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Social and Economic Benefits of the University of Sydney's Proposed Student Housing Model

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Creating and building community

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University of Sydney's proposed student housing
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Executive summary

This study provides an analysis of the benefits of the University of Sydney's (the University) proposed new model of on campus student housing consisting of 10-11m² room sizes supported by a significant provision of onsite communal amenity and educational facilities. Comparable international precedents indicate that this approach offers a high quality of university experience for students and assists with their attraction and retention.

The City of Sydney's *Housing Issues Paper*¹ found there is a significant undersupply of affordable housing in the City of Sydney. This shortage is compounded by an undersupply of nearly 75,000 student accommodation beds across Sydney² including a shortfall of 7,000 beds (by 2021) immediately adjacent to the University³. The shortage of quality student accommodation is recognised as increasing issues around student welfare, is believed to be a barrier to Australian universities to further develop the international student market, and forces students to compete with low to moderate-income households for the limited affordable accommodation on offer leading to increases in rents and limiting supply. The undersupply has also created a proliferation of illegal dwellings offering cheap but unsafe premises and restricted the ability of low-income students to reside close to campus.

The University is committed to providing quality and affordable student housing and is culturally and strategically focused on the health, wellbeing and educational outcomes of its students. As a land owner it is uniquely positioned to provide affordable student accommodation, in contrast to private providers who face high land values and who therefore charge higher rents to make a reasonable return on investment. Unlike the private student accommodation on offer, the University accommodation is not-for-profit and currently offered at rents 25% below the private market supplemented by a further \$500k (2016) - \$1m (2018) per annum in accommodation scholarships available to enable disadvantaged students with their accommodation needs. In 2016, the University owned and/or managed 1,470 beds in purpose built student accommodation and there are a further 1,389 beds in residential colleges on campus. Eight hundred of these are dormitory style beds within the repurposed Queen Mary Building and with room sizes of less than 10m² (this was permitted as the rooms were existing). The Queen Mary Building Facility won the 2016 AACUHO Student Housing Operation of the year title⁴.

The next stage of the University's commitment to delivering increased affordable student accommodation comprises the Darlington Terraces and Darlington College Mixed Use Projects. Both of these projects propose room sizes under the AHSEPP regulation of between 10 to 11m². While the University is

¹ City of Sydney, *Housing Issues Paper*, April 2015,

http://www.cityofsydney.nsw.gov.au/__data/assets/pdf_file/0019/231328/150421_PDC_ITEM02_ATTACHMENTA.PDF

² Knight Frank, *Australian Student Accommodation – The Investment Opportunity*, April 2016

³ Location IQ, *University of Sydney Future Supply of Student Housing*, March 2015

⁴ Asia Pacific Association for Student Housing

proposing smaller rooms this reduction in room size is offset by the provision of extensive common, education, and study facilities that are not taken into consideration in current planning regulations. Dependent on the size of the project the GFA per resident being provided by the University in its new and proposed accommodation ranges from 25 to 35m² per resident due to the amount of common spaces provided. The model also provides for more affordable student accommodation at between \$255 (twins) to \$294 weekly (single dorm rooms)⁵, including all utilities and an extensive residential, pastoral care and education programme set at 10% above AACUHO standards⁶. This rental is below what is considered "affordable" for low-income students (using the Community Housing Provider model, affordable accommodation is considered to be below \$326.25 weekly).

In NSW, planning controls do not specifically cater to student housing. Student housing with dorm-style rooms, such as those proposed for the University's developments, are regulated as new generation boarding houses under the *State Environmental Planning Policy (Affordable Rental Housing) 2009* (AHSEPP). The AHSEPP mandates a minimum room size of 12m² for single rooms. It's clear that the current planning framework is not encouraging an increased supply of affordable student housing, with new for-profit purpose built student accommodation developments (such as Iglu and Urbanest) renting at around \$400 to \$500 weekly. The NSW minimum room size of 12m² per dwelling is approximately 40% higher than minimum room size controls in Brisbane and Victoria (where the minimum room size for single rooms is 7.5m²).

Based on National and International precedents the provision of affordable smaller dorm style rooms in accommodation with more extensive communal facilities can have the following benefits:

- Increased supply of quality affordable student accommodation and reduced competition for affordable rental housing for the broader community
- Improved health and wellbeing outcomes for students through University managed housing, pastoral care, and quality communal facilities
- On Campus Experience including improved communal facilities onsite responding to student preference to study outside of their room and improving their education experience through social interaction and discussion
- Increased total GFA per student through the reduction in room size but increased communal facilities and quality of life
- Increased quality communal facilities and services on campus reducing impact on community facilities used by the broader community, and
- The 24/7 support provided by the University discourages anti-social behaviour and increases security and sense of community, and
- Supporting economic growth and development.

⁵ 2016 pricing

⁶ Asia Pacific Association for Student Housing

Recommendation

To assist the University to deliver its proposed 1,000 additional affordable student beds and for future developments, variations to the current AHSEPP and consequent City of Sydney City of Sydney *Development Guidelines for Boarding Houses, including Student Accommodation*, should be sought to allow well designed dorm-style rooms sizes of no less than 10m² per person combined with increased educational spaces and communal amenity. This approval should only be applied to accommodation which is not for profit, is additive to the learning experience of the student, has a commitment to student health and wellbeing through an expansive pastoral care programme, has onsite management and where rents are set below the private market using recognised methodologies such as those suggested by the Australian Tax Office.

1 Introduction

1.1 Background

To address the current undersupply of affordable and quality student housing within the City of Sydney LGA, the University of Sydney (the University) is proposing a new model of student housing that includes a reduced dormitory bedroom size of between 10 and 11m² but supported by a high level of common and educational amenity.

The University's accommodation is designed to be additive to the learning process and a natural extension of the wider campus with a significant focus in the design of the building and residential experience on education.

Under the current State Environmental Planning Policy (Affordable Rental Housing) 2009 (AHSEPP), which regulates boarding housing (under the definition of which student housing falls) a minimum bedroom size of 12m² is required. While suitable for low income boarding houses, this policy fails to both recognise the different dormitory and common space utilisation of student accommodation and the wealth of common and educational spaces which should be provided to ensure student accommodation is not simply a room for the night but a supplemental learning experience to the traditional lecture.

1.2 The current environment

The City of Sydney's *Housing Issues Paper*⁷ found there is an undersupply of affordable housing in the City of Sydney. Sydney and inner Sydney's housing affordability crisis has a particular impact on Sydney University students, who are competing with low-to-moderate income households for an increasingly smaller number of "affordable" rental properties that are close to public transport. This undersupply impacts on the health and wellbeing of students and on the ability of low-income students, such as international students, to remain living in the City of Sydney. It has also resulted in illegal dwellings offering cheap but unsafe premises where up to 20 international students can be living in one room^{8,9}. The regularity of media reports on this issue demonstrate that it is an ongoing concern.

This has happened at a time when student numbers (and therefore those competing for affordable accommodation) have increased and are growing steadily. In 2016, Knight Frank¹⁰ estimated a current

⁷ City of Sydney, *Housing Issues Paper*, April 2015,

http://www.cityofsydney.nsw.gov.au/__data/assets/pdf_file/0019/231328/150421_PDC_ITEM02_ATTACHMENTA.PDF

⁸ Sydney Morning Herald, *Illegal Accommodation: City of Sydney cracks down on black market syndicates*, June 2015

⁹ Domain.com, *International students being exploited in Sydney as they fork out big bucks to live in overcrowded apartments*, September 2016

¹⁰ Knight Frank, *Australian Student Accommodation – The Investment Opportunity*, April 2016

undersupply in Sydney of 74,763 bed spaces with a further increase projected. The University's research¹¹ has predicted that, while there are currently around 10,493 beds in purpose built student accommodation within or nearby the University's Camperdown campus, there is still an estimated undersupply of around 6,745 affordable student beds (below \$326 weekly rent) to service the area to 2021. New purpose built private student accommodation developments, while increasing the supply of student accommodation, do not increase the supply of affordable accommodation, with average rents of above \$400 weekly and limited or no commitment to improving the educational experience of the resident

1.3 Study objectives

This study looks at the benefits to students, the affordable housing market and the broader community, of the University's proposed affordable student housing model of smaller dormitory style rooms supported by increased communal amenity. Specifically, this study:

- Provides a supply and demand analysis of affordable student accommodation
- Assesses the benefits of an increased supply of affordable student housing on the broader affordable housing market and surrounding locations
- Reviews current State and local planning controls and the constraints that they pose to the provision of affordable housing by the University
- Identifies national and international precedents for small sized student accommodation and the benefits to communities and students of smaller sized student accommodation, and
- Recommends strategies to increase the provision of affordable student housing and increase the social and economic benefits to the broader community.

1.4 Methodology

The methodology for this study included:

- Literature review on housing affordability, student housing demand and needs, and the social and economic benefits (including on private rental housing affordability) of student housing
- Analysis of models to increase supply of affordable student accommodation
- Analysis of student populations within the City of Sydney LGA and nationally for context
- Analysis of affordable housing supply and trends in the City of Sydney
- Audit of current and planned student accommodation supply nearby the University's campus including number of beds and affordability, and
- Review of national and international student accommodation precedents including best practice student accommodation models and student accommodation planning controls.

