

Presented By

ACCOMMODATION INNOVATION



ROOMING HOUSE CONVERSIONS

One-Stop Rooming House Conversion
Guide for Property Investors

40+

Annual projects that
have been worked on

45+

Years experience in the
construction industry -
ranging from Building
Surveying , Drafting to
Domestic &
Commerical Building



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WHAT IS A ROOMING HOUSE?

A rooming house is a residential property that provides individual rooms for rent to multiple tenants. These rooms often include their own ensuite and, in some circumstances, may include a kitchenette.

Unlike leasing an entire apartment or house, tenants in a rooming house rent a single room.

4 KEY REASONS TO TURN YOUR RENTAL INTO A ROOMING HOUSE



INCREASED WEEKLY RETURNS

A single tenancy typically yields \$400–\$700 per week. A professionally converted rooming house can generate several times that amount by leasing individual rooms under separate agreements.



MULTIPLE INCOME SOURCES

Multiple tenancies reduce exposure to vacancy risk. Even if one room is unoccupied, the remaining leases continue to provide consistent cash flow.



CURRENT DEMAND FOR AFFORDABLE ACCOMMODATION

Victoria continues to experience strong demand for affordable accommodation which ensures steady tenancy levels and dependable cash flow.



EXPEDITED CAPITAL RETURN

Many conversions reach full occupancy within an accelerated timeframe, allowing investors to receive a return on investment (ROI) in a much shorter period compared to traditional rental models.

WHY IS THERE SO MUCH DEMAND?



HOUSING AFFORDABILITY

Median house prices and private rentals have risen faster than wages, leaving many people unable to afford a traditional lease. Traditional rentals have long wait lists and new dwellings are taking longer to build.

GOVERNMENT INCENTIVES

Many states (including Victoria) streamline approvals for Class 1B rooming houses to increase affordable supply.

INVESTOR APPEAL

Why keep a traditional rental, when you can have multiple income streams from the one dwelling with minimal changes?

SHIFTING DEMOGRAPHICS

Many employees often require short-term, furnished, and well-located accommodation. More people are living alone due to divorce, ageing, and later partnering mean smaller dwellings with shared facilities suit them.

KEY TENANT DEMOGRAPHICS



STUDENTS AND YOUNG INDIVIDUALS IN CASUAL WORK

- Rental rates are typically lower than traditional leases.
- Utilities are often included, helping to reduce ongoing costs.
- Many rooms come furnished, minimizing moving expenses.



TRADESMEN OR PROFESSIONALS TRAVELLING FOR WORK

- Flexible short-term or month-to-month leases offer less commitment than traditional rentals.
- Shared common areas, including kitchens, bathrooms, and laundry, reduce cleaning and maintenance responsibilities.



NEWCOMERS TO THE CITY OR PEOPLE SEEKING SHORT-TERM ACCOMMODATION

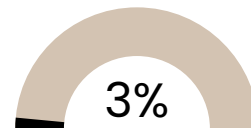
- Being close to universities, hospitals, and town centres makes commuting easy and saves on transport costs.
- Living with others in similar situations helps residents create a supportive network.



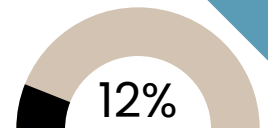
WHAT THE DATA IS SHOWING US

As of 2025, typical residential houses in Victoria return a gross rental yield of around 3–5%, depending on location.

By converting a property into a rooming house, investors can often achieve a much higher gross rental yield, commonly in the 8-12% range.



TRADITIONAL RENTAL YIELD



ROOMING HOUSE RENTAL YIELD

GROSS RENTAL YIELD IS A SIMPLE WAY TO SHOW THE INCOME A PROPERTY EARNS BEFORE ANY EXPENSES ARE TAKEN OUT. IT'S TYPICALLY CALCULATED AS -

GROSS RENTAL YIELD (%) =

ANNUAL RENTAL INCOME RECEIVED

PURCHASE PRICE + CONVERSION / RENO COSTS

X100

If you bought and converted a property for a total cost of \$800,000 and the rooms combined bring in \$80,000 rent per year, the gross rental yield is:
 $\$80,000 / \$800,000 = 0.10 \times 100$
bringing you to 10% gross rental yield.

The expected Return on Investment (ROI) can vary depending of where your property is located. We can refer you to a licensed leasing agent, who can estimate market demand, past sales and rental history of the property and surrounding area plus the gross rental yield and potential cash flow.



TIMELINE AND STEPS FOR WORKING WITH US



INITIAL INQUIRY

During our initial consultation, we will review your existing house plans (if available) to assess their suitability for a rooming house conversion and provide an indicative estimate of how many rooms the property can accommodate.

STEP 1

STEP 2

ARCHITECTURAL DRAWINGS

With your approval, we will arrange an on-site inspection to capture accurate measurements and prepare full working drawings for your building permit. When the plans are finalised, we can arrange quotes for the construction stage.

