

Student Accommodation- The Benefits of Homestay

A complete guide for Homestay hosts.

At a glance

With pressure and competition for student accommodation at an all-time high, the Australian government allows hosts tax-free benefits for accommodating up to 2 international students.

Since the end of the pandemic, universities are struggling to house returning international students, with thousands of student visa holders still to return from abroad.

Key metrics

Homestay programs in Canberra allow hosts to provide accommodation and meals with tax-free reimbursements for up to 2 international students.



\$330p/wk

Average reimbursement per student per room



>\$30K p.a

Tax-free income for hosting 2 students

What is Homestay?

Homestay programs are a national network of providers matching international students to Australian host families to board with whilst they complete their university studies. Hosts provide accommodation, meals, and a safe space for students in return for rental income.

Rent Reimbursements

Reimbursement amounts for hosts depends on the city you live; in Canberra the full amount for one student is \$330 from JAN 1 2024. If housing 1-2 students, the rental income is not taxed.



Professional Service



Fixed-Price Designs



Consistent ROI

Benefits

Tax-Free Income

1

Earn up to \$660 per week housing 2 students in their own rooms. Receive regular payments in advance every 2-4 weeks.

Long-Lasting Relationships

2

Learning about your students' cultures, cooking meals for them, and welcoming students in your home forges strong bonds and creates friends for life.

Change a Student's Life

3

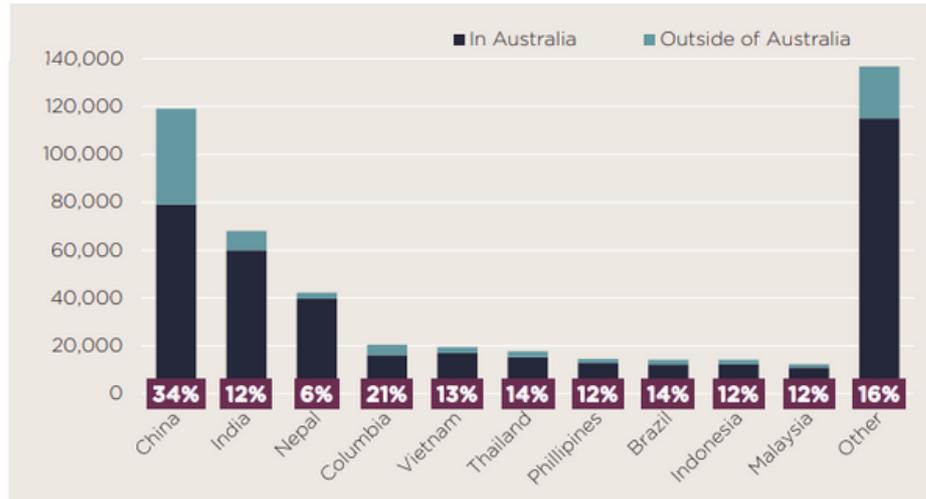
Provide a safe and relaxing environment while your student completes their studies, whilst helping improve their English skills and knowledge of Australian daily culture.

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Where Do Host Students Arrive From?

Top 10 visa holders by citizenship



Source Savills/Department of Education (data as of 14 November 2022)