¹¹ Location IQ, University of Sydney Future Supply of Student Housing, March 2015

2 The University's commitment to the provision of affordable student housing

2.1 University of Sydney's commitment to affordable housing

The University is committed to providing affordable, safe, and well designed and managed student accommodation which is additive to the learning experience in the wider campus. The University recognises that affordable housing is a basic requirement for those studying at the University. The University believes that access to affordable and safe student accommodation on or near campus is not just important for the health and wellbeing of students but that it also delivers a range of social and economic benefits to local communities around the University.

In 2016, the University owned and/or managed 1,470 beds in purpose built student accommodation and there are a further 1,389 beds in residential colleges on campus. Eight hundred of these are dormitory style beds within the repurposed Queen Mary Building and with room sizes of less than 10m² (this was permitted as the rooms were existing). The Queen Mary Building Facility won the 2016 ACCUHO Student Housing Operation of the year title.

The *University of Sydney's Strategic Plan 2011-2015* specifically identified the provision of more affordable and appropriate student accommodation on and near the University's campuses as an initiative to enrich the experience for all of its students. In order to implement this initiative, the University committed to the delivery of 4,000+ new beds with the aim of:

- Bridging the current undersupply in housing stock
- Significantly increasing the number of affordable beds, (defined by the University as rents that are at least 25% below market rent for comparable accommodation)
- Alleviating demand and affordability pressures in the local market housing for both students and local residents
- Addressing the NSW Government and City of Sydney's objectives to increase affordable housing supply in Sydney
- Increasing the amount of private affordable rental housing stock for low-income households, and
- Encouraging a diverse range of housing in Sydney to meet the clear unmet demand for student accommodation.

The *University of Sydney 2016-2020 Strategic Plan* furthermore recognises housing affordability as a barrier to recruitment of research leaders and pledges to address this barrier.

2.2 University of Sydney proposal for affordable student housing

The University is committed to delivering increased affordable student accommodation of up to 4,000 beds. Unlike private student accommodation, the University's accommodation is not-for-profit, and currently offered at rents 25% private market rental.

The first 1,000 beds (Phase 1a) of the University's commitment were delivered with the successful completion of the Queen Mary Building (QMB) and Abercrombie Student Accommodation (ASA) facilities. Rents range from \$312 to \$337 per week.

The next stage of the Programme is expected to be the Darlington Terraces and Darlington Residences Mixed Use Projects which combined would constitute the University's next 1,000 beds.

The **Darlington Residences Project** proposes to redevelop the Regiment site comprising the Regiment Building and the Darlington Centre to deliver 660 dorm style beds sized between 10 and 11m² by Semester 2, 2018. Proposed rents are less than \$300 per week at 2016 prices including utilities and pastoral care services.

The **Darlington Terraces Project** is to deliver a high quality, cost effective non-catered student accommodation facility of 337 beds that are primarily dorm style with some twins and a couple of family houses supported by extensive student focused common amenity. The room sizes planned for the new development are also between 10 and 11m². Proposed rents for a twin shared room is less than \$250 per week and a dorm room less than \$300 weekly at 2016 prices which includes utilities and pastoral care.

While the University is proposing individual rooms of between 10-11m² (as opposed to the guidelines of 12m²) this reduction in room size is offset by the provision of extensive common, education and study facilities that are not reflected in the current planning regulations that focus primarily on room size. Dependent on the size of the project the GFA per resident being provided by the University in its new and proposed accommodation ranges from 25-35m² per resident due to the amount of common spaces being provided.

As a minimum new student accommodation projects will include blended educational and learning environments, all of which are additive and integrated with the residential life experience that focuses heavily on education and personal development over simply entertainment. These will include:

- At least one lecture/Ted X theatre,
- Fully AV enabled teaching spaces (multiple),
- Study areas throughout the building on all residential floors,
- Breakout spaces and learning hubs for quiet study,
- 3D Printing Fabrication Labs, Hacker Maker Spaces,
- Music Practice Rooms, and
- Technology labs.

According to the University, feedback from students who have been through the University's 10m² prototype are overwhelmingly positive with no comment on size, more on functional use of the space. The University's utilisation studies also indicate that students prefer to study outside of their room when facilities are available to improve their education experience through social interaction and discussion.

Both sites are located in the Mereweather Precinct, one of six campus precincts in the University's Campus Improvement Plan, a concept State Significant Development approved by the Minister for Planning on 16 February 2015. The precincts contain notional building envelopes, generic University land uses, transport and access arrangements, landscape concepts, heritage and design principles for the campus. There are relevant and specific conditions to the site approved in this Plan including maximum additional gross floor area and built form and urban design conditions.

3 City of Sydney student population

A major cohort of the inner and inner western Sydney population is university students, including a large number of international students. This section provides a profile of the increasing number of university students, both domestic and international, studying and living within the City of Sydney LGA.

3.1 Students living in the City of Sydney

Students, especially international students constitute a major component of the City of Sydney's resident and visitor population. According to the most recently available ABS Census, in 2011, 20,249 people or 11.1% of people living in the City of Sydney were attending university (comparatively only 5.2% of residents of Greater Sydney were attending a university at this time). In 2013, it was estimated that there were 35,000 international students enrolled at city-based tertiary institutions. The 2011 Census found that just over 10,000 international students lived in the City of Sydney area.

As would be expected, all suburbs surrounding the University's Camperdown campus have a higher percentage of people attending university than the City of Sydney as a whole (9.7%). In 2011, the suburbs with the highest percentage of people attending university were:

- Darlington (29.7%)
- Camperdown (29.3%), and
- Ultimo (24.5%).

The suburbs with the highest number of people attending university are:

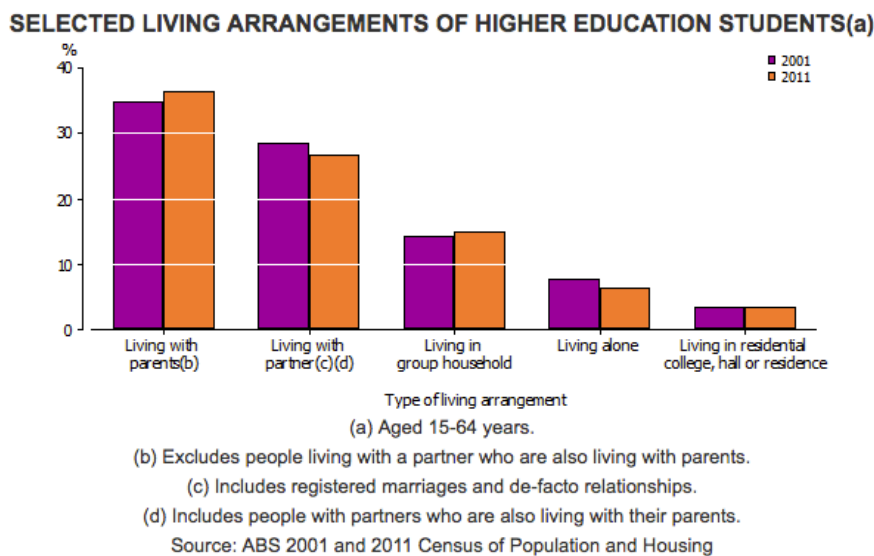
- Camperdown (1,805 people)
- Ultimo (1,761 people), and
- Glebe-Forest Lodge (1,649 people).

While the number of people living in the suburbs surrounding the University increased between 2006 and 2011 the percentage of the population generally decreased other than in Camperdown and Newtown.

3.2 Living arrangements

As shown in Figure 2, there has been a trend in the last decades for more students to live with their parent(s) and less with their partner, most likely due to increasingly unaffordable rents in the private rental market. In 2011, around 13% of students were living in shared/group households, around 7% were living alone and around 3% were living in residential colleges, halls or residences.

Figure 1 Selected living arrangements of higher education students (source: ABS 2013)



Overcrowded living conditions

ABS data from 2013 identified the most common reason given by higher education students for their last move was wanting to be closer to education facilities. This desire to live close to educational facilities has resulted in many students, particularly international students, living in overcrowded and sometimes unsafe conditions, mostly due to a lack of affordable housing options for lower-income students.

Whether a dwelling is overcrowded is calculated by comparing the number of bedrooms with the number, sex and age of people in the dwelling. The same ABS study (2013) identified that higher education students born overseas were more likely than Australian born students to be living in an overcrowded dwelling (20% overall compared with 6%). Students from poorer countries are more prone to be in this situation. Over half of all students born in Nepal (54%) and Afghanistan (52%), and over a third of students born in Pakistan (38%), Sudan (37%) and Iraq (36%) lived in an overcrowded dwelling (ABS 2013). It is likely that the high cost of accommodation in Sydney means that housing for international students is a major concern. The ABS also notes that as there was an undercount of new migrants, overcrowding may in fact be higher for these groups than indicated by the Census¹².

Overcrowding and unsafe use of residential accommodation are significant issues for the City of Sydney, which regularly receives complaints relating to overcrowding and invests considerable resources in responding to these complaints. Overcrowding of residential accommodation, often combined with

¹² City of Sydney, 'Submission to Social Policy Committee, NSW Parliament Inquiry into International Student Accommodation in NSW', October 2011

unauthorised partitioning to create additional rooms, can lead to rapid deterioration of shared facilities and increased use of services for common areas, and health, fire safety and amenity concerns.

