

**RENOVATING AND  
REFURBISHING  
RETIREMENT PROPERTY**

By

Dr. Catherine Dawson

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## **RENOVATING AND REFURBISHING RETIREMENT PROPERTY**

Renovating and refurbishing property that is aimed at the retirement market can provide the opportunity to make substantial profits over a relatively short period of time. However, to succeed in this type of venture you need to make sure that you choose the right type of project to suit your skills, experience and motivation, conduct careful research into the type, price and location of suitable properties, understand rules and regulations concerning your proposed plans for the property and have the necessary finances and insurance to complete your project.

### **CHOOSING TO RENOVATE OR REFURBISH**

'Refurbishing' involves the process of making cosmetic changes to a property to enhance its appearance to potential buyers or tenants. It does not involve alterations to the structure or fabric of a building. Refurbishment is often a good starting point for someone new to retirement property investment. An advantage to this type of development is that there is less chance to fail on your investment. A disadvantage is that there will be less profit available. However, it does give you and your family the opportunity to test your skills and motivation to find out whether you really do want to invest in retirement property.

'Renovating' a property means to restore it to its original condition through cleaning, tidying, repairing and/or rebuilding. In some cases this may involve improving the building so that it is better than its original condition. Renovating may involve alterations to the structure and the fabric of the building, and will include special features for the retirement market, such as handrails, ramps and high sockets.

One of the most common ways for property investors to begin in the property business is to buy a property cheaply, renovate it and sell it at a profit. If you are new to property development and you are unsure of your skills and motivation, choose a property that does not require major work, but instead needs some updating, such as a new kitchen and bathroom. Making simple changes such as these can add considerable value to a property.

To renovate and refurbish a property successfully you have to make changes and improvements that will be of interest (and impress) your potential market. Therefore, you need to make decisions about your potential market before you begin the refurbishment. Remember that how your property is positioned in your mind may be very different from how it is positioned in the minds of potential retired buyers and/or tenants. Even if you are retired yourself, you need to conduct careful research into the retirement market to find out exactly what retired people want from a retirement property. You must remember, also, that there are different types of retirement property and you should conduct careful research within the local area to make sure that the market is available for the type of property that you intend to develop.

Aiming your property at the retirement market can cut down on potential customers, whether you are intending to sell or let the property once it is complete. However, the retirement market is growing and, if you undertake careful renovation or refurbishment, you can increase the number of potential customers by providing a property that is highly desirable to the retirement market. To do this successfully you need to make sure that you find suitable properties, both for your proposed project and for your intended market.

### **FINDING SUITABLE PROPERTIES**

If you are hoping to make money on your retirement property investment you must undertake detailed and systematic research to find the right property, at the right price in the right location. When doing so you should take note of the following points:

- Make sure that the type of property will appeal to your intended market. For example, properties with difficult access or too many flights of stairs will not appeal to the retirement market (hence bungalows and ground floor flats are popular). You need to undertake detailed research into the wants and needs of your intended market and make sure that you only buy properties that will appeal to these people, once your project has been completed. Avoid properties that cannot be renovated or refurbished in a way that is suitable for the retirement market: this may be due to the location, existing structure and building materials, or it may be due to difficult access, size and space in the property.

- Ensure that the property is located in an area favoured by retirees. This could include:
  - an established residential area with the opportunity to meet like-minded people and the chance to take part in activities and social events aimed at senior citizens;
  - a quiet area, with a low crime rate, in which residents feel safe;
  - a location that has good transport links, including good public transport, safe roads to drive on and plenty of free parking;
  - a location that has good access to doctors' surgeries, chiropodists, chemists and hospitals;
  - an area with a favourable climate that has plenty of open space and nice walks;
  - an area that is seen to provide good value for money (even if this is expensive: retirees will pay higher prices if they believe it is worth the money, but many also like low-cost living and the opportunity to acquire bargains).
- Conduct careful research into house prices in the area: consult the land registry [House Price Index](#), ask local estate agents or look online ([rightmove](#), [nethouseprices](#) or [zoopla](#), for example). Always haggle on the asking price, but be realistic with your offers. Some properties may be too expensive to renovate or refurbish, which could mean that you are unable to make a profit on your investment or that you do not have enough finances to complete the work.
- Ensure that the property does not have restrictions placed on it in terms of the development that can be undertaken. Some of these restrictions are due to the particular type of property, whereas others are to do with the area in which the property is located. The most common types of restriction are placed on [listed buildings](#), properties in [sensitive areas](#) and through [restrictive covenants in the title deeds](#). If you are hoping to make changes that will require planning permission you must check that there are not any restrictions that will affect your plans. Your solicitor will be able to offer further advice.
- The type of ownership on a property (freehold, leasehold or commonhold) may have implications for the sort of renovation and refurbishment that you are able to undertake, so you need to look into this carefully before making purchasing decisions. Again, your solicitor will be able to offer further advice.

