



Implications of Council re-zoning for property owners

The recent controversy in the press regarding the proposed re-zoning of properties within the Strathfield Local Council area raises some important issues. The debate in Strathfield Local Council has revolved around Council's proposal to attach a heritage listing upon properties within the local government area.

Property owners should be aware that changes to the zoning of a property may have implications upon both the policy of insurance and the value of a property.

1. Insurance implications

In circumstances where a property is re-zoned and a heritage listing is attached to a building, an owner's duty of disclosure requires property owners to advise their insurer of this change. Failure to do so can lead to that policy of insurance being void. Further, the re-zoning of a property can also significantly increase the premium payable on a policy of insurance. For example, in circumstances of a heritage listing on a property, the cost of re-building in circumstances of damage or destruction will be increased and this is often reflected in increased premiums.

2. Valuation implications

Given the zoning of a property dictates the manner in which a property can be used, re-zoning can also substantially impact the market value of a property. Changes to zoning may impact on a property as follows:

- by placing restrictions upon alterations to the existing building on the site;



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- altering the development potential of the property (for example, permitting or denying medium density housing); and
- limiting or increasing the permitted activities which may be conducted from the site.

These matters may indirectly affect the market value of a property.

Accordingly, it is important for property owners to be aware of the council zoning attached to their properties and any changes thereto. There is usually a period for public involvement in any proposed policy changes at local government level. Individuals should keep themselves informed of proposed changes within their local government area. Your local council website is often a useful starting point but if a more thorough examination is required, the property law team at Pigott Stinson Ratner Thom will be able to assist you.

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