STEP 3

STEP 4

BUILDING PERMIT APPLICATION

The next step is to provide all permit documentation required by the registered building surveyor. Throughout this stage, we manage title searches and handle any formal building-information requests.

STEP 5

STEP 6

FEE PROPOSAL

Once you are ready to move forward, we will send a personalised fee proposal that details what's included in our services and what we will need from you.

TOWN PLANNING

If required, we will submit a planning information request to your local council. During this process, we will liaise with building surveyors, accessibility consultants, and other specialists to ensure the design is fully certifiable and compliant.

REFERRAL TO SERVICES

Once your building permit is issued and construction has begun, we can connect you with licensed leasing agents, introduce you to finance brokers, and provide a quote for turnkey furnishing.

COMMON RISKS AND HOW TO AVOID

Here are some helpful tips to avoid rooming house conversion mistakes



Work with a designer to maximize space, ensure privacy, and improve functionality. Make sure to provide spacious and well-maintained bedrooms therefore reducing tenant turn over.

Obtain specialized rooming house insurance that covers multiple tenants, property damage, and liability.



Engage a builder who can ensure the building meets all safety regulations and complies with the NCC.

When forecasting, ensure you do a thorough budget to include contingencies for unforeseen costs or delays.



Hire a property manager to implement a thorough screening process, and manage the properties upkeep and tenant services.

BEFORE & AFTER

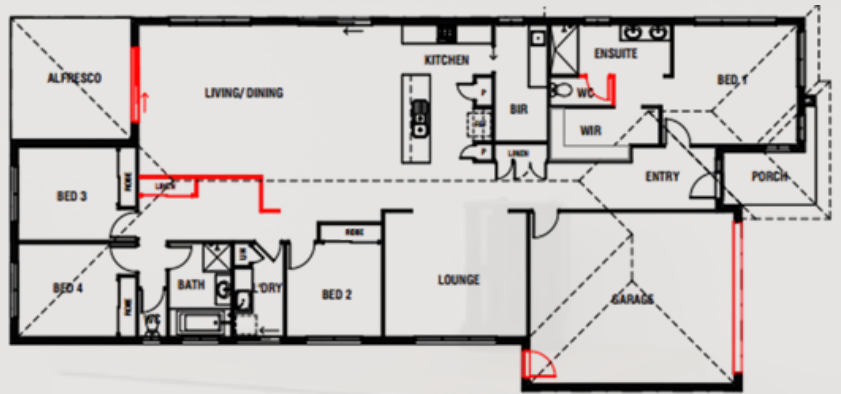
ROSANNA VIC



4 

2 

**\$630 P/W
RENTAL INCOME**



9 

9 

**\$2,400 P/W
RENTAL INCOME**



BEFORE & AFTER

TEMPLESTOWE VIC



3 2

\$560 P/W
RENTAL INCOME

9 8

\$2,250 P/W
RENTAL INCOME



FREQUENTLY ASKED QUESTIONS

CAN I BE AN OWNER BUILDER OR CAN I USE MY OWN BUILDER?

You are welcome to use your own builder or act as an owner-builder. We can work seamlessly with your chosen team to ensure the project delivers a functional, high-performing rooming house.

WHAT TYPE OF INSURANCE DO I NEED?

We can connect you to several insurance brokers specialising in rooming houses who can arrange suitable property and liability insurance to cover tenant-related risks and common areas.

HOW DO I MANAGE UTILITIES/ MAINTENANCE AND RENTAL INCOME?

As part of our service, we link you with a dedicated leasing agent who specialises in rooming houses. They will assist you with utilities and maintenance responsibilities to ensure a smooth operation.

WHAT PLANNING REGULATIONS APPLY TO ROOMING HOUSES?

Understanding local planning laws, occupancy limits, and required permits is essential before converting a property into a rooming house. This is where we come in and take care of this for you.

IS THERE A MAXIMUM NUMBER OF BEDROOMS OR SIZE MY HOUSE NEEDS TO BE?

The number of bedrooms that can be created depends largely on the existing layout of the property and local planning/building regulation requirements. Developments may include a maximum of 9 bedrooms and up to 300 square meters of building area without requiring a planning permit.

WHEN CAN THE CONSTRUCTION WORKS START?

Construction can commence once the building permit has been received. This typically takes 6-8 weeks. We handle the entire process, including securing all necessary permits, preparing architectural drawings, and managing any required documentation.



LET'S WORK TOGETHER

Whether you have a single or double-storey home, or a property on a large or small block, Accommodation Innovation can collaborate with you to adapt your design into a functional rooming house. Every property is unique, and we take the time to create layouts that make the most of your existing space, all while delivering strong rental returns.



We make rooming house conversions simple with a clear and easy to follow process.



With our efficient, hassle-free process, you can achieve strong returns without the stress.

Contact Us

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