

REMODELING OLDER HOMES

By Chris Parker



BEFORE

The concept of buying an older property and updating it is an exciting concept. Bringing new life into an older home can allow you to really transform the living space. Many older homes have architectural elements that provide character while still allowing you to tailor the new space to meet your specific needs. Whether you want to renovate the property into a dream home or create an investment that will provide long term rental income, there are some important things you must consider. So, Parker Design Build Remodel has assembled this guide to help walk you through some of the basic considerations, common challenges, and the best ways to manage your budget throughout the process.

WWW.PARKERDESIGNBUILD.COM



This 1 Bedroom, 1 Bath cottage had the perfect waterfront setting, but was subject to critical area restrictions, so the new design needed to stay within the original footprint . The owners wanted to maintain the cottage charm, but expand the functionality of the home. It is now a 4 Bedroom, 3 Bath home that provides all the family hoped for.



The concept of buying an older property and updating it is an exciting concept. Bringing new life into an older home can allow you to really transform the living space. Many older homes have architectural elements that provide character while still allowing you to tailor the new space to meet your specific needs. Whether you want to renovate the property into a dream home or create an investment that will provide long term rental income, there are some important things you must consider.

FINANCING

Before you embark on a large renovation project, you'll want to consider your budget and determine how you will pay for it! If you need cash to help pay for the renovations, there are several options that can help, and potentially even build wealth.

At Parker Design Build Remodel, we have several strategic lending partners that we work with regularly to provide financing and ensure a smooth process. Below, we have outlined a few options for your consideration.

1. BUYING A HOME- If you are buying the property, you may want to meet with a lender about renovation loan programs before you settle. These programs can allow you to finance the purchase of the house, along with the cost of renovations, with one mortgage. Renovation loans release funds as the project progresses. Having a reliable contractor and lender to assist you with this process is key. Your contractor is critical to the success of the project, and to ensure that you've properly bud-

REMODELING OLDER HOMES

geted and that the project progresses in accordance with your draw schedule.

2. RENOVATING AN EXISTING HOME- You do not have to have tremendous equity in your home to finance the cost of renovations. One option allows you to consider the future value of the property after renovations are complete. For example, say you own a 3BR home worth \$225,000, and you owe \$220,000, and want to add square footage including expanding the master suite and adding a two car garage. Some lenders can base how much they lend today on the future value

above, the table shows a 10 year look-forward and how much potential equity can be built into a home that is updated now and sold later. The chart shows how a modest 4% appreciation rate over 10 years. For specific details, contact us today and we'll put you in touch with one of our strategic lending expert partners.

RETURN ON INVESTMENT (ROI)

There are some remodeling projects that generate a consistently high return on

Home Improvement Can Potentially Build Equity/Home Appreciation				
	Current Home		After Improved	
Today's Value	\$	225,000.00	\$	325,000.00
Renovation Cost	\$	-	\$	100,000.00
Appreciation Rate (est)			4%	
2027 Potential Value	\$	320,245.16	\$	462,576.34
Balance Owed 2027	\$	157,567.00	\$	219,645.00
Net Proceeds or Equity/Wealth 2027	\$	162,678.16	\$	242,931.34

Example displayed reflects current home worth \$225,000 compared to same home with \$100,000 in improvements. Amortization based on same 4% fixed rate mortgage for both examples. Appreciation rate utilized is a static estimate based on historical norms. Example provided by David Ratti NMLS#532652, Embrace Home Loans.

'after improvement.' So, in the example above, the lender could potentially provide \$100,000 for renovations. This example would be for owner-occupied properties, and of course, the homeowner must qualify.

3. BUILDING WEALTH - While the feeling and comfort of a completely renovated and modernized home may be gratifying, it can also contribute to your family's long-term wealth. Using example #2

investment. One important question to ask yourself is whether you are remodeling for investment purposes, for lifestyle purposes, or both?

For example, if you've always wanted a chef's kitchen, and you plan on staying in the home for years to come, you may choose products, materials, and finishes that are suited to your unique preferences and lifestyle. On the other hand, if you would like to update the home, but only

plan on living in the home for a few years, you may want to choose products and materials that provide a broader appeal for resale or for rental purposes.

VALUE ENGINEERING

According to Wikipedia, “Value engineering is a systematic and organized approach to provide the necessary functions in a project at the lowest cost.” If you’ve got an unlimited budget, you may not need value engineering but in many older homes, value engineering is a great way to problem-solve some of the inherent challenges with an older home remodel. Since this process typically occurs during the design phase, there are fewer surprises, and expectations are much better managed. This step is also a vital part of ensuring sure that a project can be completed on-time and within the allotted budget.

It is important to note that some contractors use a Design-*BID*-Build (DBB) approach to remodeling. For these projects, contractors typically ‘bid’ the job with a 10-15% leeway for ‘the unexpected,’ without the opportunity for value engineering. This scenario provides a ballpark for the project, but not always a solid budget. In addition, there is no clear set of expectations which can lead to lots of frustration. Often, the homeowner is confronted with a tough decision - to move forward with a *higher* budget or **abandon the project altogether**. This is an undesirable an unnecessary situation.