## **BUYING EMPTY OR DERELICT PROPERTIES**

Empty or derelict properties can provide a bargain if you are willing and able to carry out the required work. Often they are located in well-established residential areas that are favoured by retirees or older people and you can find cheap properties in areas of regeneration that increase considerably in value once renovated.

Properties are empty for a variety of reasons: the owner may have died or moved into a residential home; the owner may be unable to find the money to renovate, but is unwilling to sell; the [Capital Gains Tax](#) implications are too high and a family cannot afford to sell; a landlord is keeping hold of the property until prices rise and it is worth selling, for example.

Most local authorities have a register of empty properties and you may be able to find out who the owner is from this register, although some local authorities may be unwilling to share this information. If this is the case you can make a request for the information under the [Freedom of Information Act 2000](#). Alternatively, you can find out whether the property is registered with the [Land Registry](#) who, for a small fee, will provide the owner's details. If this fails, check with neighbours to find out whether they have contact details for the owner.

Some mortgage companies are unwilling to lend on empty properties. However, there are some, such as the [Ecology Building Society](#), [Buildstore](#), [the Co-operative Bank](#) and [the Norwich and Peterborough Building Society](#) who will provide mortgages on empty property. Some local authorities offer grants for renovating empty properties and there may be reductions on VAT on refurbishment costs. For more information about empty properties, contact [Empty Homes](#).

## **KNOWING ABOUT PLANNING PERMISSION**

If you are intending to renovate or refurbish a property you must find out whether you need [planning permission](#) for the work. Before you make an application, get in touch with your local planning authority: contact details can be obtained from the [planning portal](#). Speak to

staff about what you intend to do and seek their advice. You can also find out whether there are any anticipated problems and discuss possible ways to overcome them.

Application forms can be obtained from your local planning authority or you can make your planning application online through the [planning portal](#). If your plans are refused it is possible to revise them and submit a new application, or you can make an appeal. If your plans have been approved, you can start work straightaway in most cases, but you should check that you don't need other approvals such as [conservation area consent](#) before you begin work. All work must start within three years or you will be required to apply again for permission.

Some domestic extensions and minor alterations to your home do not require planning permission and instead can be built under 'permitted development'. On 30 May 2013, the UK Government [changed 'permitted development' rights](#) for householders and various commercial properties. However, rules and regulations are complex so, before undertaking any significant building work, you must find out whether you will need to obtain planning permission. Contact the Planning Services Department at your local council for more information and advice. Even if you do not require planning permission, most extensions and many alterations require Building Regulations Approval (see below).

In some areas of the country and on certain properties, permitted development rights are more controlled so it is advisable to seek advice before carrying out any development work.

## **KNOWING ABOUT BUILDING REGULATIONS**

Before you begin any development work on a property you must obtain [Building Regulations Approval](#). Building Regulations can be complex so if you are in doubt you should make sure that you receive the appropriate advice specific to your project before you begin work. This could be from an architect, building surveyor or structural engineer, for example.

Building Regulations set minimum standards for the design and construction of buildings to ensure the safety and health of people in or about those buildings. They also include requirements to ensure that fuel and power is conserved and facilities are provided for

people with disabilities or mobility difficulties to access and move around inside buildings. (Ease of access is of particular importance if you are renovating or refurbishing property for older people.)

You will need to obtain Building Regulations Approval if you intend to alter or extend an existing property; provide fittings within a building such as drains or heat producing appliances, hot water storage, or washing and sanitary facilities; underpin the foundations of a building; and install replacement windows using a builder or window company that is not [FENSA registered](#), for example. You may also require Building Regulations Approval if you intend to change the use of your building, even if you are not proposing construction work.

Approval may not be required in the following circumstances:

- Conservatories and porches that are single storey, built at ground level, with a floor area of less than 30 sq metres and with the required safety glass installed.
- Carports that are open on at least two sides with a floor of less than 30 sq metres.
- Small detached single storey buildings such as sheds, stores and workshops with a floor of less than 30 sq metres. These buildings must not contain sleeping accommodation, should be constructed substantially of non-combustible materials and not be within 1 metre of a boundary.
- Detached buildings not normally used by people, such as places used to store machinery or equipment.
- Agricultural buildings and greenhouses, as long as they are not used for retailing, exhibiting, packing or sleeping. They must be a certain distance from any building containing sleeping accommodation and must have the required fire exits.
- Temporary buildings that will not remain on site for periods of more than 28 days.
- Ancillary buildings only used during construction work and not containing sleeping accommodation.

