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Guest space to spare

In-law suites, garage apartments, guest cottages — no matter what you call them, secondary living spaces add value to a property, and buyers increasingly are seeking them out. For a local take on a growing trend, see Page 3.

The entrance to a second-story apartment is tucked at the back of this garage at 3691 Lake Charles Drive. Several local properties with secondary spaces will be open for tours today.

SPECIAL TO REAL ESTATE WEEKLY

Homes with guest quarters have rental potential

By Christie Orros
Special to Real Estate Weekly

My grandfather always knew how to avoid overstaying his welcome.

He used to say, "Fish and house guests stink after three days." He is correct, but I bet he wouldn't have felt so stinky on Day 4 at his friend's Wyoming ranch if he had his own cottage separate from the main house.

Guest house, guest cottage, guest loft, guest apartment, carriage house, in-law suite, caretaker's quarters, FROG (Finished Room On Garage) — pick any name you want, but on-site secondary living spaces in addition to a main house are fast becoming the next best thing to living rooms and kitchens in houses these days.

Recently, articles have been written about national trends associated with these kinds of floor plans. Benefits include rental income during tough financial times, increased tolerance of guests, an alternative to the nursing home for mom and dad, and a place for full-time caretakers to live.

Today, there are more than a dozen open houses with such secondary living spaces open to the public. Look for the listings inside today's *Real Estate Weekly*.

The fact that Florida continues to be a retirement and vacation destination makes the potential for guest visits much higher.

Many retired Floridians spend their winters in here and their summers in the Appalachian mountains (yes, numerous Big Bend people do this, too). Rather than deal with the anxiety of leaving a house vacant for six months, these "half backs," as they're called, often have a caretaker

occupy a guest house in the winter and then move into the main house during the summer to keep things up.

Tallahassee has a unique set of benefits as well. Every January, legislators, lobbyists and all of their associates that make things happen during the legislative session begin arriving. Landlords and apartment managers often find it difficult to accommodate a February-to-May stay without greatly disrupting their yearly cash flow from more traditional 12-month tenants.

Many of these political movers and shakers find it quite convenient to move into basic, furnished spaces in safe residential areas where they can easily catch some shut eye and take-out in between 16-hour days at the Capitol.

This arrangement allows the owner of a guest house to get extra income without committing to a year-long tenant.

Don't forget those college students, who account for a double-digit percentage of our population during the school year. They can often be a great tenant, with mom and dad paying rent on time.

An often overlooked benefit to secondary living spaces is the potential tax write-offs. William E. Jones of Tax & Accounting Consultants in Tallahassee says IRS rules allow landlords to deduct the ordinary and necessary expenses for managing, conserving and maintaining their rental property.

Jones added that you don't have to get a 12-month lease to realize these tax benefits. "Expenses may be deductible on rental property also used for personal use, but only on a proportional basis," Jones said. Landlords are permitted to use



SPECIAL TO REAL ESTATE WEEKLY

This home on Beard Street has guest quarters, left, and is one of the listings featured today during an open house event.

any reasonable method for calculating what portion of a property should be considered rental. Using square footage is a common method and frequently the most accurate.

Some property is rented out at times and used for personal use other times, such as a beach house. In this case, deductible expenses must be calculated based on the number of days the property is used for each purpose.

The cost of building and maintaining that extra space has re-sale benefits as well. Recently, Rebekah Rivers of Keller Williams Town & Country sold a house in Summerbrooke that backed up to large power lines.

"If it were not for the well-appointed guest house," Rivers said, "we would have had a much harder time getting a great price for that property."

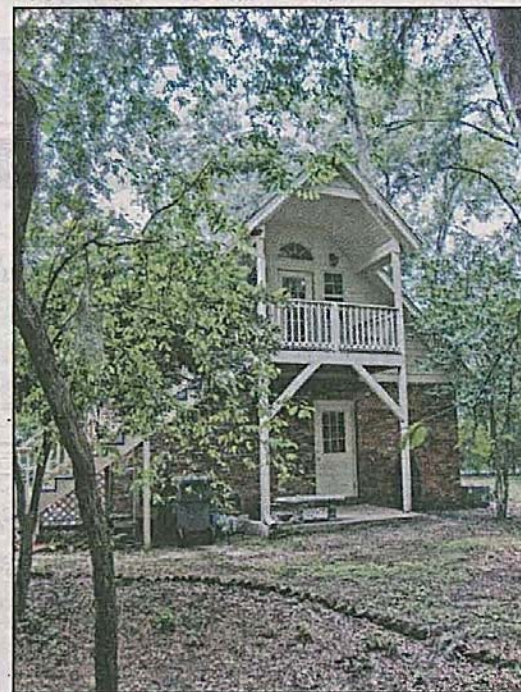
Greg Lane of Timberlane Appraisal Services also elaborated on the value added. "There is

no doubt that homes with additional living quarters, or even buildings that could one day be additional living quarters, sell for more than those without," he explained. "SouthWood is an excellent example, as many carriage houses were built in this neighborhood. During the height of development in SouthWood, buyers were typically paying a \$20,000 to \$30,000 premium for the homes with carriage houses."

It should be noted that these carriage houses rent for anywhere from \$600 to \$1,100 per month today.

If you like the idea of keeping your guests at a little more than arm's length or favor the potential for rental income, consider checking out properties with secondary living spaces in all their useful, versatile and valuable grandeur today.

— Realtor Christie Orros is an agent for Coldwell Banker Hartung & Noblin Inc. Real Estate. Contact her at tallyagent@yahoo.com.



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This garage apartment is part of a property at 3691 Lake Charles Drive. It is one of the listings featured today during the open house event for homes with guest quarters.