

Property

How to buy (and renovate) your dream Italian home

Ignoring the €1 property campaign and opting for something a little more expensive initially could pay off with lower revamp costs, reports Liz Rowlinson

‘Homes for a euro’ was a slick marketing campaign that dangled the irresistible idea that we might buy our own little Italian renovation project for less than the price of an espresso.

Prime-time television shows followed. We drooled over Amanda Holden and Alan Carr’s restoration of two apartments in the medieval Sicilian town of Salemi in the BBC’s *The Italian Job*, or *Sopranos* actress Lorraine Bracco’s project in Sambuca in *My Big Italian Adventure*. But while the one euro campaign has grabbed the headlines, many buyers end up spending a bit more than that on their Italian bargain. “It’s a great slogan for sure, but in every village, as well as €1 houses, there are homes at a higher price with lower renovation costs,” says Maurizio Berti, who runs property advice website Case a 1 Euro. “We have had buyers that might spend less than €10,000 (£8,660) on a property and the restoration needed costs less than the €90,000 that is typically spent by a €1 buyer.”

His company will help plan itineraries for visiting the villages, organise meetings with local mayors and project managers – things that foreign buyers who don’t speak Italian may struggle with. The €1 homes are typically sold by local municipalities – not estate agents – with the bureaucracy that comes with dealing with a public body, in a different language. You must renovate within two to four years and pay a “guarantee fee” of €2,000 to €5,000 at the outset (conditions vary by locality).

Shirley Engelmeier, 70, a business owner from Minneapolis in America, became fascinated by the €1 homes concept in 2019. Following a couple of visits to Sambuca, Sicily – one of the most well-known villages in the scheme along with Salemi, Mussomeli and Gangi – she became enthralled by the “beautiful, sweet culture” of the Sicilians and became determined to buy a home there.

“There was a waiting list for the €1 homes – and some even go to auction – and I realised that I wouldn’t be able to be on the island enough to supervise the renovation,” she says. “Then I had a moment of clarity when an estate agent said to me ‘you are in an ancient village so do you also need an ancient house?’ I decided I didn’t.”

She and her husband, Steve, bought a three-bedroom four-storey townhouse built in 1975 for €45,000 last year. Cosmetic repairs and new heating cost another €12,000.

“It’s great, the locals have welcomed us and we have danced at their parties,”

It’s great, the locals have welcomed us and we have danced at their parties’

MOST POPULAR REGIONS

- 1 Rome
- 2 Le Marche
- 3 Puglia
- 4 Calabria
- 5 Campania
- 6 Abruzzo
- 7 Sicily



she says. “I still know other Americans in our €1 WhatsApp group waiting for a property. We’re visiting twice a year while we are both still working.”

She’s far from alone in shopping for a cheap property in Italy, though many buyers are prepared to pay a little more than €1. In the first five months of 2023, the interest in properties for sale in Italy up to €100,000 has grown by around 30pc compared with the same period in 2022, according to Gate-away.com, an Italian property portal. Interest fell for all other price ranges.

British property hunters on the site accounted for over half of the sub-€100k searches, and searches for properties in need of renovation increased most dramatically amongst British people, Gate-away said. Sicily remains a popular location since it featured in the second series of HBO’s *White Lotus* last year – British inquiries are up 61pc in a year – and its well-preserved ancient temples and photogenic headlands feature in *Indiana Jones* and *the Dial of Destiny* released in cinemas last month.

If, like Engelmeier, you also can’t wait for a €1 home to come up, then you can find projects for four-figure sums through estate agents. But choose the location and then the property: accessibility is key if you are a holiday home owner flying in for a long weekend.

The whole purpose of the €1 campaign is to help repopulate often remote rural villages, which might not suit your needs. “Some towns are also more ready for outsiders than others,” Engelmeier adds. “In over a decade of experience, people first fall in love with the village and then begin the search for a house,” says Berti. Check out a map of villages in the scheme, and then plan your visit.

