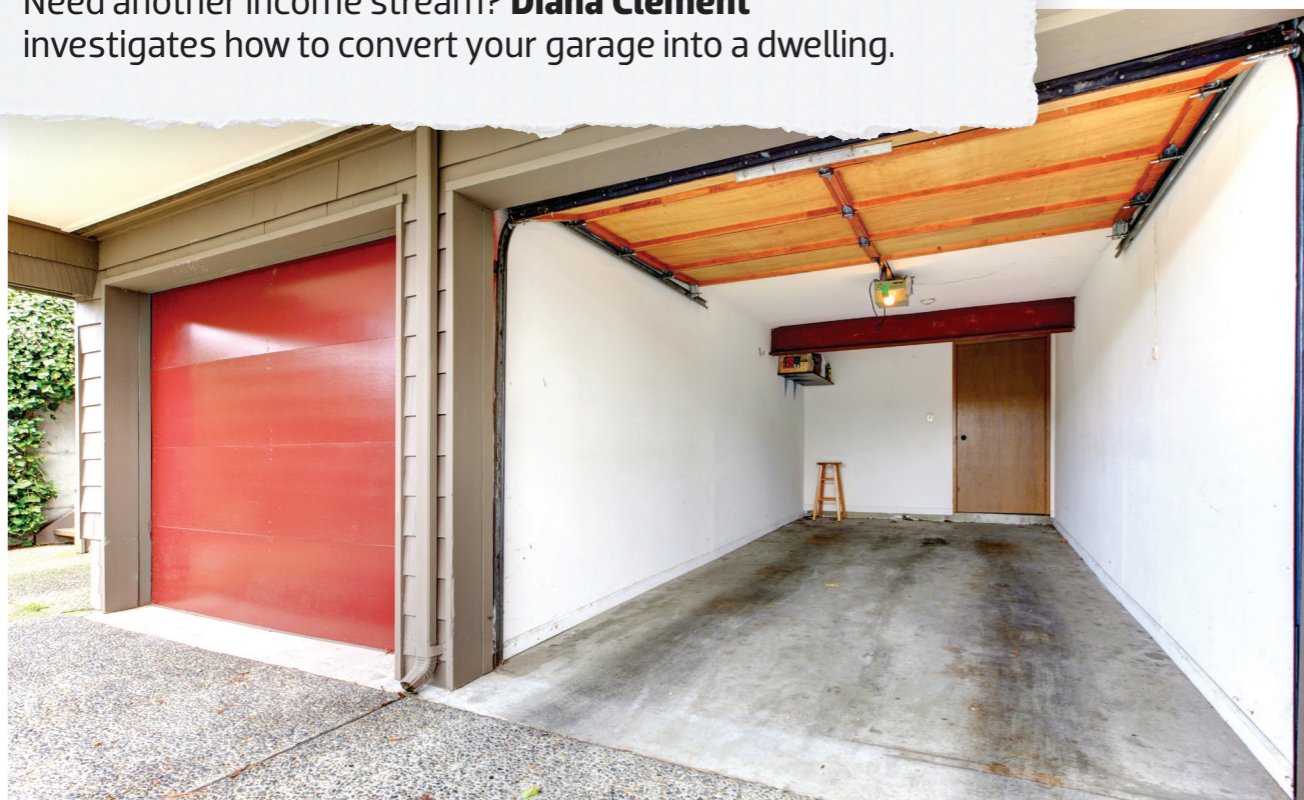


# CONVERT YOUR GARAGE



Need another income stream? **Diana Clement** investigates how to convert your garage into a dwelling.



The consent to convert a garage is typically around \$3,000, says Mark Trafford.

**G**arages make great living spaces, albeit not always legally. Too many tenants use garages for things they shouldn't. And some landlords take the risk of letting garages illegally.

But every year plenty of savvy investors go the full hog and convert garages into extra rooms or separate tenancies. Done right and within the law these can be a real money spinner. Garage conversions offer a great strategy to both improve rental return and/or increase value.

Such conversions come in two flavours, says Mark Trafford, director of Maintain to Profit. One is where the converted garage adds an extra room to the existing home. This can't be let as a separate tenancy, but an additional room increases the rent. The second is a fully self-contained unit (AKA minor dwelling) with its own kitchen, bathroom and possibly laundry.

Converting non-habitable to habitable

space usually needs consent under the Building Act - although each council's rules differ. "You always need to check with your architect and council to be absolutely sure whether or not it needs to be permitted," says Trafford. Typically the consent costs around \$3,000, he adds.

The financial risks involved are huge if you don't get planning permission and appropriate resource consent when it is needed. Tenants can and do apply through the Tenancy Tribunal to have every cent of their rent refunded, which has been hitting the headlines too often lately. Trafford knows of one case where the tenant is also claiming damages.