In 2015, the City of Sydney investigated around 38 illegal student accommodations including one dwelling where at least 15 Japanese and Korean nationals were charged up to \$160 a week by a landlord to live in shipping containers and decrepit caravans stacked on top of each other.

4 Defining affordable student housing

Housing affordability is a major issue for lower-income students especially international students. It is increasingly an issue in the City of Sydney as housing becomes unaffordable for a broader range of residents and workers. This section defines affordable student rents based on recognised industry benchmarks.

4.1 What is affordable?

According to the City of Sydney's *Housing Issues Paper 2015*, 84% of lower-income earners living in the City are in housing stress¹³. In the past decade in the City of Sydney LGA rental accommodation costs have increased by 70% growth and there has been a 65% growth in housing sale prices. Location IQ¹⁴ also forecasts a significant undersupply of affordable student accommodation (6,745 dwellings in 2021), which will drive students into the private rental market and exacerbate lack of access to affordable rental housing for key workers and lower-income residents across the City of Sydney.

Affordable housing is defined as "housing that is appropriate for the needs of a range of very low to moderate income households and priced so that these households are also able to meet other basic living costs such as food, clothing, transport, medical care and education"¹⁵. Generally, housing that costs less than 30% of gross household income, for very low, low and moderate-income households, is considered affordable¹⁶. In June 2014, 2.1% of rental housing stock in the City of Sydney was affordable for very low-income households, 6.3% was affordable for low-income households, and 28.8% was affordable for moderate-income households¹⁷.

Formulas for determining affordability

There are multiple ways to determine housing affordability for students. These include:

- The National Centre for Social and Economic Modelling (NATSEM) uses the "30/40 rule", (which is used by Housing NSW and the ABS) where housing is considered affordable at 30% of household income, for the lowest 40% of incomes
- The Community Housing Provider (CHP) Model (or GST Concession Model), whereby rents are set at 25% less than market rent for comparable properties, and

¹³ City of Sydney, *Housing Issues Paper*, April 2015,

http://www.cityofsydney.nsw.gov.au/__data/assets/pdf_file/0019/231328/150421_PDC_ITEM02_ATTACHMENTA.PDF

¹⁴ Location IQ, *University of Sydney Future Supply of Student Housing*, March 2015

¹⁵ Centre for Affordable Housing, *Local Government Housing Kit*

¹⁶ *ibid.*; City of Sydney, 'Affordable Housing Rental Housing Strategy 2009-2014', February 2009

¹⁷ Centre for Affordable Housing, *Housing Snapshots*, 2015

- National Rental Affordability Scheme (NRAS), similar to Community Housing, where rents are set at 20% below market rental¹⁸.

What is affordable for residents?

Affordable housing rents for one and two bedroom units, based on 25% below December 2015 median market rents, are given in Table 1. This gives an affordable rental price of \$412.50 for a one-bedroom apartment and \$562.50 for a two-bedroom apartment (or \$281.25 per room).

Table 1 Affordable housing rents (source: Housing NSW, 'Rent and Sales Report', December 2015 and Cred Consulting)

AREA	Postcode	One Bedroom		Two Bedrooms	
		Median Rent (Dec 2015)	Affordable Rental Rate (75% of median)	Median Rent (Dec 2015)	Affordable Rental Rate (75% of median)
		\$	%	\$	%
Sydney Inner City		\$550	\$412.50	\$750	\$562.50
Ultimo/Broadway	2007	\$550	\$412.50	\$800	\$600.00
Darlington/Chippendale	2008	\$560	\$420.00	\$730	\$547.50
Redfern	2016	\$530	\$397.50	\$700	\$525.00
Glebe/Forest Lodge	2037	\$450	\$337.50	\$658	\$493.50
Enmore/Newtown	2042	\$440	\$330.00	\$635	\$476.25
Camperdown	2050	\$580	\$435.00	\$700	\$525.00

What is affordable for university students?

In 2012, the average annual income from all sources for full-time domestic undergraduate students was \$18,634 (\$358 per week), and \$19,713 for international undergraduate students (\$379)¹⁹. Three-fifths of international undergraduate students had an income of less than \$20,000 per year. This places the average domestic and international full time undergraduate student in the second lowest individual income quartile, and in the bottom 13.9% of household incomes in the City of Sydney (unequalised).

According to the ABS (2013), in 2009-10 the median weekly income from all sources of income for employed higher education students was \$564, with the median income for younger students being much lower than that of older students (\$331 and \$1,103 respectively).

¹⁸ Previously, the NRAS was an Australian Government initiative that funded the development of many affordable housing properties in partnership with the State and Territory Governments including development of student accommodation complexes on campus. NRAS funding is no longer available.

¹⁹ Universities Australia, 'University student finances in 2012', July 2013

While international students enjoyed the academic elements of university life in Australia, they only reported 49 per cent satisfaction when it came to affordability, according to research by Professor Terry Burke at the Swinburne University of Technology.

Using the NATSEM model, and based on the average full time undergraduate student income of \$18,634 (\$358 per week), and \$19,713 for international undergraduate students (\$379 per week)²⁰, affordable rent for lower-income students would be \$152.40 per week (which includes \$45 for utilities). This is approximately the rent being charged at illegal accommodations.

Using the CHP model, an affordable house would be considered to be below \$326.25 per week (75% of median market rate for one bedroom in a two-bedroom unit in inner Sydney plus \$45 for utilities). However, it should be noted that a student on the average income would still be under housing stress living in this accommodation, as they would be paying more than 30% of their income on housing costs.

The University has used the CHP model to set rent for proposed developments at the Regiment site and Darlington Terraces site (see Chapter 5 for details) with rents being set below \$300 weekly for a smaller 10m2 bedroom.

Table 2 provides benchmark affordable rents for undergraduate, full-time domestic and international students in Darlington. As the proposed developments will include utilities in the rental price, \$45 has been added to the raw affordable benchmarks to reflect the average cost of utilities per week in Sydney²¹.

Table 2 Benchmarking affordable rents (source: Cred Consulting 2016)

	Average income per week (Universities Australia, 2013)	Benchmark = 30% of income (NATSEM model)		Median Rent - 1BR in 2 BR apartment ²²	Benchmark = 75% of market rate (CHP Model)	
		City of Sydney	Darlington		City of Sydney	Darlington
Domestic undergraduate full time students	\$358	\$152.4	\$152.4	\$281.25 - City of Sydney \$273.75 - Darlington	\$326.25	\$318.75
International undergraduate full time student	\$379	\$158.7	\$158.7	\$281.25 - City of Sydney \$273.75 - Darlington	\$326.25	\$318.75

²⁰ Universities Australia, 'University student finances in 2012', July 2013

²¹ Numbeo, Cost of Living in Sydney

²² We have used this comparison as this is more closely aligned to the type of housing students would be living than a one- or two-bedroom apartment

5 Affordable student housing supply and demand

This section provides an audit of the supply of student housing located near the University campus, identified demand for student housing, and an analysis of student housing that is considered affordable to students using the benchmarks from Section 4.

5.1 Housing affordability around the University of Sydney

Rental prices in the private rental market around the University are high and increasing. Median weekly rental prices for all dwellings in the City of Sydney for example have increased by 12% in the five years to December 2015²³. The City of Sydney has identified that growth in weekly rents is outstripping growth in income in the City.

In the December 2015 quarter, median weekly rental for a one-bedroom dwelling in the City of Sydney was \$535 (\$550 for units), an increase of 2.9% on the year before (3.8% increase for units). Median weekly rental for a two bedroom dwelling was \$740 (\$750 for units), a 5.7% increase (4.9% for units)²⁴.

In the suburbs surrounding the University, median weekly rent for a one-bedroom unit is highest in Camperdown (\$580), while Redfern has seen the greatest increase in the past year (+6%). The lowest median rent for a one-bedroom unit is in Newtown/Enmore (2042 postcode) at \$440.

Since 2006, the rental vacancy rate in Central Sydney (including the City of Sydney) has been below 2%, indicating a severe shortage of private market rental housing (REI figures)²⁵.

5.2 Student housing supply and demand nationally

The Urbis 2015 Student Accommodation Database reports that there are an estimated 79,460 student accommodation beds in Australia in dedicated student accommodation facilities with more than 20 beds. Almost 53,000 of these beds are located on university campuses, accounting for around two thirds of the

²³ Housing NSW, 'Rent and Sales Report', December 2015

²⁴ Housing NSW, 'Rent and Sales Report', December 2015

²⁵ Centre for Affordable Housing, 'Housing Market Snapshot – Central Sydney', 2015

total student accommodation beds. The majority of student accommodation is located in New South Wales and Victoria, accounting for almost 60% of the total²⁶.

An analysis of Department of Education and Training uCube data, shows that Australia has a benchmark supply of around 1 bed (in a dedicated student accommodation facility) for around every 10.9 full-time on-campus higher education students. Inner Sydney (within 10km of the city centre) currently has 8.9 students per bed. In comparison, USA has 4.5 students per bed, the UK has 3.5 students per bed (London has 4.0) and New Zealand has 5.7 students per bed²⁷. Possible reasons for the lower supply of affordable housing in Australia include:

- High cost of land with student accommodation projects competing with residential developments for available land.
- The rapid rate of growth in international student enrolments relative to the growth of new student accommodation, and
- Relative costs of student accommodation²⁸.

