Survey

The employer survey included 163 respondents, providing valuable insights into their perspectives on workforce accommodation and economic development initiatives in the regions. Approximately 41% (66 employers) indicated current recruitment needs, with the highest demand reported by employers in Orange. Among the respondents, 43% indicated a need for highly skilled workers, 36% required moderately skilled workers, and 20% sought entry-level employees.

## Key findings

The primary motivations for homeowners considering renting out a spare room included the prospect of additional income and contributing positively to the community. The type of prospective renters also emerged as a significant consideration. Only a small fraction, 8.5% (44 respondents), expressed a reluctance to rent out a spare room, indicating a generally positive and actionable outcome.

Key considerations for homeowners in this initiative were:

- Additional income
- A trustworthy pre-screening process
- The type of renter
- Trustworthy management and booking systems
- Overall community benefit

Approximately 30% of respondents expressed concerns about their privacy and personal space, with the nature of the tenant being a significant factor for many. Language and cultural differences, however, did not appear to be major concerns.

Specific concerns included:

- Privacy and personal space
- Preference for reserving space
- Availability of spare bathrooms

Out of the respondents, 46 individuals expressed interest in receiving more information about the initiative, with an additional four indicating a desire to be contacted at a later date.

Employers have also suggested several measures to make the initiative successful:

- Implementing a robust matching system
- Enforcing strict regulations
- Creating a dedicated platform for spare room rentals

Concerns were raised about the potential risks involved, emphasising the importance of ensuring that homeowners and renters are suitable matches. Additionally, some respondents believed that renting spare rooms could enhance the connection to the community for newly arrived employees.

A total of 34 employers expressed interest in being contacted in the future for updates on the initiative, and their contact details were collected accordingly.

## Recommendations

### Overview of key elements required for solution:

Drawing from the key learnings including existing successful solutions from around the world, comprehensive community surveying in the targeted regional towns and further serendipitous findings here in Australia, the following overarching principles have guided the next phase of the solution.

#### 1. Utilisation of existing rental platforms

Given the significant costs and operational complexities associated with developing a new platform to host the rental opportunities, the identification of an existing platform that can be used to manage all the legal contracts, terms and conditions, bond and rental payments such as [Flatmates.com.au](https://www.flatmates.com.au) or the [Room Xchange](https://www.roomxchange.com.au). This approach would leverage the existing infrastructure and expertise of established platforms, minimising the need for extensive development, cost and ongoing management of the platform itself.

#### 2. Automation and security features

Feedback from community surveys revealed the requirement for a platform to have a secure and automated process. It is essential to ensure that the platform offers features such as automated generation of tenancy legal documents, seamless rent payment and collection processes, and automated pre-screening of tenants. These features will enhance security and streamline the rental process for both homeowners and tenants.

#### 3. Comprehensive pre-screening

The environmental scan report revealed a strong preference among stakeholders for a platform that pre-screens homeowners and tenants to manage the 'awkward conversations and agreements' required to confirm a) length of tenancy b) homeowner rights to dissolve an arrangement c) pricing and payments. To address this, the platform should implement robust pre-screening mechanisms and clarity of the tenancy agreements for both landlords, properties, and tenants ensuring transparency and safety for all parties involved.

#### 4. Local knowledge and management – a local concierge

Although the concept of unlocking spare rooms is very successful in metropolitan cities such as London, Manchester and New York, as well as for international students in Sydney and Melbourne, Australia, the concept is not effective in regional Australia. This indicates that the process of the platform to manage the 'rental process' is only one part of the solution required. Feedback from local homeowners surveyed showed a limited knowledge of this option, a certain level of skepticism due to the 'renter type', and a concern regarding the local matching and understanding of the area itself.

Therefore, a local resource is essential to manage:



- a) the continued engagement and sourcing of local homeowners to participate
- b) the local matching process
- c) secure and manage an industry partner to supply renters from healthcare sector
- d) the ongoing sustainability of the funding for the local approach

The positive community response to unlocking spare rooms included an older age group particularly women living on their own. A local resource to help and support this cohort of homeowners onboard onto the platform will also be imperative to unlock spare rooms. The local resource will also be responsible for managing the matching of homeowners and tenants based on preferences. This will ensure compatibility and foster positive living experiences for all users of the platform.