During construction the building work is checked at various stages to make sure that it complies with Building Regulations and is in accordance with the approved plans. Written records are made during each inspection and if there are any problems they are raised with the builder and/or the applicant. Follow-up inspections are made if any remedial work is needed. If the work is completed satisfactorily a Completion Certificate is issued at the end

of the job. This certificate will be required when you decide to sell or re-mortgage your property.

The way to obtain approval will depend on whether you choose to use the Building Control services of your local authority or an [approved inspector](#). If you choose to use your local authority, all application forms can be obtained from your local planning authority or downloaded from their website (in general, this will be a [Full Plans Application](#) for major work and a [Building Notice](#) for minor work). Application forms should be completed fully and accurately, with all the necessary paperwork attached as this will help your application to run smoothly and avoid delays.

Building Regulations are complex and you should obtain advice specific to your circumstances before undertaking any work. More information about what work requires approval can be obtained from [your local authority](#) or a [private approved inspector](#).

## **UNDERSTANDING THE PARTY WALL ACT**

[The Party Wall Act 1996](#) is relevant if you live in England and Wales and wish to undertake any of the following:

- build on an existing wall or structure shared with another property (for example, cutting into an existing wall, building the wall higher or removing chimney breasts);
- construct a free standing wall on the wall of a building up to or astride the boundary with a neighbouring property;
- excavate within 3 metres of your neighbour's foundations or within 6 metres of a neighbouring property (if the works will cut a line drawn downwards at 45 degrees from the bottom of the neighbour's foundation).

The Act states that you must not cause unnecessary inconvenience, which includes the time when building work starts and finishes. You must provide temporary protection for any adjacent buildings and put right any damage caused by the building work.

Under the Party Wall Act you must give notice of your intentions to adjoining owners, even if the work will not extend beyond the centre line of the party wall. If you fail to provide notice, adjoining owners can stop the work through obtaining a court injunction. The best course of action is to keep on friendly terms with your neighbours and discuss your plans informally with them.

Your neighbour must provide reasonable access to your workers and/or surveyor for the purpose of carrying out the work. However, you must give your neighbour at least 14 days' notice if you wish to access their property. It is an offence for them to refuse access if you have followed correct procedures. Again, it is best to discuss all changes with your neighbour, pointing out that it is also in their interests to allow workers in because, that way, work can be finished properly on both sides.

If the adjoining property is empty, it is possible to gain access after following proper procedures and if accompanied by a police officer. For more information about the Party Wall Act and to find a person experienced in the workings of the Act, contact [the Faculty of Party Wall Surveyors](#).

## **RAISING FINANCE**

If you are interested in renovating or refurbishing retirement property there are various grant and loan schemes available (in addition to [mortgages](#) and [buy-to-let mortgages](#)). This includes renovation grants, empty property grants and local authority loans for house repairs and renovation. However, schemes vary considerably between local authorities, so you will need to contact your local authority direct for information specific to your locality.

### **Renovation Grants**

If you have decided to renovate and refurbish your own property to make it more suitable for retirement, you may be able to obtain a renovation grant to help with the costs of the work. In most cases these grants are discretionary and will depend on the amount of funds available.

To obtain a grant you will need to hold the freehold and intend to live in, or let, the property for a specified number of years. Your property will need to have been classed as 'unfit' for habitation or failed the [Housing Health and Safety Rating System \(HHSRS\)](#) assessment. You will not be eligible for this means-tested grant if the work can be carried out under other assistance such as an insurance or a third party claim. Contact your local authority for more information about this grant.

### **Empty Property Grants**

These grants are available to help people who are interested in restoring an empty property. Some local authorities will specify the amount of time that a property has to have been empty before a grant will be offered and some will only offer grants if the property is to be made available for private letting through a Registered Social Landlord. If this is the case, local authorities are very specific about the end product, in terms of size of rooms, standard of accommodation, décor, fixtures and fittings, energy efficiency and heating. Once the property is renovated it must meet the criteria set out in the HHSRS.

Local authorities will pay a percentage of the cost of works, usually in the region of 30% – 70% with most specifying an upper limit. The amount of grant you will receive depends on a number of factors including the type and size of property, its location and the intended use once the work is complete. If you sell the property or cease to let it within a specified number of years you will have to repay the grant. Contact your local authority for more information about this grant.

### **Loan Scheme for Housing Repairs**

Some local authorities will offer loans to homeowners, landlords and developers who are wishing to repair and renovate their property for all markets, including the retirement market. In some cases loans will only be given if the property has been deemed unfit for human habitation. The loans are interest free and repayable by homeowners either when the property is sold or bequeathed or, in the case of landlords, after five years. Local

authorities specify a maximum amount of loan, which could be up to £20,000. A schedule of works will need to be approved before a loan is granted.