Some people buy without visiting if they know the village or are given the



ITALY

Abruzzo

PRICE €15,000

AGENT ahomeinitaly.com

This ‘ruin’ near Casoli has the footprint for a three-bedroom home (and no close neighbours)

FOR SALE



Piedmont

PRICE €18,000

AGENT [Unicase Immobiliare Luserna via Gate-away.com](http://UnicaseImmobiliareLuserna.com)

This 57sq m stone cottage has a large plot and panoramic views

The Secret Landlord

Even cautious borrowers are being turned away

I passed the lender’s colossal 10.3pc stress test, but still it will not lend to me

I am a prudent borrower. For the past decade – while the rest of the country embarked on a cut-price borrowing frenzy – I have focused on paying down debt. Reducing my mortgage debt, paying off properties and owning outright is my ultimate aim.

Many of my landlord friends thought I was crazy: “Why pay back debt? It’s so cheap,” they said. “You should borrow more while it is so cheap.”

I will not deny that I have been tempted, and I have availed myself of some cheap credit, but at the back of my mind I’ve always had this nagging thought: whatever you borrow needs to be paid back.

Of course, that line of thinking runs contrarian if you want to be mega, mega rich, but having built my portfolio, I became protectionist.

I didn’t want to lose it. I knew cheap credit had got me started – but at some point that debt would hurt. Hence the reason I wanted to port a five-year

fixed-rate mortgage at 1.99pc on a property I’m selling to a different property I’m keeping.

The low-rate mortgage deal almost kept me locked in, but as it is, I needed the proceeds of the sale to pay down the debt on a less lucrative deal: a tracker standard variable rate (SVR) of the Bank Rate plus 1.75pc.

For the last few years that deal has been a blinder, but not now. I would have remortgaged previously, but it is a short-lease flat, so new lending is a non-starter. More fool me for thinking there may be any veracity in the Leasehold Reform Bill.

Throughout my property journey – even at the very start when mortgage rates were nudging 6pc, I’ve opted for five-year fixes. I like to be able to plan ahead, which is why I even took out a 10-year fix last year. I always check the products are portable so that if plans change, the product could be moved to a different property. For the last two decades I’ve not had to use this porting feature, until now.

So, I called the lender to discuss how mortgage porting works, only to discover: porting is not as easy as you would think. First, despite being with the lender for more than 17 years, having a few mortgages with them and



‘I can’t port my mortgage, so now I have to pay the bank’s hefty fee for redeeming early’

making regular overpayments, if I wanted to port the existing mortgage to a currently owned property, but with a different lender, I would have to complete an entirely new application. This would take eight to 10 weeks.

Second, despite the fact I was trying

to avail myself of the remaining years of the fixed-rate deal at 1.99pc, I was informed I would also have to pass its stress test for borrowing.

This equated to a whopping 10.3pc interest cover ratio (gross rental income to mortgage payments).

Third, when I told the lender that to meet such a stress test would mean a hefty hike in rent to the existing tenant, I was informed that unless I provided proof of that rent via a signed assured shorthold tenancy, it would not give me the loan. That loan, by the way, was with a 50pc deposit.

Fourth, not wishing to hike the rent by 22pc on an existing and good tenant, I suggested to the lender that it reversed the calculation and tell me what I could borrow against the current rent. It promptly did the calculations and informed me I would have to find another £11,000 to reduce the mortgage balance. I agreed to this.

Fifth, after all of the above stress testing, lowering my already-low borrowing, telling the bank intimate details of my income and blood group, it said it would look into my case and call me back.

The call came within a couple of hours to tell me: no. No, it would not

port my mortgage. The reason was nothing to do with the stress test, or income, or borrowing, but because I owned more than 10 properties.

Loaning money to me would apparently be a “breach of mortgage conditions”.