There is a significant shortage of dedicated student accommodation across Australia; for example, even if all on-campus beds in Melbourne and Sydney were quarantined for international students, less than 19 per cent of student housing demand would be catered for, thus the majority of international (and internal migrant) students must rely on the private rental market²⁹. Research from global property consultants Savills³⁰ and Knight Frank³¹ has also shown that there is a high unmet demand for quality and affordable purpose built student accommodation. In 2016 Knight Frank estimated a current undersupply in Sydney of 74,763 bed spaces with a further increase projected as the rate of full-time higher education student growth continues to outpace the development of student accommodation.

5.3 Student housing supply and demand in City of Sydney

Student housing supply locally

University students have a range of housing choices including:

- Recently constructed or refurbished accommodation with extensive communal facilities, 24/7 on site presence and an extensive educational / residential life programme with accommodation ranging from \$300 per week for dormitories to \$400 per week for studios.
- Older style on-campus university owned and managed affordable accommodation with rents between \$185 to \$250 weekly (these are extremely limited)

²⁶ Urbis, 'Australian Student Accommodation Indicators', November 2015

²⁷ *ibid.*

²⁸ *ibid.*

²⁹ Department of infrastructure and Transport, 2013

³⁰ Savills, Australian Student Accommodation Market Report, 2016

³¹ Knight Frank, Australian Student Accommodation – The Investment Opportunity, April 2016

- On campus colleges (offering fully catered accommodation) with rents between \$500 and \$600 per week
- Private off campus student housing e.g. Urbanest and Unilodge with rents of about \$370 to \$550 weekly
- Private rental in the general Sydney market, which is relatively expensive within 5km of the University costing on average \$535 for one bedroom and \$740 for 2 bedrooms per week, and
- Illegal private rental in overcrowded accommodation. (Rents understood to be between \$100 to \$150 per week). Research for the City of Sydney confirms that housing for international and Australian students is a major concern and that in the private rental sector, international students in particular are at risk of serious exploitation and abuse by landlords³².

See Appendix 1 for fees charged at all audited student accommodation premises in the city area.

As detailed in Appendix 1, as at July 2016 in the suburbs surrounding the University, there are 10,493 beds in purpose built student accommodation, including:

- 1,389 beds in residential colleges on campus at the University
- 68 beds in Selle House and Darlington House, owned and operated by the University
- 1,000 beds in the Queen Mary Building and Abercrombie Student Accommodation, owned by the University and operated by Campus Living Villages
- 921 beds owned and operated by major student accommodation providers who have some affiliation with a university
- 70 beds in dedicated student housing owned and operated by other providers, and
- 1,140 beds owned and operated by UTS.

As at July 2016, there are 2,493 beds across seven private purpose built student accommodation developments currently under construction or with DA approval. In addition, there are 1,559 new residential college beds with DA approval or Concept/Masterplan approval at the University.

Student housing demand locally

In July 2013, the University commissioned Location IQ to provide an independent assessment of the existing and future University student accommodation market. This was then updated in 2015. The key findings on location and characteristics of the market included that:

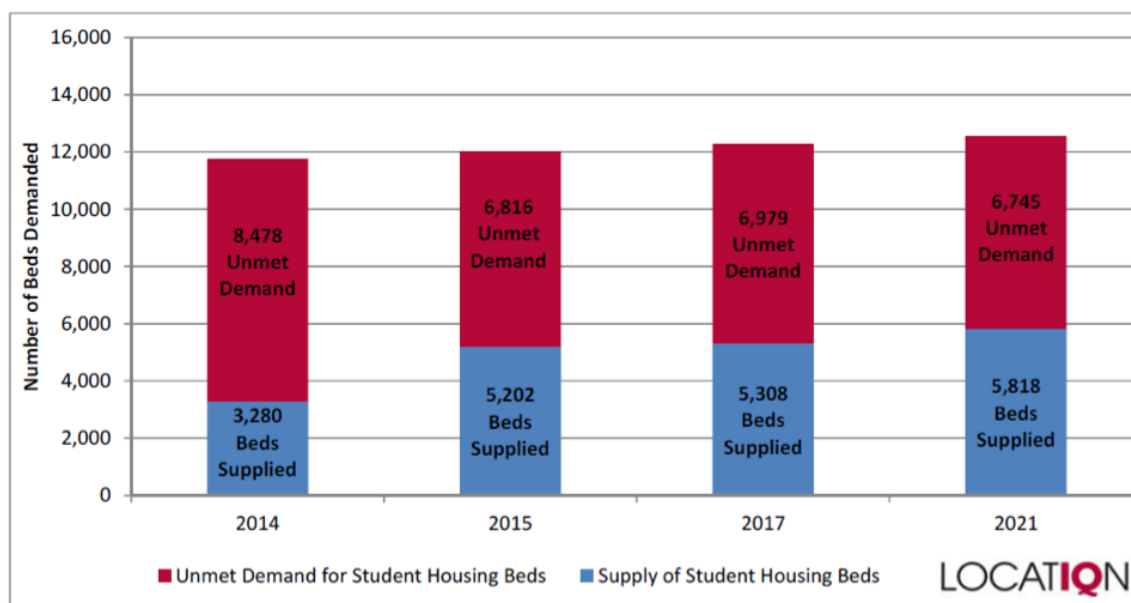
- Students that live in the colleges on campus are usually Australian, full time students completing an undergraduate degree and the majority (over 90%) are under 25 years

³² Obeng Odoom 2012; Redfern Legal Centre 2011; Turcic 2008

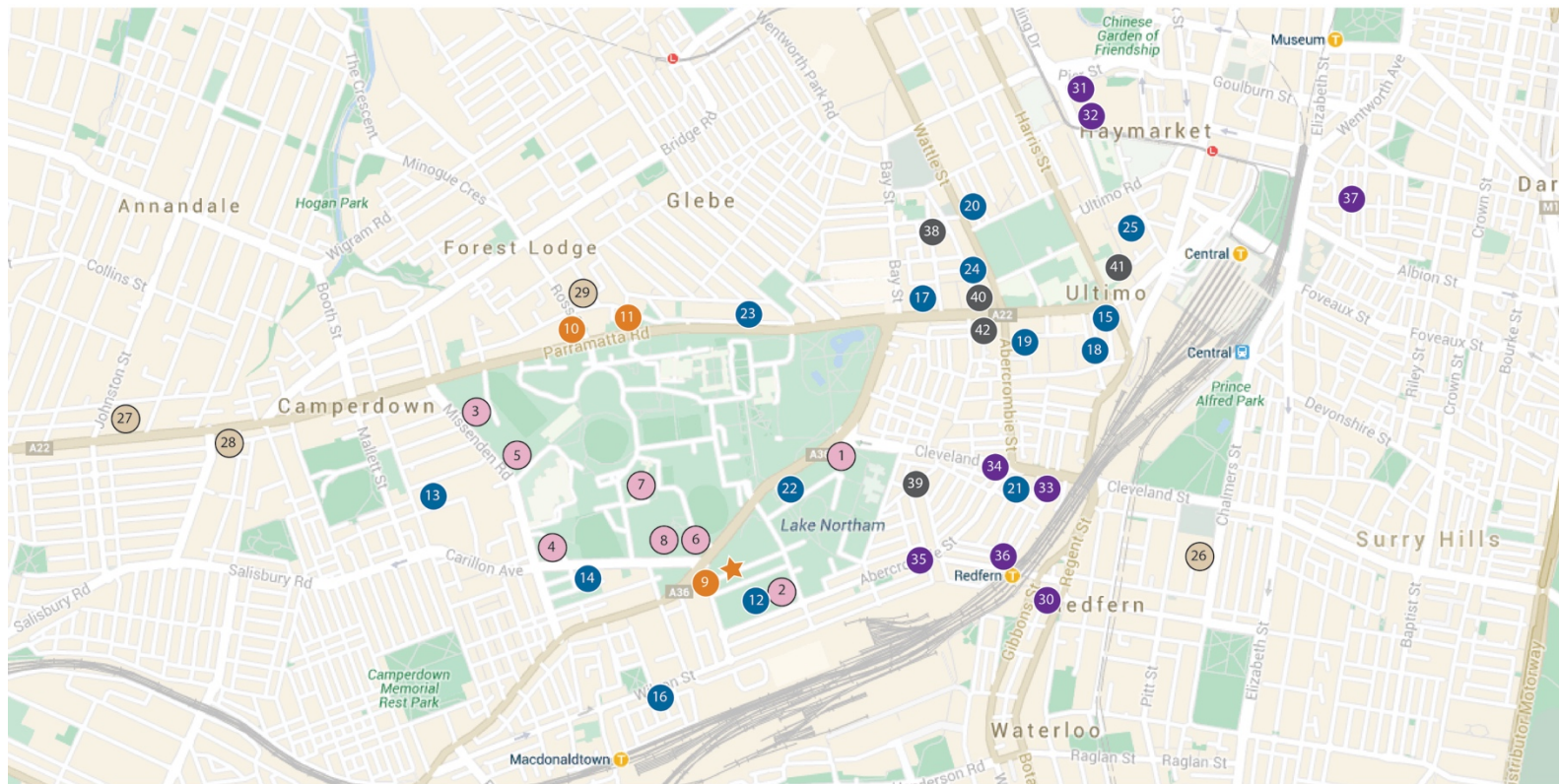
- University owned or affiliated accommodation and the private off campus college style accommodation has a higher number of international and post graduate students. Generally, these students are studying full time and over 80% are aged under 25 years
- It is estimated that between 13,000-17,000 of University students were part of the private rental market, and
- All current forms of purpose built student housing were typically full and many students were on wait lists.