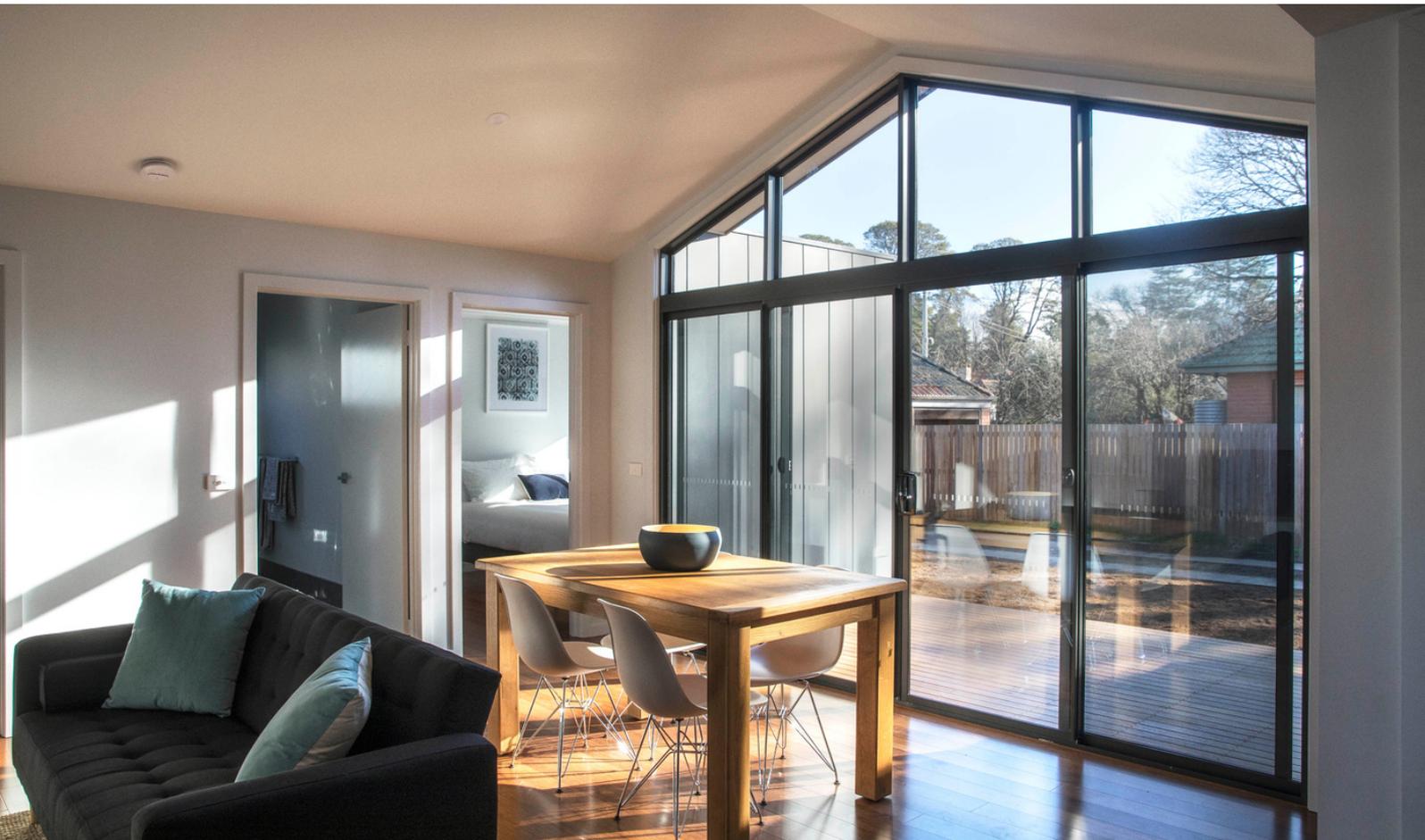
Student Profiles



The largest number of student visa holders are from Asia- China making up the majority. All students have a base level of English in order to be accepted to their chosen course or study.

Homestay networks generally place students from 16-25 years old, with additional hosting requirements applicable for students aged under 18. Homestay is a popular option for students specifically wishing to improve their English skills.

The split is roughly 50/50 male & female; popular choices of study include Nursing, Computer Science, Accounting & Tourism.



Screening & Security



Homestay providers carefully assess student applications to ensure the right match. Commonly students are placed for a 28-night period, renewed month-to-month as both host and student are happy, and your space remains available.

Hosts are required to hold a state-relevant Working With Vulnerable People and national Police clearance.

Reimbursements & Income

Canberra Reimbursement Rates



Homestay service providers commonly take direct payment from international students as part of their application and ongoing services. Once payment from the student is received, a reimbursement portion is sent electronically to the Homestay host on a recurring schedule (depending on the provider).

Current rates for the Canberra region as of JAN 1st 2024 are tabled below.

2024 Homestay Host Reimbursement Rates Canberra Applies to stays from 1 January 2024			
Over 18s Homestay Packages (Per Week)			
Private Room		Shared Room	
Complete Homestay 3 meals, 7 days per week	\$330	Complete Homestay 3 meals, 7 days per week	\$300
Traditional Homestay 2 meals Monday to Friday, 3 meals on weekends	\$310	Traditional Homestay 2 meals Monday to Friday, 3 meals on weekends	\$280
Dinner Only	\$275	Dinner Only	\$245
No Meals	\$235	No Meals	\$205
Under 18s Homestay Packages (Per Week)			
Complete Homestay 3 meals, 7 days per week	\$350	Complete Homestay 3 meals, 7 days per week	\$320
Traditional Homestay 2 meals Monday to Friday, 3 meals on weekends	\$330	Traditional Homestay 2 meals Monday to Friday, 3 meals on weekends	\$285

- Additional reimbursement may be offered if hosts are requested to supply special services to guests.

