

Boarding Houses Fact Sheet

Background

Boarding houses (called rooming houses in Victoria and Queensland) provide accommodation in return for a fee. The fee is similar to paying rent. This usually provides the resident with the right to occupy a room with the use of shared facilities including bathroom, kitchen, and common areas.

Whilst the resident will execute an agreement, they do not have the same rights as tenants.

Over the past couple of years construction of this type of asset has occurred in an endeavour to provide housing for an increasing population and affordable accommodation for lower income applicants.

Pepper Money loan options:

Pepper Money offers loan options for boarding houses to commercial borrowers only

Loan Size

Maximum Loan \$5M

	Full Doc	Alt Doc*
Boarding Houses (< 10 rooms)	Up to 80%	Up to 80%
Boarding Houses (>= 10 rooms)	Up to 65%	Up to 65%

*Not a true Alt Doc offering in respect to the other asset types we accept. Supporting income is able to be evidence by way of acceptable Alt Doc verification.

Security

First registered mortgage.

CAT 1 & 2 locations and CAT 3 locations for NSW/ACT/VIC/QLD/TAS

For CAT 3 locations maximum loan size is 60% LVR or \$750,000 whichever is the lower.

Refer postcode look up tool.

Requirements

Boarding houses must be registered for this type of accommodation. Refer below for each states register.

NSW <https://applications.fairtrading.nsw.gov.au/accomregister/>

VIC <https://registers.consumer.vic.gov.au/rhrsearch>

QLD <https://www.data.qld.gov.au/dataset/residential-services-registered-with-the-department-of-communities-housing-and-digital-economy>

Please note the state of SA/WA/TAS do not have a dedicated register. The applicable zoning and approved development application (DA) will provide an indication of the approved purpose for these types of assets.

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Income

Existing

Existing agreements must be executed and are required to be provided as part of the application for existing assets OR a copy of the rental statement from the managing agent.

Tenancy schedule to be provided.

Income will be treated as residential rental allowing for outgoings and vacancy rates which are covered by the landlord.

New

A real estate appraisal will be required to support the valuation with satisfactory commentary regarding vacancy rates and letting up period.

Q&A

Do Pepper offer a construction product for this type of asset?

No, Pepper does not offer a construction product for this particular asset type.

Can I self-declare the rental income being received?

No, for existing assets the residential lease or real estate agents statements is required. For new assets, a real estate appraisal is required.

Is a boarding house acceptable for a residential home loan?

No. These are zoned for either boarding house/rooming house accommodation and are acceptable as commercial loans.

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Information current as at 14 April 2026 and subject to change.

All applications are subject to credit assessment, eligibility criteria and lending limits. Terms, conditions, fees and charges apply.

Information provided is factual information only, and is not intended to imply any recommendation about any financial product(s) or constitute tax advice.