I was stunned, so I asked why it had such a policy and what research had been conducted to prove people who owned more than 10 properties (even without mortgages) were such a risk? I didn’t get an answer.

What I did get an answer to is this: porting is in no way, shape or form as easy as I had thought.

Rules and regulations can change at the drop of a hat and they are applied regardless. The other thing I’ve learnt, but pretty much knew all along: the bank always wins.

I can’t port my mortgage, so now I have to pay the bank’s hefty fee for redeeming early.



The Secret Landlord is by an anonymous buy-to-let investor. Write to her at secretlandlord@telegaph.co.uk



▲ Amanda Holden and Alan Carr restored two apartments in the Sicilian town of Salemi in the BBC's The Italian Job

right advice. Valerio Gruessner, of agent Property in Sicily, is selling a three-bedroom house in Pollina for €7,000 (see below) – or one that is ready to move into for €50,000.

Buyers will need to add in around €5,000 to cover estate agent fees, notary fees and purchase taxes, and the process from purchase to full restoration might take 12 to 18 months – up to four months to organise the renovation and planning permission, the rest to build.

He points to the low tax schemes that are also attracting foreign buyers to Italy:

CASH IN RESERVE

£5k

Average additional costs when buying an Italian property for estate agent fees, notary fees and purchase taxes

in eight areas with towns of fewer than 20,000 residents, new inhabitants can pay a 7pc tax on their pensions; or for workers who move their tax residence to southern Italy there's the tax-free allowance of the "in-patriate tax regime" that can apply on up to 90pc of your income (for a limited time). There's also the Italian €100,000 "flat tax" regime for very high earners. But note that these are all tax regimes, not substitutes for visas.

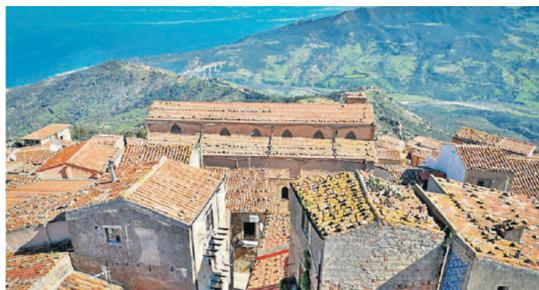
There are many Americans moving to Italy on the "elective residence visa". Designed for financially self-sufficient retirees, it requires an income of €38,000 per year for a couple. American buyers have taken over as the biggest market for Dave Benton, of ahomeinitially.com, a property consultant to overseas buyers in the Abruzzo region of central Italy. "The 90/10 ratio of British buyers to Americans here has been completely reversed."

It's still a popular area for bargain-hunting Britons looking for a holiday home. €100,000 can go a long way, there are many towns with fewer than 20,000 residents in the Abruzzo, and buyers can enjoy easy access to the Adriatic coast and the mountains.

Historic villages in the green hills of the Valle Peligna near good transport links – such as a railway line to Rome – are favoured, especially Pacentro, Raiano and Vittorito, says Benton. "You can easily find a fixer-upper for €20,000 or something habitable for €50,000."

After an unsuccessful plan to move to France in 2016, Ruth and Nick from Somerset are in the process of buying a two-bedroom house in Vittorito for €60,000. The retirees, both 62, are going to use it as a holiday home, before perhaps a full-time move. "The house we are buying is completely liveable although it's been empty for two years."

Other regions worth looking at for affordable homes are Le Marche, Puglia, Calabria and Campania but it's possible to find bargains anywhere if you look hard enough.



Sicily

PRICE **£7,000**
AGENT *Property in Sicily*
(*property-in-sicily.estate*)

La Torre, in the town of Pollina, is not currently safe to enter but has renovation potential

Tenants' attempts to stop 'unfair' rent rises backfire

Landlords who are being taken to court over rent increases are being told they can charge even more, as tenants' efforts backfire.

Tenants can challenge section 13 notices of a rent increase at a First-tier Tribunal if they do not think the rent is in line with market rates in the area.

