



The rules, risks and benefits of granny flats

Thinking about building or moving into a granny flat? Learn why they're on the rise, what can go wrong without legal protection, and how to safeguard your independence and rights.

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Marianne has recently downsized and sold the family home after her husband passed a few years ago. She's comfortable in her new apartment, but she's further away from her adult children, which makes weekly babysitting less convenient for everyone.

Lily, Marianne's oldest child, suggests building a granny flat in her large backyard. She points out that Marianne could see her grandchildren whenever she wanted, and she'd save money on petrol and property rates. Marianne acknowledges the financial benefits, but she's not sure Lily would completely respect her need for independence or boundaries.

Surprised, Lily asks what sort of boundaries her mother has in mind. When Marianne mentions her need for quiet hours, advance notice of extra babysitting, and a separation from the family after a certain time, Lily is hesitant to agree without more discussion.



Why granny flats are on the rise

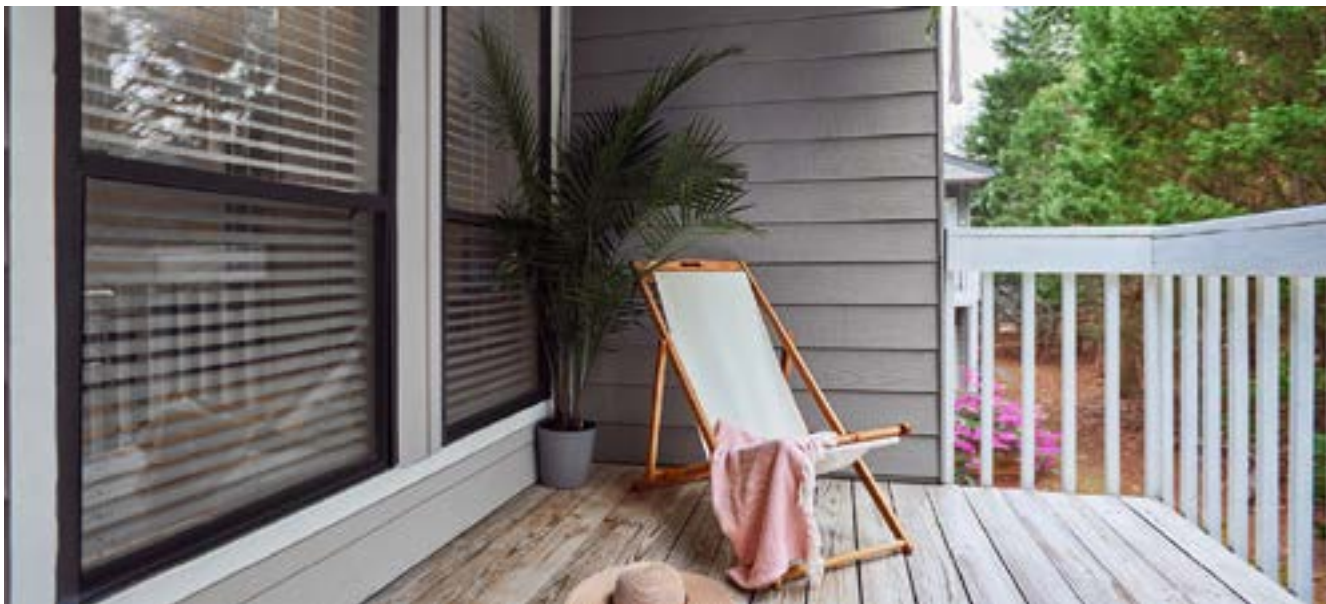
Lily isn't alone in her plans to build a secondary dwelling. In 2024, Australian real estate property search data showed 'granny flat' was among the fastest-rising keywords in 3 Australian cities, as buyers look for homes with more space to accommodate grandparents, adult kids or other family members.

Term	City	Ranking
Granny flat	Sydney	7
Granny	Sydney	3
Granny flat	Brisbane	8
Granny flat	Perth	4

Source: What buyers want – granny flats, sheds, new homes and a study

In Lily's mind, the arrangement is a no-brainer. Housing costs are soaring across Australia: the average cost of a home is now pushing beyond \$1 million in many parts of the country. Between rising rates, insurance and maintenance, a self-contained flat can feel like a sensible middle ground, and more families are embracing multigenerational living as a viable option.