## 5. Industry partner

Based on the feedback from community surveying, the type of renters targeted and sourced as options for local homeowners is essential to unlocking spare rooms of homeowners in the local area. Building on the success of the 'Traveling Nurses' in the USA that specifically provides affordable short term accommodation for the provision of nursing resources across the USA, an industry partnership is key to the success of supporting this workforce. Therefore, an industry partnership in the healthcare sector with a local workforce in need of affordable housing options (ie. Local hospital nursing and care worker staff or a local Aged Care provider) will ensure a pool of renters matching the criteria identified by local homeowners. A local industry partner will also give the housing option credibility with their workforce too. It is important to give potential renters the confidence in this option. This will be identified and managed by the local concierge with a process that can grow based on the success and number of partners wanting to utilize this accommodation option.

During the 'pilot' phase, it will be imperative for the local concierge to:

- a) Engage a local healthcare provider with a workforce matching the ideal renter profile
- b) Further understand the accommodation 'pain points' of their workforce
- c) Assess the industry partner who will benefit from this solution in
- d) Present and articulate the benefits of the spare

## 6. Sustainable funding source

The local concierge will be required to secure ongoing funding based on the ongoing utilization of the solution and the number of partners secured. It is recommended that an agreed set of metrics are to be provided to the industry partner to evidence the impact of

their investment. The level of investment required by the industry partner will directly correlate to cost of the concierge resource time to manage their workers accommodation placements.

The suggested KPI metrics for reporting are:

- No. of placements
- Length of tenancy
- Renter and homeowner feedback – satisfaction report
- Industry talent acquisition report based on securing resource attributed to the offering of affordable accommodation

### A Holistic Service Recommendation



**The Spare Room Initiative:  
Opening doors to care workers in our regions**

The recommended solution draws from all the key learnings, analysis of outcomes, community surveying and meets the criteria of the key elements listed above for success in a local regional market such as Central West NSW. The solution aims to alleviate any impediments and provide a service to a) meet the expectations and requirements of homeowners, and b) meet the needs of the healthcare workforce.

This Spare Room Initiative includes a:

- safe, secure and existing booking platform
- managed by a local concierge to provide:
  - stakeholder engagement
  - marketing and communications
  - matching support
  - guide homeowners and renters through the process
- Industry partner for sustainability of solution and ideal 'renter type' pipeline

The recommended solution draws directly from the key learnings, with a tailored approach to account for the requirements of each key stakeholder group:

- **Homeowners:**
  - require a safe, well-managed service with local expertise
  - need to know and understand their rights as landlords
  - desire the ability to choose a renter based on gender and profession
  - want to know they are improving community outcomes
- **Renters:**
  - require affordable accommodation options
  - are looking for a safe and well-managed rental process
  - want to clearly understand the terms and conditions of their rental agreement
- **Industry Partners**
  - need to attract workers to their location
  - want to ensure the basic primary need of accommodation is secure
  - are looking for affordable, safe and credible accommodation options for their staff

# How to Implement and Deliver the ‘Spare Room Initiative’

## Summary:

A two-step process is needed in each community or area for this solution. The first is a ‘pilot’ phase. This is a fully funded one-year project to:

- build the stakeholder engagement
- deliver the communications plan
- secure an ongoing sustainable funding stream

The second phase is the ‘ongoing sustainable service offering of the ‘Spare Room Initiative’.

## Phase One: Pilot Phase:

A ‘pilot’ project is the recommended as the next step for the Spare Capacity In Housing Project. This pilot project will take the key learnings together, with the recommended structure for implementation, to complete a pilot in partnership with one key industry partner from the health sector. The intention of this pilot would be to develop and test the process, build all the operational documentation, communication strategy and content, develop the marketing materials, complete stakeholder advocacy within one regional hub and deliver value to the industry partner to ensure their ongoing financial support of the service offering.

A successful pilot would result in the following outcomes:

- Fully developed and tested ‘Spare Room Service’ concept
- End to end operational testing including onboarding an industry partner as well as engaging homeowners and renters
- Development of all marketing materials including templated emails, flyers, media releases
- Agreement with the pilot industry partner to fund the ongoing access for their workers to the Spare Room opportunity equal to the cost requirement of the local concierge
- Possible funding agreements with additional employers in the same region
- Recruitment of a ‘Local Concierge’ to manage the ongoing service delivery of spare rooms.

The pilot will test the concept of a ‘Local Concierge’ service coordinating the marketing, customer service and operations of Spare Rooms in a regional hub.