This assessment indicates that despite the recent completion of the Queen Mary Building and Abercrombie Student Accommodation plus other dedicated facilities by private providers such as Urbanest (Glebe) and Unilodge (The Steps@Central Park) there will remain an unmet demand of approximately 6,745 beds by 2021 in the immediate vicinity of the University Campus.

Figure 2 Unmet demand for Purpose Built Student Housing Beds 2014 - 2021 (source: LocationIQ Report for the University of Sydney)



Demand is also increasing around the University's Camperdown campus as student numbers (including international student numbers) increase in other universities within the area. University students compete with students from institutions such as UTS and Notre Dame, and private Registered Training Organisations and colleges for new purpose built student accommodation constructed in the inner west of Sydney.

Figure 3 Location of student accommodation in proximity to University of Sydney campus (source: Cred Consulting)

- ★ University of Sydney Darlington Terraces and Regiment Sites
- University of Sydney Residential Colleges
- University of Sydney Operated Accommodation
- Private Student Accommodation (University Partnerships)
- Private Student Accommodation (No University Partnerships)
- Private Student Accommodation Under Construction/DA Approval
- UTS Housing Operated Accommodation

5.4 Analysis of student housing affordability in the City of Sydney

As shown in the audit in Appendix 1, in 2016, rents for student accommodation facilities around the University vary significantly, ranging from \$90 (in Stucco cooperative housing, exclusive of utilities and catering) to \$687 for catered accommodation at St Andrew's College. While there is an increasing supply of purpose-built student accommodation, the City of Sydney states that *"the new generation boarding houses that have been developed under state affordable housing planning instruments and through the now-discontinued National Rental Affordability Scheme (NRAS) subsidies are typically targeted at those on moderate rather than low-incomes and are not rent-controlled, therefore not necessarily 'affordable' - on the basis of true affordability being measured in terms of rents constituting no more than 30% of a household's gross income"*³³.

The median rent across all dedicated student housing in the City of Sydney area (Figure 4) was \$390.75. The seven new student accommodation developments that opened in 2015 had a median rent of \$421. This rent is for un-catered accommodation, including utilities. Of all the developments opened in 2015, only the Queen Mary Building, with dorm style accommodation, had rents below the affordable benchmark of \$326.25.

Only Stucco, a community housing provider for student housing, had beds available below the affordable housing benchmark for students using the ratio approach (30% of income). Only University providers (University and UTS) and three private operators (Unilodge Broadway, Furnished Property and Campus Living Villages (Queen Mary Building and Sydney Uni Village) had accommodation available at rents below 75% of the median market rate.

It is clear that the availability of affordable student accommodation remains a significant issue for the University's students and the University's original strategic commitment of delivering 4000+ beds is supported by market findings.

There is currently less than one purpose-built bed for every 10 students in Australia, according to research released by commercial property firm Jones Lang LaSalle³⁴.

The provision of additional student housing, even purpose built student accommodation, will not address the real gap however, which is for affordable student accommodation; the majority of new student accommodation being built is not affordable for students.

³³ City of Sydney, 'City of Sydney Submission on the CFFR Affordable Housing Working Group Issues Paper', March 2016

³⁴ Jones Lang LaSalle, Student housing; a new global asset class, November 2012

6 Benefits of affordable student housing models

The social and economic benefits of universities and students to Australia and to local communities are substantial. The essential contribution that universities make to a more diverse, sustainable and vibrant economy, with opportunities for better jobs and more fulfilled lives, and through research and innovation and the creation of new products and industries is acknowledged in *A Smarter Australia: An agenda for Australian higher education 2013-16*, by Universities Australia. Universities play an important part in delivering a more equitable and prosperous society. This section looks at the benefits of affordable student accommodation to students and the broader community, and the additional benefits that smaller dorm style rooms with communal facilities can deliver including through an increased supply of affordable student housing taking pressure of the affordable housing market.

6.1 Benefits of affordable student housing

Affordable student housing is a key, distinct component of the housing market, providing affordable, quality accommodation for students close to their place of study and to social support, employment and recreation opportunities. This has multiple social and economic benefits, both for the local area and for students.

These include:

1. Reduction of competition for the limited affordable private rental housing available, and therefore increased access to affordable housing for low-income residents and key workers

Student housing can support the achievement of key policy and housing target outcomes for the NSW State and local Governments to deliver more affordable housing options. Student housing “frees up” affordable private rental housing for low-income residents and key workers living in the City of Sydney, who may be competing with students for the very small supply (around 3%) of affordable housing available in the City of Sydney LGA. The *Australian University Finances Survey 2012*³⁵ showed that the high cost of student accommodation incentivises students to enter the private accommodation market, thus providing increased competition for affordable rental houses for key workers and other low income residents. As demand for rental accommodation particularly in the inner city areas of Sydney, is currently greater than the supply, the significant number of student beds that the University is able to deliver to the

³⁵ Universities Australia, Australian University Student Finances in 2012, 2012,
<https://www.universitiesaustralia.edu.au/news/commissioned-studies/Australian-University-Student-Finances-in-2012#.V8twS5N97u0>

market, in a relative short time frame, will greatly assist in reducing demand in the private rental market, and therefore should have the flow on impact of reducing rents in this market. The increased availability of affordable private rental housing for workers in employment sectors such as policing, teaching, and nursing, is a key strategy of the NSW government, and will also contribute to the health and wellbeing of the broader community.

2. Reduction of the risks associated with overcrowding in illegal accommodation

We know that international students are particularly at risk for illegal and overcrowded accommodation (around 20% of all international students live in overcrowded accommodation), particularly those from poorer countries such as Pakistan, Nepal and Afganistan³⁶. Quality student housing (when well located, designed and managed) provides positive social impacts for students including increased safety. A strong plan of management must include key safety considerations such as lighting, access and general security.

3. Improved student health and wellbeing

Universities generally acknowledge that purpose built on campus student accommodation offers a range of benefits to student health and wellbeing. The University of Adelaide acknowledges that (managed) student accommodation has multiple social benefits for students, including offering students better opportunities to settle into the academic program; make new friends; become better acquainted with the city; as well as safety and security. They believe that students living in purpose built facilities are more involved in University life and this can translate into higher grades and study achievements. Living on or near campus also reduces commute time and transport costs. The University also states that students living on or near campus are more easily able to access on campus support services tailored to students such as counselling. The University of NSW acknowledges the many benefits of on campus student accommodation, including value for money, easy access to campus facilities and supports, and the positive impacts of provision of a friendly environment.

Student accommodation that is controlled by universities also offer a supportive living environment with extensive pastoral care. This is important both for recent school leavers and international students both of whom may have little prior experience living in the inner suburbs of Sydney.

The University is proposing to go a step further and introduce resident learning and teaching spaces combined with an extensive residential life programme that focuses on an additive learning experience for the resident students. This would include guest lecturers from the wider University and programmes dedicated to enhancing existing faculty lectures.

³⁶ Australian Bureau of Statistics, Hitting the books: Characteristics of higher education students, 2013

4. Reduction of impact on local council/community services and facilities, by enabling access to services and facilities on campus, and within purpose built student housing developments.

Student housing reduces the burden on local council/community services and facilities in many ways such as:

- By activating the campus with more permanent residents after hours. This is thought to create engaged and living spaces in and around the University, improving safety and more comprehensive use of existing student facilities provided by universities.
- More students living on or near campus lessens pressure on the local road and public transport system.
- On Campus students typically utilize the University's unique social infrastructure including health services, child care, post offices, gymnasiums, sports fields and relieves pressure on those services in other suburbs of Sydney.
- Reduction of use of general facilities that would normally be provided by a local council. Universities typically support their own campus facilities including maintenance of internal roads / street lighting at no cost to local councils.

5. Supporting economic growth and development by removing barriers to accessing the international student market

A shortage of quality affordable accommodation has been acknowledged as a barrier to local educational institutions accessing the large and growing international student market³⁷. Australia is the third most popular study destination for international students, who contributed \$18.8 billion to the Australian economy in 2015^{38,39}. International students are generally very satisfied with their study experience in Australia, but living costs and affordability are areas of concern. In a recent survey, the areas in which international students experienced the lowest levels of satisfaction were accommodation costs, living costs, earning money and financial support⁴⁰. Increasing the supply of quality affordable accommodation supports the continued growth of the international student market.

Increasingly Australian universities' overseas competitors are packaging up accommodation and tuition. The lack of accommodation locally will increasingly place Australian Universities at a competitive

³⁷ NSW International Education and Research Industry Action Plan, October 2015

³⁸ UNESCO Institute for Statistics, Global Flows of Tertiary-Level Students, 2014, <http://www.uis.unesco.org/Education/Pages/international-student-flow-viz.aspx>

³⁹ Department of Education and Training, 'The value of international education to Australia', Prepared by Deloitte Access Economics, 2015, <https://internationaleducation.gov.au/research/research-papers/Documents/ValueInternationalEd.pdf>

⁴⁰ Jones Lang LaSalle, 'Australian Student Accommodation Market Update 2015', <http://www.jll.com.au/australia/en-au/Research/jll-australian-student-accommodation-market-update-2015.pdf>

disadvantage in attracting the best and brightest students impacting their rankings and having negative consequences for the wider economy.