Converting a standalone garage into a sleepout/extra room is relatively simple, says Trafford. Internal garages are often even easier. The building work to convert the garage into a warm dry space should cost between \$5,000 and \$10,000, says Trafford.

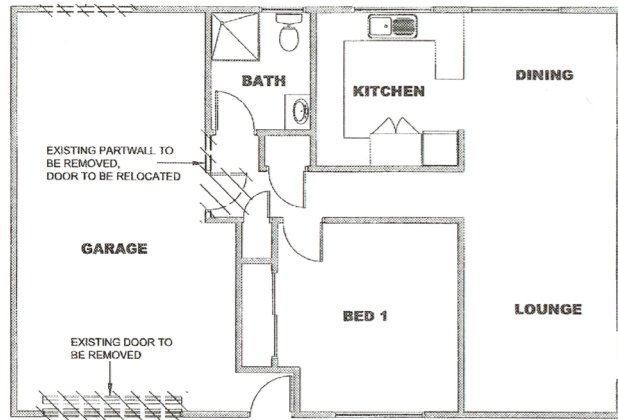
The cost depends to a certain degree

on how much work you need to put in, and the age of the existing garage. An older garage is mostly likely not properly lined and may also need the floor raised and/or a damp proof course added. That might mean adding a membrane under the concrete slab.

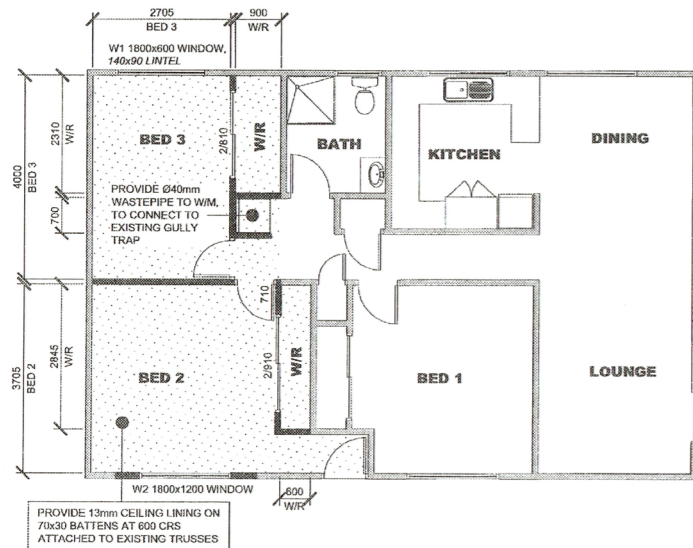
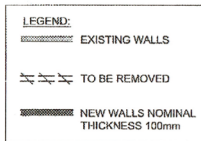
For a full garage to minor dwelling conversion expect to pay more. If you're adding a kitchen, bathroom or laundry you'll also need both building and resource consent and must pay a development contribution fee. You'll need to use Licenced Building Practitioners if the work relates to the structure of the building or weather tightness. It's compulsory to use a licenced plumber or drain layer for work adding plumbing and sewerage.

The plans, consents and development contributions and connections needed to turn a garage into a fully-fledged tenancy can cost \$25,000 before the first hammer is lifted, says Trafford. Spending \$50,000

Colin Comber's Bell Block conversion.



**EXISTING/DEMOLITION PLAN**  
1:100



**PROPOSED FLOOR PLAN**

to \$150,000 on the entire job from start to finish may or may not make economic sense depending on the property and its location.

Having said that, Trafford worked on one Auckland property where the garage was converted adding two bedrooms to a unit. The work cost \$150,000 for the entire conversion, but added \$250,000 to the market value of the property, says Trafford.

Be aware that with most councils you will need to provide parking elsewhere on the property if you are converting the garage. If you're lucky that might just mean adding pavers. But it could mean the need to build a carport or do landscaping work.

## ADDING BEDROOMS CONVERSION

Colin Comber, treasurer and immediate past president of the Taranaki Property Investors' Association found the perfect property for a garage conversion in Bell Block, Taranaki. The one-bedroom 1980s house had a tandem garage fully attached to the back of the home.

The unconverted tandem garage made up 32 of the 98 square metre structure, he says. A hallway through the house entered the middle of the 12m long garage at the back, making it extremely easy to convert into two bedrooms. "We were able to create a bedroom either side of

the existing doorway (into the garage)," says Comber.

He adds that a laundry was removed, but there was no structural work or additional plumbing needed at all, which helped keep costs down. The floor of the garage was already up to Building Code so didn't need raising or damp proofing.