Source: www.homestaynetwork.org

Host Obligations:

- Provide a clean, safe & welcoming environment.
- Up to 3 meals per day per your chosen agreement.
- Study desk & chair.
- Assistance with daily living tasks including advice around public transport, mobile phone & local shops, amenities & attractions.

Homestay in Your Secondary Dwelling:

- A dedicated space for your Homestay students to study, prepare food, and relax.
- Additional privacy for hosts & students.



How to Apply as a Host



The providers outlined in the following pages allow you to begin your application through their websites. Following your application, your chosen Homestay provider will arrange a site visit and background check to finalise the process and begin matching students to your family's profile.



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Contact a Provider



Before proceeding with your Homestay application, we suggest contacting one of the service providers listed throughout this guide, or speaking with the provider of your choice regarding their exact fee and payment structures.

The numbers and samples used here are a guide only.



Homestay Service Providers

Researching Providers

A quick Google search for Homestay Australia (or any variation) will provide many hours reading and information for Homestay hosts. If you'd like some direct information, check the providers below:

Best Online Resource:

Australian Homestay Network - www.homestaynetwork.org

Further Online Resources:

HSN Australia - www.homestaynetwork.com.au

Oz Homestay - www.ozhomestay.com.au



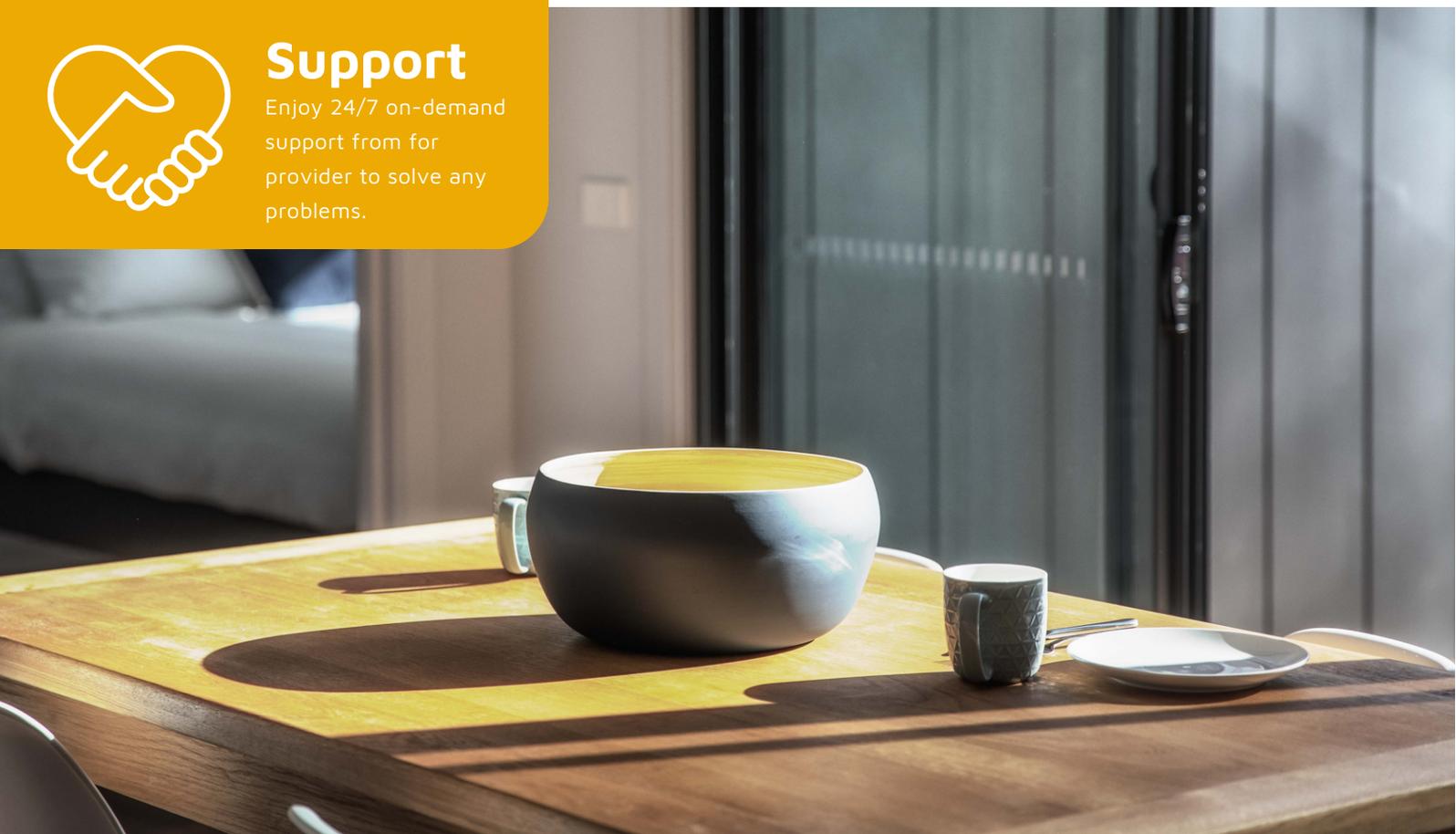
No Fees

Host applications and assessments are free through Australian Homestay Network.



Support

Enjoy 24/7 on-demand support from provider to solve any problems.



Delight in sharing your family classics and favourite recipes with your International Students.

What to Expect From a Provider

Homestay providers have a duty of care to both students and hosts, undertaking strict and thorough assessments to ensure the right match. They should operate with care, empathy and be understanding to your needs.