6. Increased local economic, cultural and social benefits

Economic benefits

Globally Australia is one of the major destinations for international education. The economic contribution of international students is enormous. International education is Australia's third largest export, generating \$19.4 billion in exports (\$6,959 million from NSW alone)⁴¹. The industry supports 130,000 full time equivalent jobs, 1.3% of Australia's employment (46,903 jobs in NSW; 1.5% of employment). International students studying and living in Australia contributed \$18.8 billion to the economy in 2015 (for example through student fees, travel, accommodation, living expenses)⁴². Local students who move into an area to be close to their university also bring economic benefits via purchases of goods and services within that local area.

Social benefits

Students make a major social contribution to communities. The demand for entertainment helps make areas exciting, vibrant and diverse. Spending in local economies creates spin-offs for restaurants, groceries, clubs, pubs, sporting events and facilities bringing commercial vibrancy during term-period.

Cultural benefits

The diverse background of students can enrich community life and bring about diversity in culture, food and music, as is evidenced in the City of Sydney's Broadway, Haymarket and Ultimo areas (in the City of Sydney's Haymarket Village Centre 60.7% of residents in 2011 were born overseas). International students bring energy, cultural capital and different points of view, and expand Australia's global networks by linking Australians to the rest of the world^{43,44}.

⁴¹ Department of Education and Training, 'The value of international education to Australia', Prepared by Deloitte Access Economics, 2015, <https://internationaleducation.gov.au/research/research-papers/Documents/ValueInternationalEd.pdf>

⁴² *ibid.*

⁴³ Department of Education and Training, 'The value of international education to Australia', Prepared by Deloitte Access Economics, 2015, <https://internationaleducation.gov.au/research/research-papers/Documents/ValueInternationalEd.pdf>

⁴⁴ Council on Australian Governments, 2010, International students strategy for Australia 2010-2014

6.2 Benefits of smaller student rooms

Smaller student rooms within the University campus, and therefore under University management, and with improved communal and educational facilities, offer a number of social and economic benefits to both the supply of affordable housing for residents and students in the City of Sydney, but also for the students themselves.

These benefits include:

- The provision of quality, affordable, small room student accommodation with extensive communal facilities has the scope to increase the supply and diversity of affordable rental housing as per the aim of the AHSEPP and the City of Sydney's affordable housing target
- Ability for the University to provide a higher number of rooms on the same site, housing more students in more affordable, controlled and well managed rental accommodation and improving their quality of life and health and wellbeing
- The impact of smaller room sizes can be offset by the provision of large, well-designed communal and educational space that caters to the particular needs of student residents. Quality of communal facilities, having quiet separate study areas and being well managed including a Residential Life Program contributes to the smaller bed sized accommodation being in fact better than a group living situation in the general housing market
- Improved communal facilities onsite responding to student preference to study outside of their room and improving their education experience through social interaction and discussion
- Increased total GFA per student through the reduction in room size but increased communal facilities and quality of life
- Reduction in competition for the already significant undersupply of affordable rental housing in the City of Sydney, through the provision of increased affordable, and well managed student accommodation on campus, and
- 24/7 usage of on campus facilities discourages anti-social behaviour and increases security and a sense of community.

7 Barriers to increased supply of affordable student housing

The area near the University of Technology Sydney and the University, in Broadway and Chippendale, is witnessing the development of new and innovative student accommodation, a product which is seeing a surge in demand, and increasingly is being provided by the private sector. While there is an increasing supply of "new generation" student housing, as demonstrated in Section 6, this housing is unaffordable to many students, particularly international students.

There are currently a number of barriers to achieving increased affordable student housing including planning controls, S94 contributions, and eligibility requirements for community housing. This section discusses these barriers and their implications for the realisation of the University's proposed affordable housing programme. It also provides national and international precedents for providing smaller student accommodation to encourage affordable accommodation and address undersupply.

7.1 Current planning controls and implications

Local and State planning controls do not yet specifically cater to student accommodation, grouping student housing under the controls for boarding house accommodation (e.g. for dorm-room style accommodation with communal facilities throughout the building) or residential accommodation (e.g. for apartment style accommodation with communal facilities within a multi-bedroom dwelling); neither of which are fully applicable to student housing developments.

Whereas the existing controls may work to limit exploitation by for-profit providers of purpose built student accommodation, they do not take into consideration the different supply considerations of more traditional university-affiliated accommodation. With the predicted growth in student accommodation, many more developments will likely need to navigate a complex development approval process without the benefit of specific controls applying to this type of accommodation. To enable universities such as the University of Sydney to participate in filling student demand for purpose built affordable accommodation by development of further on campus options, special consideration needs to be made of both the types of accommodation being developed and the context in which it is being developed – as a service for students with benefits for the surrounding community rather than a profit making endeavor.

State Government controls

In NSW, planning controls do not specifically cater to student accommodation. Student housing is regulated under the *State Environmental Planning Policy (Affordable Rental Housing) 2009 (AHSEPP)*. The AHSEPP was introduced on 31 July 2009 to increase the supply and diversity of affordable rental and social housing throughout NSW. The AHSEPP allows for the development of new generation boarding

houses in residential, mixed use and some commercial zones, provides floor space incentives to encourage investment in new boarding houses, and sets clear standards for the design and construction of new generation boarding houses. A boarding house provides a form of low cost rental accommodation for a wide range of tenants including singles, retirees, students and young couples.

The guidelines set a minimum room size of 12m² for single boarding rooms and 16m² for doubles. Under Clause 29 of the AHSEPP, standards that cannot be used to refuse consent include:

(2) (f) accommodation size if each boarding room has a gross floor area (excluding any area used for the purposes of private kitchen or bathroom facilities) of at least:

(i) 12 square metres in the case of a boarding room intended to be used by a single lodger, or

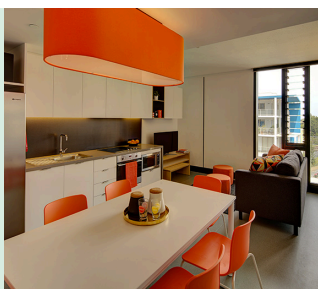
(3) A boarding house may have private kitchen or bathroom facilities in each boarding room but is not required to have those facilities in any boarding room.

The new State Environmental Planning Policy No.65 - Design Quality of Residential Apartment Development (SEPP 65 and Apartment Design Guidelines) sometimes applies to student housing developments for example where the development is a block of flats (with communal facilities shared within an apartment, rather than only across the whole building). As stated:

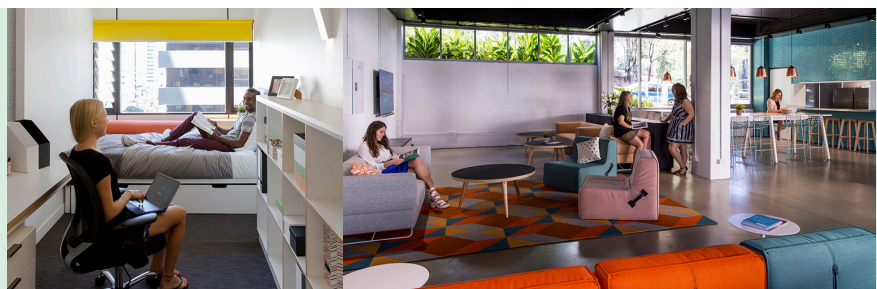
SEPP 65 applies to:

- mixed use development with a residential accommodation component and shop top housing
- new apartment buildings, substantial redevelopments or refurbishments of existing buildings and conversions of existing buildings.

SEPP 65 does not apply to boarding houses or serviced apartments and cannot be applied to development consent for student housing with dorm-style rooms, such as that proposed by the University. In any case, while the minimum bedroom size under SEPP 65 is 10m², the minimum size for studio apartments is 35m².



Communal facilities in a shared apartment



Room and communal facilities in a boarding house style student housing development (regulated under AHSEPP)

City of Sydney planning controls

While the City of Sydney has a DCP relating to student housing, dwelling sizes are governed by the

AHSEPP and not the City of Sydney's DCP. The City's DCP must be in accordance with the AHSEPP and varying the minimum size is therefore a matter for State Government not City of Sydney Council.

Student housing is recognised by the City of Sydney as a component of affordable housing that is key to reaching the Affordable Housing targets in the *Sustainable Sydney 2030* Strategy. The City of Sydney's *Affordable Rental Housing Strategy* (2009) encourages a diverse range of housing in the local area. The City recognizes that student accommodation is an important component of diverse housing that meets the needs of a group of the community that are at risk of exploitation.

The City of Sydney *Development Guidelines for Boarding Houses, including Student Accommodation* (2013), aim to encourage the increased provision of student housing. These Guidelines set a minimum room size of 12m² per dwelling in keeping with the AHSEPP.