Lily's thinking, in suggesting the granny flat, is that she's saving her mum money and keeping the family together, plus she'll capitalise on Marianne's availability as a babysitter. Her dismissal of Marianne's concerns is symptomatic of some common red flags around granny flats.



Exploring the risks behind the granny flat option

Granny flats can work well, but they're not without their risks. The risks are especially real when the two parties make an informal agreement or have no agreement at all.

In most cases, older Australians living in granny flats don't hold the legal title to the property, nor do they have the same rights as a tenant. If the relationship with Lily breaks down or circumstances change, Marianne may find herself without a home – and no legal rights.

There is uncertainty around the fact that there might not be a formal notification period required for your adult children to inspect your property.

Is living in a granny flat the same as living in a space of your own?

No. While living in a granny flat can feel like having your own space — with a separate door, kitchen, bathroom, bedroom and living area — it's not always the same, especially when the flat is located on your adult child's land. Even if you fund the construction of a granny flat, you will not own it unless specific legal structures (like a life interest, co-ownership or loan agreement) are formally established.

So without legal protection, you could:

- have no right to remain if the relationship breaks down
- lose your investment if the land is sold
- be evicted with little recourse.

Granny flat tenancy rules in Australia

That's why it's a good idea to familiarise yourself with the granny flat tenancy rules and regulations in your state or territory, in case the idea comes up at the family table.

ACT

Do you have rights without a formal rental agreement?

No tenancy without rent

Can you legally pay rent in a granny flat?

Yes

Are you covered in you pay rent?

Yes. Covered by ACT Tenancy Laws

Who owns the granny flat?

The landowner

NSW

Do you have rights without a formal rental agreement?

No formal rights

Can you legally pay rent in a granny flat?

Yes

Are you covered in you pay rent?

Yes. Residential Tenancies Act

Who owns the granny flat?

The landowner

NT

Do you have rights without a formal rental agreement?

No tenancy without formal rent

Can you legally pay rent in a granny flat?

Yes (with zoning)

Are you covered in you pay rent?

Yes. NT Residential Tenancies Act

Who owns the granny flat?

The landowner

QLD

Do you have rights without a formal rental agreement?

No tenancy rights

Can you legally pay rent in a granny flat?

Yes

Are you covered in you pay rent?

Yes. RTA applies (Form 18a or rooming)

Who owns the granny flat?

The landowner

SA

Do you have rights without a formal rental agreement?

No tenancy rights

Can you legally pay rent in a granny flat?

Yes

Are you covered in you pay rent?

Yes. SA Residential Tenancies Act

Who owns the granny flat?

The landowner

TAS

Do you have rights without a formal rental agreement?

No tenancy rights

Can you legally pay rent in a granny flat?

Yes

Are you covered in you pay rent?

Yes. RT Act protections apply

Who owns the granny flat?

The landowner

WA

Do you have rights without a formal rental agreement?

No formal tenancy rights

Can you legally pay rent in a granny flat?

Yes (council permitting)

Are you covered in you pay rent?

Yes. WA Residential Tenancies Act

Who owns the granny flat?

The landowner



With legal arrangements, it's easier to prevent than to undo. These situations often start with good intentions, but everyone's circumstances and needs can change over time.

That's why it's essential to approach a granny flat arrangement like any other major financial and housing decision — with clear documentation, legal advice, and future planning. It's not about distrust; it's about protecting everyone involved.



Will living in a granny flat increase your chances of elder abuse?

While granny flats offer a practical way to stay close to family and reduce housing costs, issues often arise from unclear expectations, changing circumstances or a lack of legal protection.

Living in a granny flat doesn't automatically increase your chances of elder abuse, but your risk could be higher if the arrangement is informal, unprotected or emotionally complex. In 2024, 1 in 6 older Australians reported being abused by someone they knew, most often an adult child. While it's positive that more people are speaking up, 61% of those affected didn't seek help, and many more may have chosen not to report the abuse at all.