## Phase two: Ongoing Sustainable service

A key pilot project outcome is the securing of funding from the industry partnership for an ongoing resource 'Local Concierge' role.

A 'Local Concierge' is required to coordinate the ongoing community engagement to source homeowners, to match health workers with the appropriate homeowners, and to coordinate the relationship with the industry partner.

The Local Concierge will be required to:

- be responsible for the end to end process of matching homeowners to workers
- own the relationship with the initial industry partner
- manage any complaints, feedback or queries

The amount of resource allocation will be correlated to the work effort required for this role, determined during the pilot phase. Flexible resourcing for the 'Concierge' role would be preferable based on the success of the pilot and ongoing service. If, as suspected, this service provides industry partners with affordable accommodation options for their staff and it aligns with their recruitment strategies, this will drive the funding partnership and potential growth of the offering in community.

## Completed Deliverables

| Deliverables              | Method   | Milestone dates |
|---------------------------|--|-----------------|
| Agreed Project plan       | As outlined by Orange360 and agree by Joint Organisation lead confirmed by SCIHP Progress meeting  | Delivered       |
| Project establishment     | Commencement by Orange360   Work + Stay  | Delivered       |
| Agreed project design     | Present project concept design to Project Steering Committee and Reference Group   | Delivered       |
| Housing data report       | Analysis of latest housing data from 2023 census and other sources (eg. CoreLogic) summarising key opportunities of spare rooms in the region.   | Delivered       |
| Environmental Scan report | Research and summarise national and international projects with similar focus to inform proposed approach.   | Delivered       |
|                           | SteerCo Progress Meeting and presentation of Survey Project  | Completed       |
| Homeowner survey report   | <p>Survey of total of up to 400 homeowners across 3 regional areas (weighted by assumed spare room stock %). Suggested questions include:</p> <ul style="list-style-type: none"> <li>- Number of spare rooms</li> </ul> <p>Rental option Y/N</p> <ul style="list-style-type: none"> <li>- Decision matrix based on initial response</li> <li>- Rental rate expectation showing price elasticity</li> <li>- Duration eg. Short, medium, long term</li> <li>- Key barriers to entry</li> <li>- Key insights into homeowner/community sentiment</li> <li>- Collection of contacts for future marketing</li> <li>- Email campaign from Orange 360</li> </ul> | Delivered       |
| Employer survey report    | <p>Survey of up to 400 employers across the 3 key town centres, weighted by population % including:</p> <ul style="list-style-type: none"> <li>- Current positions advertised</li> </ul>   | Delivered       |

|   |  |           |
|---|--|-----------|
|   | <ul style="list-style-type: none"> <li>- Level of skills   employment analysis</li> <li>- Medium to longer term workforce requirements – seasonal and project pinch points</li> <li>- Could spare rooms and additional accommodation help secure the resources need and attract workers</li> <li>- Email campaign from Orange 360</li> </ul>                                       |           |
| Job and skills/level Report (based on publicly held data) | <p>Analyse the data for employers in each of the 3 key regional centres including:</p> <ul style="list-style-type: none"> <li>- Key data on job vacancies volume and level</li> <li>- Summary of income levels per quantity of workforce required.</li> <li>- Comparison of affordability of current rentals vs required workforce earning capacity.</li> </ul>                    | Delivered |
|   | SteerCo Progress Meeting   | Completed |
| Feasibility study   | Drawing from the learnings gathered by the above activity together with a PESTEL analysis, this feasibility study will identify barriers and enablers to the development of proposed approach to unlock access to spare rooms as an accommodation strategy.  | Delivered |
|   | Steer Co Progress Meeting  | Completed |
| Risk register   | Risk register matrix relating to the implementation strategy - highlighting the level of risk for each using traffic light key along with suggested mitigation strategies  | Delivered |
| Implementation proposal                                   | <p>Incorporating feedback from the Project Steering Committee and Reference Group on the feasibility study and risk register, the implementation strategy will be refined, giving consideration to:</p> <ul style="list-style-type: none"> <li>- Legal issues</li> <li>- Use of technology</li> <li>- High level marketing</li> <li>- Likely costs and financial return</li> </ul> | Delivered |

|              |  |           |
|--------------|--|-----------|
|              | - Project delivery plan with timelines |           |
|              | SteerCo Progress Meeting               | Completed |
| Final report | Completed plan and report delivered    | Delivered |
|              | Final SteerCo Progress Meeting         | Completed |