Implications for provision of increased supply of affordable student housing

The provision of quality, affordable, small room student accommodation with extensive communal facilities has the scope to increase the supply and diversity of affordable rental housing as per the aim of the AHSEPP and the City of Sydney's affordable housing target. However, if applied, the existing minimum room size allowable under AHSEPP and reflected in the City of Sydney Development Guidelines (12m²) would result in a significant reduction in student room numbers in new student accommodation developments planned by the University and will result in a reduction in common space and educational facilities to compensate for the loss of revenue and ensure projects remain viable – this would thus have the opposite effect of the original intent of the increase in minimum room sizes to 12m² in that student amenity would reduce rather than increase.

It is also important to note that the growth of illegal student accommodation with multiple students sharing dwellings means that many students currently have much less individual floor space than that allowed for in the AHSEPP. The provision of slightly smaller rooms would enable a greater number of students to access quality, affordable student accommodation.

7.2 International students' ineligibility to access community housing

There are over 230 not-for-profit Community Housing Providers (CHPs) across NSW that provide housing assistance to eligible people on low incomes or who are unable to access appropriate housing in the private market. This includes social/community housing or affordable housing for low-income working people. Social or community housing refers to:

- Housing owned and managed by the State Government through the Land and Housing Corporation or not-for-profit community housing providers, and
- Cost based on 25% of income.

Affordable housing refers to:

- Rented or owned housing where residents pay up to 74.9% of the market rent, and

- Managed through not-for-profit community housing providers, with rents typically set at 20-25% below the private market rate.

University of Sydney investigated the possibility of becoming a registered Community Housing Provider to deliver affordable housing at below market rental accommodation for its lower income students, however, it is not considered a feasible option for a number of reasons:

- There are existing CHPs who can deliver affordable housing more effectively. As non-government, not-for-profit organisations, community housing providers have competitive advantages in delivering new housing for people on low to medium incomes. These include:
 - tax exemptions, including GST, land tax and stamp duty exemptions
 - land contributions from local and state government
 - land use planning arrangements which provide incentives for including affordable housing, and
 - the community housing industry has always been focused on increasing the amount of affordable housing available for people on low to medium incomes. Medium to large providers are increasingly demonstrating their ability to broker partnerships with investors, property developers, government and nongovernment organisations. These partnerships bring together land, funding and expertise which no single partner could assemble alone.
- International students would not be eligible to rent the housing. Eligibility to register to rent affordable housing includes:
 - Australian citizenship or permanent residency
 - whether the household would be able to secure suitable or adequate housing in the private rental market, and
 - whether the household owns any assets (e.g. a property) which they could be reasonably expected to use to solve their housing need.
- The University would be unable to restrict access to only its students.

While it is no longer considered feasible for the University to become a CHP, there may be opportunities to investigate partnerships with existing CHPs to develop student housing that could result in more greatly discounted rents with housing managed by a CHP. However, this student housing would only be available to eligible domestic students and come with restrictions.

7.3 Profit driven development

While there is an increasing supply of new generation purpose built student accommodation in the city area, this supply is not affordable to lower-income students (including international students) and is likely to have minimal impact on addressing the affordable housing crisis for Sydney University students.

Although commercial real estate investment managers such as JLL Australia believe that there has been a significant increase in awareness of purpose built student accommodation as an emerging asset class with subsequent growth in the appetite for institutional investment, they believe alternative use values will remain as a barrier to entry of investors within Sydney. Because locational requirements for for-profit student accommodation are aligned with demand for residential development land cost is a barrier to development.

High land values within Sydney will continue to mean that institutional investors will need to charge higher rents to make realistic returns on investment.

JLL Australia⁴⁵ estimate that:

- the total number of beds either owned or managed by the top 10 PBSA providers in Australia have increased 9% in the last 12 months from 27,744 in 2014 to 30,215 in 2015
- total pipeline beds have increased 19% from 5,774 in 2014 to 6,853 in 2015, and
- the total number of beds under control of the top 10 for-profit providers has increased 11% from 33,518 in 2014 to 37,068 in 2015.

7.4 Precedents for smaller student accommodation

As this study has demonstrated, the demand for affordable housing, and in particular, affordable student housing, in the City of Sydney is high. As identified by the University, one solution is through the provision of a higher number of smaller sized dorm style rooms (10m²-11m²) with increased and improved communal facilities outside the rooms to create social places for the health, education and wellbeing of students (the University's proposal is detailed in Section 3). From New York, London, Amsterdam, Sweden and San Francisco there are a number of cities and countries experimenting with micro-housing to meet the growing demand for affordable student housing. Cities in Australia, such as Brisbane and Banyule also have regulations that support smaller student housing.

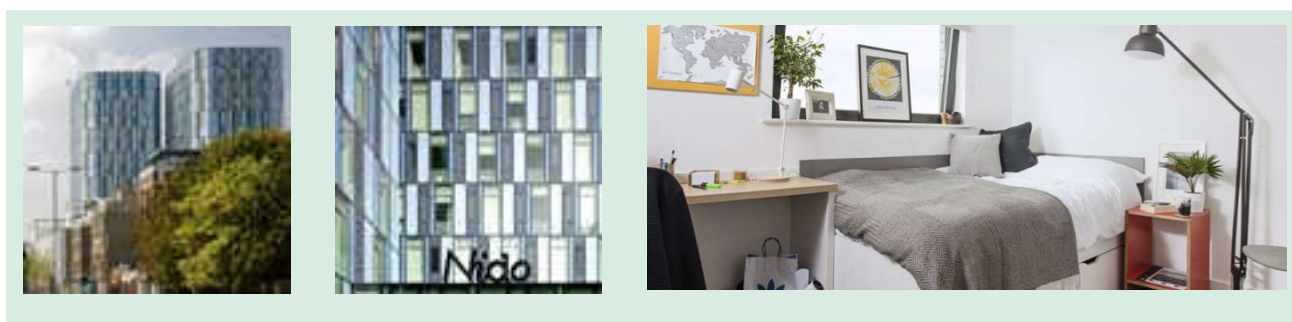
⁴⁵ Jones Lang Lasalle, Australian student accommodation market update, 2015

International precedents

The UK "New Metrics Handbook" (2015) suggests an "appropriate minimum" room size of 10m². The City of London has embraced 'micro' and 'pocket' apartments as one strategy to address housing affordability including at 1 Calhot Street, London, which provides student, private and social housing as well as commercial areas. The scheme provides an animated streetscape with the added advantage that 24/7 usage discourages anti-social behaviour and increases security and a sense of community.

In England, the Department of Communities and Local Government initially proposed a minimum bedroom size of 6.5m². The minimum single bedroom size of 7.5m² was then endorsed in the 2015 Technical Housing Standards.

Quality small room student accommodation (7.5m²) has subsequently been welcomed in London and an example is the Nido student living complex in Kings Cross where there are more than 1,000 student rooms. Their West Hampstead residence includes social spaces such as a large outdoor courtyard, cinema screening room, games room and lounge, onsite laundry facilities, 24/7 security & housekeeping, concierge services, 24/7 access to gym, bike storage, and a range of social spaces.



In Toronto, the minimum room size has been set at 9m² for a single room in a rooming house, which includes student accommodation.

At the University of British Columbia (UBC), a growing student population has led to the school to experiment with micro-apartments to cope with the lack of affordable student housing. Their plan: to pilot 70 units of the Nano Studio, a 140-square-foot single-occupancy student apartment that will cost students only CDN \$675-\$695 per month to rent – about half the average monthly rent in the rest of the city, and much less than the on-campus average of \$1,000 per month. The Nano Studios will be fully furnished, and comes with a bed that folds up into a desk. Since the Nano Studios will be built as part of a new student residential building slated to be completed in 2019, there will be access to high-speed Internet, game and meeting rooms, student lounges, bike storage and a fitness centre.

National precedents

There are national planning controls and precedents that allow a room size of at least 7.5m² where the development is embellished with community facilities. The NSW minimum room size of 12m² per dwelling is approximately 40% higher than minimum room size controls in Brisbane and Victoria (where the minimum room size for single rooms is 7.5m²).

Brisbane City Council's Brisbane City Plan (2014)⁴⁶ includes a planning control for a minimum bedroom size of 7.5m² for a 1 person bedroom, with 3m² of communal living space per person.

In Victoria, Banyule City Council has set a minimum room size of 7.5m² for a 1 person bedroom in the Student Accommodation Guidelines, with, as a guide, 3m² of communal living space per student⁴⁷. This is consistent with the Victorian Department of Human Services minimum bedroom size of 7.5m² for rooming house accommodation, including student accommodation.

The NSW Draft Architecture and Design Policy directions support the provision of new and adaptive housing to address evolving conditions and changing demand. Design excellence can help to achieve appropriate, liveable and affordable housing in well-serviced locations, and is required to navigate the inherent tensions between economics and finance, market demand, liveability, policy and future-proofing to ensure responsive and accessible housing (Direction 5.1.2). Direction 5.1.6 also supports the provision of "compact housing and communal amenity", with facilities to provide greater lifestyle flexibility for residents and make efficient use of space by sharing amenity space.

⁴⁶ Brisbane City Council, Brisbane City Plan, 2014

⁴⁷ Banyule City Council, Student Accommodation Guidelines, August 2010

8 Key findings and recommendations

Universities and university students deliver multiple social and economic benefits to communities. The provision of purpose built affordable student accommodation further facilitates social and economic benefits for local communities and students, and reduces competition for a very limited supply of affordable private housing in the inner city areas of Sydney, which is experiencing a housing affordability crisis. This increased provision of more affordable student accommodation can be delivered through consideration of new policies which allow smaller dorm room style accommodation, with access to higher quality community facilities, such as that being proposed by the University.