If you are the homeowner you should check that this is the most suitable method of raising finances as, in the event of your death, your relatives will need to pay back the loan, whether or not they sell the property. This, along with [inheritance tax liability](#), could leave your relatives with a significant financial burden when you die.

## **ARRANGING INSURANCE**

If you are intending to renovate or refurbish a property for the retirement market you should make sure that you take out appropriate insurance to cover you and your workers, the building and equipment. It is now possible to take out renovation insurance that should offer a complete package for your project. Policies and prices vary considerably so you need to shop around for the policy that offers the best deal for your project. Most companies will specify a period of time for the renovation project (usually six or twelve months). You should arrange this type of insurance as soon as you exchange contracts so that you are covered immediately.

When arranging renovation insurance, check that it offers the following protection:

- Building and renovation works, temporary works and materials. These should be protected against all risks and your insurance should cover reinstatement costs by professional labour.
- The existing structure should be protected against all risks and your insurance should cover reinstatement costs by professional labour.
- The tools, plant and equipment that you own should be covered. You can choose the amount of cover for all items, or specify the amount of cover for individual items.
- The tools, plant and equipment that you hire will need to be covered. Again, you can choose the amount of cover for all items, or specify the amount of cover for individual items.

- Any tools, plant and equipment supplied by employees or contractors may need to be covered, if they do not have their own insurance. However, most reputable builders and contractors will have comprehensive insurance.
- Employer's liability and/or public liability that cover claims for death or injury of anyone you employ to work on your property.
- Property Owner's Liability insurance that covers injury, death or damage to individuals on or adjacent to your property, such as meter readers, postal workers and council employees.
- Legal expense cover that will help in the event of contractual disputes with professionals, local authorities, suppliers or contractors, and help with eviction actions, if relevant.

## **SUMMARY**

Renovating or refurbishing property suitable for the retirement market can provide the opportunity to make a substantial profit on your investment, as long as you undertake detailed and careful research and have the required skills and motivation to complete your project successfully. It is also important to understand the retirement market so that you can buy an appropriate property and carry out suitable alterations that will appeal to this market. Grants and loans are available to help finance your project and all work, equipment and property should be insured before work begins.

## **USEFUL WEBSITES**

[www.emptyhomes.com](http://www.emptyhomes.com)

Empty Homes is an independent campaigning charity that aims to highlight the waste of empty homes in England. On the website you can obtain a statistical breakdown of empty property figures in England by local authority. Useful advice on all aspects of purchasing an empty property can be obtained from the website.

[www.planningportal.gov.uk](http://www.planningportal.gov.uk)

You can find detailed information about planning permission and building regulations, including details of your local planning authority and local development plans on this website. It guides you through the planning process, providing comprehensive and user-friendly information and advice for anyone wishing to make a planning application.

[www.planningportal.gov.uk/planning/planninginspectorate/](http://www.planningportal.gov.uk/planning/planninginspectorate/)

The Planning Inspectorate processes planning and enforcement appeals and holds inquiries into local development plans in England and Wales. The Inspectorate also deals with a wide variety of other planning related casework including listed building consent appeals, advertisement appeals and reporting on planning applications called in for decision by the Department for Communities and Local Government (DCLG) or, in Wales, the Welsh Government.

[www.fpws.org.uk](http://www.fpws.org.uk)

Members of the Faculty of Party Wall Surveyors are experienced in the proper workings of the Act. They can be employed to serve the appropriate notices for you and see that the Act is properly implemented. You can find a surveyor in your area by clicking on the relevant section of the map on their website.

[www.rics.org](http://www.rics.org)

The Royal Institute of Chartered Surveyors (RICS) is the largest organisation for professionals working in property, land and construction worldwide. RICS members have to adhere to a strict code of conduct and are required to update their skills and knowledge on a regular basis. All members have to have proper insurance and customers are protected by a RICS formal complaints service.

## **PROPERTY BOOKS BY CATHERINE DAWSON**

[\*The Complete Guide to Property Development for the Small Investor: How to Identify the Best Opportunities in a Volatile Property Market\*](#)

[\*Green Property: Buying, Developing and Investing in Eco-friendly Property, and Becoming More Energy Efficient\*](#)

[\*The Complete Guide to Buying Repossessed Property Bargains: All You Need to Know About Buying a Repossession\*](#)

[\*Investing in Property for Your Children: Property Investment Strategies for Your Children's Long-term Benefit\*](#)