



COTA NEW SOUTH WALES



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## FACT SHEET

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### GRANNY FLATS / SECONDARY DWELLINGS

In August 2009 NSW Government launched its new 'Affordable Rental Housing' – State Environmental Planning Policy (SEPP). Some of the aspects of this policy are: allowing Granny Flats to be constructed in all residential zones; assured approval within 10 days; the setting of clear standards for the construction of your Granny Flat.

#### DEFINITION:

In real estate marketing, a 'granny flat' is any form of self-contained accommodation included with a family home. The real estate 'granny flat' can be an extension to the home, or a conversion to the interior of the home, a building close to or separate from the house, or any other self-contained accommodation on the home site. In NSW, transportable /relocatable or movable dwellings are not buildings as defined under the EP&A Act, thus cannot be approved as 'granny flats' under the SEPP. Buyers must be aware, if you think you are getting a cheap deal by buying on line, you could find that you end up seriously out of pocket. The term "Granny Flat" conjures up the image for an older person living with their child on the same property. But, it can also be a secondary dwelling used to bolster the home owners income with rent. Multi-dwelling living has increased since the introduction of SEPP 'Affordable Rental Housing' policy. Some owners rent out the granny flat, while others choose to live in the smaller accommodation themselves while the renter/s help to make a substantial dent in the mortgage owed on the main dwelling.

#### CONSTRUCTING A GRANNY FLAT

The Tenants' Union warns against sharing utilities between the main house and the granny flat. It is advisable to connect separate meters for usage of electricity, gas and water. Not only will this make life easier in terms of bills, conversely, not keeping this separate may actually be unlawful under the Act. This may also prove beneficial in legal matters and lease agreements if the granny flat is rented out in the future. <http://www.propertyobserver.com.au/financing/tax-and-legal/38960-landlords-warned-against-sharing-utilities-between-main-house-and-granny-flat.html>

If you are having a custom built unit designed to meet special needs, the design and approval process generally takes 6-8 weeks. Your project will be ready for construction after that. Construction can take 12 weeks to completion. <https://www.planningportal.nsw.gov.au/building-or-renovating/do-i-qualify-fast-track-approval/granny-flats>

Be aware that there are housing codes that must be complied with regarding height, building setbacks, maximum floor area, and maximum site coverage. You will need to check with your local council and water services, to see if there are any restrictions which may prevent a granny flat being built on your block. For more information contact your Local Council, or Department of Planning: **1300 305 695**

[www.planning.nsw.gov.au](http://www.planning.nsw.gov.au)

Also, it would be wise to obtain information about Capital Gains Tax that applies to rented properties. "If a person converts part of their home or backyard into a *Granny Flat* for rent, then the exemption from Capital Gains Tax applying to the principal place of residence is limited to the part of the property that you actually inhabit. Converting part of your home into a rental flat can have big implications when you decide to sell". *Mr Rob Stokes MP*. For more information contact: Australian Tax Office **13 28 61** [www.ato.gov.au](http://www.ato.gov.au)

## CONSIDER ALL THE COSTS:

Council approval /inspections

Insurances

Legal contracts / Fees

Registered builder (or owner builder)

Design costs (Free standing or extension)

Demolition and removal of existing structures, paving or retaining walls.

Excavation through rock or hard ground or other underground services including the breaking of any hard surfaces, unless noted on plans.

Removal of trees or major tree roots or trunks from site.

Separate Water, Gas or Electricity meters or the upgrading of existing meters and/or systems on site.

Sewer (unless noted on plans) or the re-diverting of sewer line.

Storm-water system upgrading on site, if required.

Furniture storage (mini-units about the size of a normal box trailer – start at around \$3.50 per day)

Deciding to live in shared accommodation with your children may be a complete change of lifestyle, so there are a number of factors that the older person and their family should take into consideration. **COTA NSW strongly recommends that legal and financial advice is sought prior to committing to such an undertaking. All agreements should be formally documented to avoid future disputes, given the difficulties that can arise in family relationships.**

## HEALTH

Prepare for the future. Never assume that “It won’t happen to you”

Remember – Statistics show nearly 80% of people aged over 85 report some level of disability. In today’s society, life expectancy has lengthened. The incidence of disability and/or ill health increases with age.

Does the property provide a suitable environment for issues involving Arthritis / Wheel chair access, or can the family afford to make suitable alterations as the need arises?

Will you have a reasonable level of privacy ie: access to your own toilet and bathroom? This may prove vital if you need to get up in the middle of the night.

## SECURITY

In today’s society, where a quarter of all marriages end in divorce, this is something that must be considered and discussed. While we naturally hope for the best...we must plan for the worst. Make sure that all members of the family are happy to have you permanently residing with them, as this could cause conflict right from the start. Perhaps it would be best to have a trial period to see how things work out, before making any permanent arrangements. Regardless of how you propose to share accommodation with your family, remember that if the child’s relationship breaks down – their partner can claim 50% of the property. If you do not have any ownership in the property, how will you afford accommodation in the future. For legal advice on this matter contact the Older Peoples Legal Service:

(02) 9281 3600 or 1800 424 079 <http://seniorsrightsservice.org.au/>

**For more information on this subject see our fact sheets:**

**Family Agreements for Lifetime Accommodation;**

**Granny Flats and CENTRELINK**