"The Australian Homestay Network (AHN) delivers global standards for homestay accommodation across Australia. AHN staff, its hosts and affiliates are ambassadors of Australia, interacting with students and visitors from around the world. We embrace our core values, standards, procedures and technologies, which are recognised by the Australian Government." - AHN

Tax Benefits & Deductions

What Can I Claim?

Rental income from your Homestay is not assessed and taxed by the ATO; this is **tax-free** for 1-2 students. In addition to this benefit, there are a number of deductions you may be eligible to claim to minimise extra tax, and realise a positive income from your granny flat.

- Construction Costs, typically claimed over a period of time through depreciation.
- Interest Expenses on loans used for construction.
- Operation Costs, such as cleaning, repairs, maintenance, utilities and insurance.
- Property Management and platform service/listing fees.

As long as the dwelling is genuinely available for rent these deductions may apply, even if empty. Speak with us or your tax professional for detailed information about tax deductions and depreciation claims.

Capital Gains Tax (CGT)

Compared to a stand-alone investment property, granny flats are relatively cheap to build and will only take up a small portion of your land. When you sell an investment property in Australia, the profit made will be taxed as a capital gain.

The good news for investors using their primary residence is that this tax will only apply to the percentage of land the dwelling occupies- even more beneficial for larger blocks where the total space may only be 5-10%.

After 12 months, the CGT liability is reduced by 50% for Australians, further minimising any potential tax implications. Given the potential value a secondary dwelling adds to your property, and the rental income, the risk vs reward of the strategy becomes clearly more positive.