The private market is not going to provide the approximately 7,000 affordable student beds required to 2021 to support increased demand in Sydney. Although there is increasing interest by the private market in the development of purpose built student housing the cost of land in inner Sydney makes it a less attractive proposition given alternate use values. To recoup costs, rents have to be set at levels that are not affordable to students. This has been demonstrated by the median rent of around \$420 per week offered in purpose built student accommodation that opened in 2015.

However, the University is able to develop student accommodation on its own land at a more affordable rate than Government and private developers. Unlike private student accommodation, the University's accommodation is not-for-profit and currently offered at rents 25% below the private rental market.

The proposed Darlington Terraces and Regiment site developments are proposed to have smaller bedroom sizes of between 10 and 11m², increasing the affordability for students and feasibility for the University while providing a much greater level of communal amenity and education for students than would be possible otherwise.

This reduction in room size is offset by the provision of extensive common, education and study facilities that are not reflected in the current planning regulations that focus primarily on room size. Dependent on the size of the project the GFA per resident being provided by the University in its new and proposed accommodation ranges from 25-35m² per resident due to the additional spaces being provided.

As a minimum new student accommodation projects will include blended educational and learning environments including at least one lecture/Ted X theatre, fully AV enabled teaching spaces (multiple), study areas throughout the building on all residential floors, breakout spaces, learning hubs for quiet study, 3D Printing and Software Code and Maker Spaces, Music Practice Rooms, and Technology labs. All of which are additive and integrated with the residential life experience that focuses heavily on education and personal development over simply entertainment.

Delivering affordable housing development rather than becoming a Community Housing Provider is the more feasible option, given high demand for affordable student accommodation from international students. However, there may be opportunities for the University to investigate partnering with local

housing providers (e.g. City West or Bridge Housing) to include affordable rental accommodation for eligible very low-income domestic students as part of future developments if ways could be found to restrict access to students only.

Supporting the provision of smaller bedroom affordable student housing coupled with increased communal amenities and facilities will reduce competition for affordable rental housing in the private market, and also create safer and higher quality living environments for international and other low-income students given the alternative of overcrowded illegal accommodation. Affordable student housing will also take pressure off services and facilities in the broader community.

Recommendation

In order for the University to deliver its proposed affordable student programme, variations to the current State Environmental Planning Policy (Affordable Rental Housing) 2009 (AHSEPP) and consequent City of Sydney City of Sydney *Development Guidelines for Boarding Houses, including Student Accommodation*, should be sought to allow reduced bedroom sizes of between 10m² and 11m² per person. There are precedents for smaller student housing bedroom sizes both nationally and internationally, where those smaller sizes are embellished through improved communal facilities on site.

This could be delivered through the development of a new affordable purpose built student housing category in the State Environmental Planning Policy (Affordable Rental Housing) including a reduced dorm-style accommodation room size of a minimum of 10m² in line with national and international precedents. Given the forecast increased provision of student accommodation, and development approvals being sought, this would seem a reasonable response to address ongoing increased demand for high quality, safe and affordable student accommodation in the inner city areas of Sydney, including the existing planned University developments in the Darlington Terraces and Darlington Residences Project.

This approval should only be applied to accommodation which is not for profit, is additive to the learning experience of the student, has a commitment to student health and wellbeing through an expansive pastoral care programme, has onsite management and where rents are set below the private market using recognised methodologies such as those suggested by the Australia Tax Office.

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Appendix 1 Audit of student accommodation in proximity to Sydney University

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
1	International House	Residential college	204	Y	N	Y	twin share, shared bathroom	382
						Y	single, shared bathroom	489
						Y	single with partial ensuite	504
						Y	single with full ensuite	515
						N	studio	438
						N	one bedroom unit	480
						N	two bedroom unit	660
2	Mandelbaum House	Residential college	36	Y	N	Y	all	518
3	Sancta Sophia College	Residential college	298	Y	Y	Y	single room with shared bathroom	531
							shared room with shared	456

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
							bathroom	
							graduate room 46 weeks	554
							graduate room 40 weeks	573
4	St Andrew's College	Residential college	285	Y	Y	Y		687
5	St John's College	Residential college	252	Y	Y	Y	Single with ensuite	594
							Large single	574
							Small single	553
6	St Paul's College	Residential college	200	Y	Y	Y	all	674
7	Wesley College	Residential college	230	Y	Y	Y	all	560
8	Women's College	Residential college	280	Y	N	Y	all	599
9	Darlington House	University of Sydney	470	Y	N	N	medium room	235

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
							large room	245
10	Selle House	University of Sydney					studio	250
							one bedroom	280
11	Terraces	University of Sydney					small room	200
							medium room	220
							large room	235
12	Abercrombie Student Accommodation	University of Sydney/ Campus Living Villages	200	Y	N	N		430
13	Queen Mary Building	University of Sydney/ Campus Living Villages	800	Y	N	N	21.5 week contract	337
							26 week contract	312

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
14	Sydney University Village	Campus Living Villages	650	Y	N	N	studio	386.5
							studio with kitchen	412.5
							5 bed	294
							4 bed	294
							2 bed	361
							1 bed suite	474
							1 bed apartment	505
15	Iglu Sydney Central	Iglu	98	Y	Y	N	single room in 6 bed apartment with twin share bathroom	402
							six bed with private bathroom	422
							five bed with private bathroom	432

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
							studio	519
16	Stucco	Stucco Student cooperative Living	38	N	N	N	all	135
17	Unilodge Broadway	Unilodge	688	Y	N	N	small studio	356.5
							small loft	379.5
							twin loft	274.5
							two bed apartment	248.5
							large two bed apartment	281
							medium loft	379.5
							large loft	406.5
							extra large loft	436.5
							medium studio	371.5
							large studio	378.5
							extra large studio	

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
18	Unilodge @ Central Park - Kensington St	Unilodge	271	Y	Y	N	small studio (NRAS)	395
							studio (NRAS)	419
							studio	480
							studio premium	480
							studio premium large	520
							single room in 4,5,6 bed apartment	370
19	The Steps Central Park	Unilodge	770	Y	Y	N	ensuite in 6 bed apartment	400
							ensuite in 6 bed (NRAS)	340
							studio q low (NRAS)	395
							studio q - med (NRAS)	420
							studio q sky (NRAS)	425

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
							studio deluxe (NRAS)	432
							studio deluxe - sky (NRAS)	452
							studio premium (NRAS)	460
							studio premium - sky (NRAS)	472
20	Wattle Lane	Unilodge	57	Y	N	N	studio - standard	370
							studio - medium	385
							studio - large	395
							studio - premium	405
21	Urbanest Cleveland St	Urbanest	433	Y	Y	N	4 bed	438
							5 bed	427
							6 bed	417
							studio	554
22	Urbanest	Urbanest	456	Y	N	N	twin share studio	340

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
	Darlington							
							twin ensuite in 8pp apartment	366
							twin ensuite in 6pp apartment	366
							single ensuite in 4pp apartment	448
							single ensuite in 5pp apartment	438
							single ensuite in 8pp duplex apartment	448
							single ensuite in 6pp apartment	433
							studio	564
							deluxe studio	616
23	Urbanest Glebe	Urbanest	185	Y	Y	N	twin share studio	348

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
							twin share with balcony	353
							twin share with courtyard	353
							large studio	565
							large studio with balcony	570
							large studio with courtyard	570
							1 bedroom ensuite apartment	627
24	Urbanest Sydney Central	Urbanest	665	Y	Y	N	twin share studio	330
							twin ensuite in 8pp apartment	355
							single ensuite in 6pp apartment	422
							single ensuite in 4pp apartment	439
							studio	554

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
25	Urbanest Quay St	Urbanest	334	Y	Y	N	single ensuite in 4pp apartment	449
							single ensuite in 6pp apartment	427
26	Chalmers Lodge	Furnished Property		N	N	N	single room	295
27	Empire Hotel Annandale	Furnished Property	20	Y	Y	N	single room	275
28	Flo Harris Lodge	Baptist Church	30	Y	Y	Y	twin share	232
29	Forest Lodge Guesthouse	Furnished Property	20	Y	Y	N	single room	330
							twin rooms	380
38	Bulga Ngarra	UTS Housing	111	Y	Y	N	studio	322
							6 bed	239
							7 bed	230

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
							twin share	180
39	Geegal	UTS Housing	52	Y	Y	N	4 bed	258
							6 bed	239
							7 bed	225
							studio	305
							3 bed	262
40	Gumal Ngurang	UTS Housing	253	Y	Y	N	studio	378
							2 bed	315
							3 bed	296
							4 bed	273
							6 bed	258
							7 bed	246
							8 bed	246

Map #	Name	Operator/Type	Total Beds	Utilities	Internet	Catering	Room Type	Weekly rent (\$)
							9 bed	225
41	Yura Mudang	UTS Housing	720	Y	Y	N	large studio	386
							medium studio	370
							studio	352
							2 bed	322
							6 bed	282
42	Blackfriars	UTS Housing	4	Y	N	N	Studio-ensuite	390
							Garden apartment	190
							Share apartment - shared	312
		TOTAL BEDS	9110					