

EXERCISE 11: Granny flat checklist

Legalities:

When does the agreement begin?

What accommodation will be provided?

If this property is sold will the granny flat arrangement transfer to another property?

Have you checked state and local planning laws to understand what can be built?

Is there any requirement to reinstate the property, i.e. remove the granny flat, when it is no longer occupied (e.g., under Victoria's Dependent Person's Unit rules)? If yes, what is the estimated cost of reinstating the property, and who will pay it?

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Finances:

How much is being paid?

Is there any tax liability? How much is it?

Is there any residual value when the parent/s leave? How is it calculated?

Will rent be charged? How will this be calculated over time?

Who will pay what towards household expenses such as utilities, rates and insurance? How is this calculated?

What about living expenses, particularly food costs?

Will the children need insurances such as trauma and/or life insurance to pay out any mortgage if anything happens to them?

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Lifestyle:

What assistance will be provided now and in the future? Remember to consider this in both directions.

Who will do what towards running the household, *i.e. mow the lawns, clean, wash dishes, do laundry?*

What will happen if the children want to go on holiday?

What will happen if the children get divorced?

What about if the parents get divorced or a single parent remarries?

What would happen if the children became ill or passed away?

If care is needed: Who will provide it? How much will be provided?

If more care is needed, *i.e. care services in the home and/or respite services*, who will pay for it?
(See **Part 3 of the book** to explore the range of government-funded and private care services.)

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Here's the hardest part. While everyone moves into these arrangements with good intentions and high hopes for a harmonious intergenerational living arrangement, at some point it will end. It may be because there is a breakdown in the family or because the parent or children pass away or because the arrangement is not able to provide appropriate accommodation or care.

At the end:

What are the circumstances under which the agreement can end?

Does the parent have any residual rights in the property, i.e. **does the agreement allow them to rent the property out while they are living elsewhere?**

Have the wills of all parties been reviewed to reflect the agreement?

Have powers of attorney and advanced medical health directives been reviewed in light of the agreement?