Parker has helped many homeowners in this situation. Our Design/Build (DB) process avoids these issues altogether by allowing us to

provide alternative recommendations that are value engineered *during the design phase*. Some examples of value engineering include:

- Selection of vinyl board & batten siding vs. James Hardie.
- Scaling back design elements such as cabinetry, or millwork.
- Quartz countertops vs. granite.
- Hardwood flooring vs. stone.

Parker works with you to determine which design elements are most desired. Then, if necessary, we offer ways to scale back areas where design elements are less critical and may provide cost savings that keep the project on-target and within budget.

AGE & CONDITION

The age and condition of your older home often provide us with some up-front indicators that we know we need to investigate and plan for. Here are some factors we often consider depending upon when your original home was built.

Asbestos was commonly used in a variety of home construction products during this timeframe including flooring, insulation, roofing, etc. Great care will need to be taken during the demolition of these items.



REMODELING OLDER HOMES

Lead Paint was commonly used in homes built prior to 1978. Before remodeling any home in this timeframe, you and/or your contractor should test for the presence of lead paint and take extra precautions to ensure proper precautions are taken during remodeling. Parker Design Build Remodel is a lead-paint certified firm.

Your **Foundation** must be solid enough to hold the weight of new materials, additional structures, and prevent moisture from entering the living space and creating mold or mildew. After many years, even if the foundation is in good shape, the grading of the property may need to be evaluated to ensure proper water runoff.

When remodeling an older home, the time period of the original construction can help us 'predict' what may be behind those walls

and under that flooring. There is no doubt, there may be some hidden surprises along the way, but at Parker, we try to anticipate many of those surprises before construction begins. For example, behind that wall, the electrical wiring may be outdated and need to be brought up to code. Likewise, with all of the mechanical systems. Plumbing and HVAC may need to be enhanced or reworked to accommodate the new living space. When an existing floor is demolished, some floor leveling may need to occur to transition the old and new space.

Many of these challenges can be anticipated ahead of time and factored into the budget. At Parker, we analyze these possibilities at the outset of the project and plan accordingly. We discuss these scenarios with you and prepare for the best outcomes. We project any possible cost overruns that may occur ahead of time so that these too, can be planned for.

As a matter of fact, Parker Design Build Remodel often spends *more time planning* a project than building it. We believe that extensive planning is the key to staying on-time, on-budget and minimizing disruptions.

DESIGN

Balancing the original home with the new design is an important factor when renovating an older home. It can add to the resale value and make the home much more aesthetically pleasing. Typically, the goal when remodeling an older home is to make the renovations appear as though they were always a part of the original design. By seamlessly integrating the interiors and exteriors of the old



and new space, the home will look better proportioned, generally ‘feel’ more comfortable, and often sell for more than other homes in the neighborhood.

Curb value is one of the highest returns on investment when making home improvements, so never underestimate the value of good design. Additions, for example, should not look like additions; instead, they should integrate with the original design. The best home updates often retain some of the original style, while adding updates and features that blend with the styles of surrounding homes. Parker’s architectural design team can work with you to update an older homes with a fresh new look while providing practical, functional new living space.

LIVING THROUGH A REMODELING PROJECT

While some remodeling projects, such as additions, can take place while you are living in the home, other projects may have a bigger impact on your everyday life. So, depending on the extent of renovations, it may be best to move out temporarily while the home is being remodeled. This may also help the project to be completed in a shorter timeframe with fewer disruptions. Discuss these options before you begin the remodeling process so you will have the proper expectations and can plan accordingly.

For example, you may not realize just how much a standard kitchen remodel project will impact your everyday life. Getting the kids off to school, preparing dinner, and doing homework may be a real challenge during this timeframe. While this disruption is often tolerable for the first week, you and your family’s patience may be well-tested after 2-4 weeks, so proper planning and expectations is key. As an alternative to

moving out, you may want to set up a temporary kitchen in the garage, basement, or utility room. Consider moving the refrigerator to this location so that you can still store milk, leftovers, etc.

Another option we often coordinate is the use of mobile storage before the remodeling process begins, so that you can move your furniture and other items out of the home to keep them safe and clean during the remodeling process.



CLEAN REMODELING

Today, it seems that almost every home has someone who suffers from allergies, asthma, or other air-quality related issue. At Parker, we’ve invested in technology that makes the process as clean as possible, eliminating 90% of airborne dust, providing a healthy, clean environment for our clients. We understand that particles from sawing, scraping, and sanding can infiltrate your home and the air your family breathes. It’s another way we minimize disruptions and make the remodeling process as pain-free as possible!

At Parker Design Build Remodel, we’ve designed a process that allows us to plan and execute in a way that minimizes the inconvenience to your family and allows us to confidently provide you with a project budget you can rely on.

If you’d like to remodel an older home, contact the team at Parker Design Build Remodel today! We look forward to guiding you on *Your Journey to A Better Home!*



PARKER

DESIGN ♦ BUILD ♦ REMODEL