So if your adult child is pushing you down a path you're not comfortable with, or they keep dodging discussions about legal protections and expectations, it's time to walk away. Unclear boundaries leave older Australians vulnerable to all types of abuse, including financial, emotional, mental and physical.



What are the advantages of a granny flat?

While it's important to understand the risks, it's equally important to recognise that granny flats can be a good option.

Provided the arrangement is made with care, clarity and mutual respect, a granny flat can be a safe and supportive way to stay close to family without giving up your independence. And you could still see the grandkids without having to schedule time between all of their extracurriculars!

Here are a few reasons why a granny flat might suit you.

- **You want to stay connected to family.** Living nearby makes it easier to enjoy time with your children and grandchildren, while still having your own space.
- **You'd like to maintain your independence.** A granny flat can offer a more private and self-directed lifestyle than a retirement village, apartment complex or shared accommodation with others.
- **You're looking for a more affordable living option.** Compared to buying a separate property or paying ongoing rent, a granny flat may reduce your living costs.
- **You feel more secure with support close by.** Being near family can bring peace of mind — especially in case of illness, emergencies or unexpected changes.
- **You want to remain in familiar surroundings.** Staying in your community, close to services, shops and friends, can support wellbeing as you age.



How to explore granny flat arrangements safely

Even when family relationships are strong, it's essential to treat the arrangement like any other major financial or housing decision. That means planning for the long term, not the short term.

The most successful granny flat arrangements don't start with assumptions – they start with clear, honest conversations and careful planning. Taking the following steps will not only protect your interests but also set everyone up for a arrangement that feels safe, respectful and sustainable.

- **Get a formal agreement in writing.** A legal or family agreement should clearly outline who owns what, who lives where, and what happens if circumstances change.
- **Seek independent legal and financial advice.** Don't rely on advice from your children's solicitor or financial planner. Find someone who represents *your* best interests.
- **Have honest conversations about expectations.** Talk about boundaries, privacy, shared chores, caring responsibilities, pets, visitors — and revisit these over time.
- **Plan for what happens if things change.** Consider every possible scenario, no matter how unlikely they seem today. What if someone becomes unwell? A partner moves in? The entire property is sold? It's easier to plan now than untangle later.
- **Update your will and Centrelink records.** Significant financial contributions or changes in living arrangements can affect your pension, aged care fees or estate plans — so keep your paperwork up to date.

Understanding the potential pitfalls and knowing how to protect yourself are important for making sure a granny flat arrangement works for everyone.



What to say when discussing granny flats with your adult children

If they brush off the need for a written agreement

What can you say:

“I’ve seen how quickly things can go wrong for other families without a clear agreement. I’d feel much more comfortable if we got this in writing – for both our sakes.”

If they assume you’ll help with the kids

What can you say:

“I love spending time with the kids, but I want to be clear that I’m not moving in to become a live-in babysitter. Let’s talk about what we both expect before we go any further.”

**If they dismiss
your need for
privacy**

What can you say:

“I’ve seen how quickly things can go wrong for other families without a clear agreement. I’d feel much more comfortable if we got this in writing – for both our sakes.”

**If they insist
there’s no
need for legal
or financial
advice**

What can you say:

“I know it feels unnecessary now, but I want to get independent advice before I commit to anything. This is a big decision, and I want to make sure I understand all the implications.”

**If they avoid
planning
for a failed
agreement**

What can you say:

“I think we need to plan for the ‘what ifs’ – like if one of us wants to move, gets sick, or the house needs to be sold. It’s better to have that sorted now than deal with stress later.”

Resources

Community Legal Centres

There are more than 160 community legal services, spread across all states and territories, that provide mostly free advice and legal services to their communities. These are independent non-profit organisations. Find a community legal centre in your state and territory.

National Elder Abuse Helpline

The national elder abuse helpline is a good referral to find information on your local 1800 ELDERHelp (**1800 353 374**)

Seniors Legal and Support Services

- QLD, Caxton Community Legal Centre
- NSW, Seniors Rights Service
- ACT, Legal Aid ACT
- VIC, Seniors Rights Victoria
- TAS, Tasmania Legal Aid
- SA, Seniors Rights Advocacy Service
- WA, Legal Aid WA
- NT, Darwin Community legal Service



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