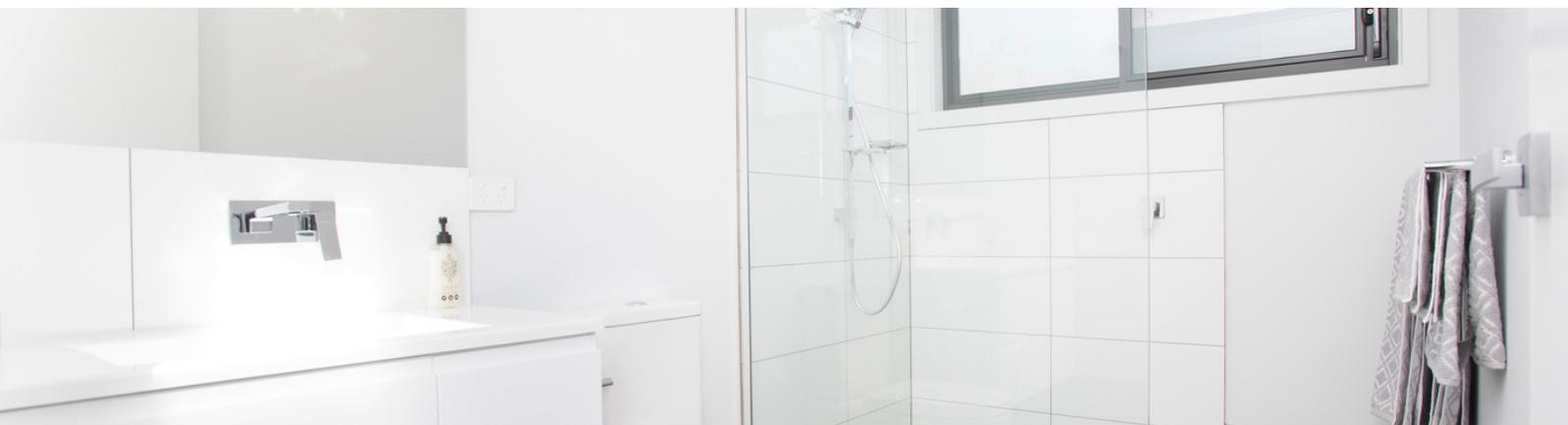
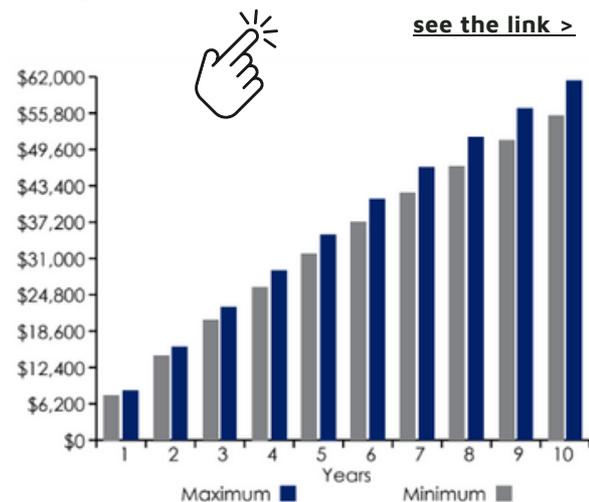


Depreciation

Depreciation is a property tax deduction that can be claimed over time and offset against your Airbnb income. This is claimed as a **Capital Works deduction** of 2.5% over 40 years; up to \$5000pa depending on the cost and size of granny flat.

New **Plant & Equipment** can also be claimed resulting in another significant offset, in particular over the first 5 years.

Below is an example of combined Capital Works and Equipment depreciation claimable over the dwelling's first 10 years, based on a 2 bedroom granny flat. For more examples & details, [see the link >](#)



Seek Professional Advice

Please note, the benefits & information shared is to be used as a guide only. You should speak with a tax professional about how construction will affect your own financial situation.



Add Value to Your Home with a Secondary Dwelling

Value Increases

According to CoreLogic, adding a secondary dwelling can increase the value of your property by 30%, and rental income by 27%.



30%

Increase property value



27%

Increase in rental returns

Earn Extra Income



In the case of student accommodation hosts may earn up to \$30,000pa in rental income from their secondary dwellings; a yield of 15%-30% on the cost of the build in most cases.

Maximise Your Sale Price



A recent example in Page ACT featuring design 315 in Halford Crescent (ACT) sell for \$1.42m; **\$524,000 above the median house price** and almost \$1m above the Unimproved Value. This custom design featured 3 bedrooms and 3 bathrooms in the fully self-contained secondary residence.



Featuring high-quality materials and full design input, our dwellings achieve 7-star energy efficiency.

Creating a High-Quality Investment



To add true value to your home, it's important to invest in an efficient, world-class build to attract future buyers and quality tenants in the long term.

By creating a fixed-price model on all designs, we control every stage of the build- from design to planning approvals, inclusions, interior design, and construction, all managed in-house by our team of professionals to ensure perfect results and true value to your property.

How Do I Proceed?

Getting Started- Next Steps



We are pleased to present this information about Homestay hosting. A secondary dwelling presents a unique and lucrative opportunity to create a regular tax-free income and high-yield returns, whilst adding value to your property and minimising potential financial risks.

We invite you to speak with our sales professionals who can assist with your questions about our high-quality designs to best maximise your property's space, and potential Homestay or ongoing rental returns.



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