The tribunal considers whether the cost is comparable with similar properties in the locality, but can also decide to set a maximum rent that is higher than what the landlord has proposed.

An analysis of 30 tribunal cases in the second quarter of this year by the *i* newspaper found that in eight cases – more than a quarter – the tribunal decided the landlord could raise the rent by an even bigger amount.

In 10 cases (33pc), the tribunal found the rent should stay the same, and in 11 (37pc) it could be raised, but not as much as the landlord wanted.

In one case, the tribunal lowered the rent to below the original monthly cost. In many cases, the tribunal said landlords could add hundreds of pounds to the rent they had asked for.

Landlords do not have to raise the rent by the maximum suggested by the tribunal, but the decision does mean they are free to do so without consequence. In one example in May, a land-



lord who owned a property in Surrey had asked to increase the rent from £1,260 to £1,300 per month, but the tribunal initially said a figure of £2,200 a month was reasonable.

It concluded with a figure of £1,540 once a submission about the "dated" condition of the property was taken into account. The tribunal said: "The kitchen and bathroom fittings were said to be the original and as *in situ* when the applicant's mother took up occupation in 1964."

In an April hearing, a landlord with a flat in south-east London wanted a rent increase from £86.42 a week to £92.75 a week (from about £375 to £402 a month), but the tribunal initially said the property could command £1,050 a month in good condition. It said: "Given the issues regarding damp this is reduced to £800 a month [equivalent to about £185 a week]."

A spokesman for the Department for Levelling Up, Housing and Communities said: "The Renters' (Reform) Bill currently going through Parliament will prevent large rent increases being used as a back-door method of eviction, while protecting landlords' ability to increase rent each year in line with market levels."

Alexa Phillips

Gary Rycroft Ask a Lawyer



Festival noise is affecting my family – how do I tackle it?

Dear Gary

Q We live close to Heaton Park in Manchester, where the Parklife music festival takes place every year. We moved in several years before the Parklife started.

This year was particularly difficult, as it was too hot to keep the windows shut. Our eldest was in the middle of GCSEs, our baby was screaming, our five-year-old couldn't get to sleep, and our 12-year-old suffers from anxiety and was getting stressed about the noise and number of people roaming the streets.

This year I was also recovering from surgery, but was unable to get to sleep until 2am from the disturbance of people yelling in the unofficial taxi rank that formed in our street.

We and all our neighbours are thoroughly fed up. I have complained to the council, Parklife and our MP, to no avail. Parklife says it measures the noise levels, and they are within permitted levels as per the licence issued by the council.

I am sceptical. I believe if one of my neighbours were making noise to the same level as the festival, it would be a "statutory nuisance" and the council would have power to investigate and take enforcement action. Why can't the same rules be applied to the festival?

– George, via email

Dear George

A You have had a difficult time and I sympathise. On the face of it, there is scope for you to consider whether the occurrence is a so-called "private nuisance" actionable under common law.

The latest leading case in this area of law is one where the Supreme Court gave judgment this year about residents of a block of flats claiming nuisance arising from a Tate Gallery viewing platform next door, which allowed Tate visitors to see into their living rooms.

The judgment makes clear that the purpose of the land causing the nuisance is no excuse. Therefore, in your case, the fact Heaton Park has always been used for public events is not a defence to the nuisance you say you are suffering.

Bringing such a case carries a big financial risk, and therefore embarking on it may give you even more sleepless nights than Parklife itself. Better to look at other routes to a remedy,

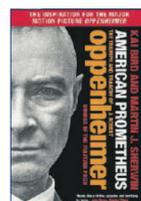


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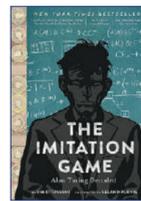
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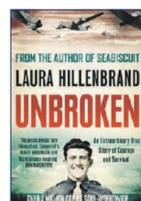
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