

Renovating a bargain might be expensive - AIDA

Home alteration is a necessity for many property owners these days as they add offices, surgeries and studios to home-based businesses, or convert space to accommodate expanding families or ageing parents. Many homebuyers and investors are also deliberately seeking out run-down properties that they can buy relatively cheaply but need renovations or improvements to make them liveable or saleable.

However, says Ester Odendaal, operations manager of Aida National Franchises, many of these additions and alterations are being built without proper local authority approvals, thanks to severe backlogs in council planning departments and, in some cases, a desire on the part of the owners to avoid additional rates and taxes.

Do not renovate before transfer

"What is more, many buyers are starting to make changes even before the transfer of the property into their name has been registered. Frequently, a buyer who has been granted occupation while waiting for transfer will not actually move in but use the opportunity to start repainting, installing additional security measures or even to renovate an old kitchen or bathroom. But they should be aware that they may be unable to recoup anything they have spent on such alterations in the event that, for some reason, the transfer does not actually take place," Odendaal says.

The reason is that most sale agreements stipulate that if the sale falls through, the property must be returned to the previous owner in an unaltered state. "This could mean, for example, that a hole dug for a new pool by the over-enthusiastic buyer has to be filled in and the garden restored. Or, if the home had a functional - although old - kitchen or bathroom before being sold, the buyer who has already begun renovating them may actually have to finish these improvements to be able to hand back the property as it was, with functional facilities."

Make sure granny flat is legal

What is more, Odendaal notes, sale agreements usually also provide that no real tenancy is created when a buyer is given early occupation of a property, which means that in most cases the buyer cannot expect any payment from the original owner for any additions or improvements made before transfer is registered. Thus, if the transfer falls through, the buyer may well find that he has spent a considerable amount for nothing.

Those buying homes where an office or perhaps a granny flat has already been added on must be careful to check that this additional working or living space has been legally built. "All sorts of legal and financial problems can arise if this is not the case, which is another reason for homebuyers to deal only with experienced and reputable estate agents who will take the necessary steps to ensure that any additions or alterations were properly planned and done with local authority approval," she concludes.