**"You always need to check with your architect and council to be absolutely sure whether or not it needs to be permitted"**  
**Mark Trafford**

The biggest issue with the garage conversion was noise from State Highway 3 at the back of the property. The south wall of the garage was just 1.5m from the boundary and provided a sound buffer for the house, Comber says. Fortunately there were no windows on the road side of the garage.

"I (employed) an acoustics consultant to advise on sound proofing," he says. The consultant recommended adding two layers of 13mm Gib board on the southern wall and 19mm noise resistant Gib for the ceiling. The walls and ceiling were fitted with Pink Batts Silencer wall acoustic insulation. The entire insulation/Gib package resulted in an acoustic envelope limiting the impact of road noise.

He also added a sound dampening fence at the back and a brand new Versatile garage to replace the converted garage. Once finished, the converted garage looked exactly like it was always part of the structure.

Comber says he was under no obligation to do the sound proofing work, but as a buy and hold investor

he wanted tenants to stay. "I wanted to create bedrooms that weren't being compromised by traffic noise," he says. A constant stream of tenants complaining about the noise and moving on after a short time would not prove profitable.

The cross-leased property was valued before buying and shortly after the work was completed. Comber had purchased the one bedroom house for \$195,000 and after the \$40,000 work, which included \$12,000 for a new Versatile garage, the property was valued at \$270,000. It has since risen in value more thanks to market increases.

The yield on renovated value was 8.3 per cent, but has since fallen to 4.8 per cent thanks to the market rises.

## NEW DWELLING CONVERSION

Property trader Rachel Ward has done a number of garage conversions. Her latest one at Glamis Avenue, Dinsdale, Hamilton, created an entire new tenancy from a modern standalone garage. "The reason I looked at the property was the 54m2 unattached garage at the back," says Ward.

She bought the three-bedroom cream brick home and garage for a bargain price of \$335,000 in April 2015. She had converted the garage and created a second dwelling by August that same year.

The good news was that scanning of the floor showed that the garage floor had been built to standard in the first place and didn't need expensive membranes or other work. There were sufficient iron rods in the reinforced concrete floor that no additional work was needed, says Ward.

Plans by a draftsman were approved relatively quickly by the Hamilton City Council and the entire job including ancillary works cost \$70,000\*. It was project managed by Adam Bellinger at Te Rapa-based New Image Homes.

Although starting life as a garage, the resulting conversion made it look like a brand new home, Ward says. The work included adding H1 energy efficient insulation, new walls, double glazed windows, new ceiling, kitchen, bathroom and hard wearing solution dyed nylon carpet.

Ward says the converted garage now brings in \$285 a week. "That's a flipping good return," she says. What's more, the registered valuation in October 2015, six months after purchase was \$600,000.

\*The costs included adding a concrete pad to the front of the main house for tenant parking ■

# BELL BLOCK CONVERSION TIMELINE



### SEPTEMBER:

- Conditional sale and purchase agreement signed. (Note purchase price was \$191,500 - \$5,000 deposit)
- Property was vacant - a condition of purchase provided for purchaser to access and inspect property and obtain trades quotations etc.

### SEPTEMBER/OCTOBER:

- LIM obtained
- Estimates and quotes for alterations and additions and new garage obtained.
- Plans for garage conversion into two bedrooms drawn-up by architectural draughtsperson.
- Rental appraisal from property manager for one and three bedrooms obtained.
- Market valuation from Registered Valuer for current value 'as is' and after proposed works completed (Valuer supplied with plans and rental appraisal).
- Report obtained from acoustic consultant for noise attenuation specs for bedrooms and boundary fence.

### SEPTEMBER/OCTOBER:

- LIM obtained

- Estimates and quotes for alterations and additions and new garage obtained.
- Plans for garage conversion into two bedrooms drawn-up by architectural draughtsperson.
- Rental appraisal from property manager for one and three bedrooms obtained.
- Market valuation from Registered Valuer for current value 'as is' and after proposed works completed (Valuer supplied with plans and rental appraisal).
- Report obtained from acoustic consultant for noise attenuation specs for bedrooms and boundary fence.

- Loan finance approved for purchase together with additions and alterations and new garage.
- Trades (builder, electrician, plumber etc) arranged.
- Settlement.

### NOVEMBER:

- Building additions and alterations undertaken and completed.
- Acoustic fencing and pergola erected.

### DECEMBER:

- Interior and exterior painting by landlord.
- Carpet laid to bedrooms.
- Proprietary sliding wardrobe doors fitted.

### JANUARY:

- BC issued for new Versatile garage.
- Tenants move in.

### FEBRUARY:

- New garage built and completed.

### APRIL:

- Council issued code compliance certificate for garage.