
RESIDENTIAL REMODELING Q&A

WHY REMODEL INSTEAD OF RELOCATING?

PROS

- Low cost basis in an existing home means accumulated equity.
- Stay in the same neighborhood with familiar surroundings.
- Maximize the value of your investment.
- Improved quality of life.
- Increase the comfort, livability, and general appeal of your home.
- Make room for new family additions or live-in parents.

CONS

- Tax basis will be increased with remodeling over 500 ft².
- Remodeling can be time-consuming, messy, and expensive.
- There is risk and lack of liquidity in spending money on a fixed asset.
- Costs can spiral upward and almost never downward.
- Municipal City, County, and School fees are substantial.

WHO ARE THE PLAYERS?

Design / Build contractors such as Charco, Murry Lampert, Jackson, Marrokal, etc.

PROS

- One stop shopping for design, permitting, and construction.
- Stated timelines for the entire process.

CONS

- May be more costly than a separate design consultant and contractor.
- No chance to bid competitively among several contractors.
- Design may be more limited than with an architect.

Building designers are non-licensed individuals who are permitted by State law to design single family homes of one and two stories.

PROS

- Cost may be low.
- Possible good experience in routine remodelings.

CONS

- You get what you pay for; design skill may not be excellent.
- Probably no professional liability insurance.

Architects are licensed by the State through a rigorous process, and are permitted by State law to design any type of structure. Always check with the California Architects Board at <http://www.cab.ca.gov/> for unresolved complaints before hiring an architect.

PROS

- Extensive training in the specialized art/science of building design.
- Broad knowledge of styles, materials, and solutions to complex planning issues.
- Knowledge of AIA contracts and other resources.
- The ability to work with the contractor to serve your best interests as owner.

CONS

- Costs vary depending on the skill, reputation, and workload of the firm.
- May be more expensive than a draftsman or building designer.

Contractors are licensed by the State, and are permitted by State law to construct the types of structure indicated by their license. Never hire an unlicensed contractor to do anything more than minor handyman work. To do so may leave you open to possible Worker's Comp claims as well as unsatisfactory work and a host of other ills. Always check with the State Contractor's License Board at <http://www.cslb.ca.gov/> for unresolved complaints before hiring a contractor.

PROS

- Specific experience and licensing for the type of project.
- Licensing gives an extra layer of assurance of ability, and an added recourse if project does not go well.
- Insurance; all reputable contractors carry worker's comp insurance, builder's risk, and general liability insurance.
- May be bondable for a performance bond for very large and complex projects.

CONS

- Costs vary depending on the skill, reputation, and workload of the firm.
- Performance bonds cost 2% - 3% of construction cost, so may not be worth the added expense.

HOW DO I GET STARTED?

- Look around the community for homes and gardens that inspire you.
- Collect magazine articles and photos of homes, kitchens, baths, etc. that are appealing to your tastes.
- Hire someone (an architect) to research the codes for your property, and make a report on the feasibility of a remodeling addition. The cost should not exceed \$500 or so.
- Start writing a wish list in the form of a "Program of Improvements." A sample from a recent project is attached.
- Talk to your friendly banker and real estate broker about the upside potential of your property.
- Get an appraisal to see if you can finance a remodeling with a home equity loan or a refinance. Be careful to not take out a loan too early, since remodeling costs can be high, and processing time can be long.
- Get referrals for architects and contractors from other people remodeling in your area.
- Reputable architects will meet with you at your home to discuss your needs and offer a fee proposal at no cost or obligation.
- Contractors who do remodeling work are usually also willing to meet and discuss options and costs free of cost or obligation. But without some kind of design and plans, it is impossible for the contractor to offer a precise estimate.

HOW LONG WILL IT TAKE?

- Working backwards from the end, construction of most fairly substantial residential remodeling projects takes from six to nine months to complete. Small jobs can be completed somewhat sooner, and complex or large jobs can take a year or longer.
- Prior to construction, bidding takes about one month, although bidding can occur simultaneously with the last part of the next prior stage, Building Permit Processing.
- City of San Diego Building Department processing typically takes about six weeks to two months, although less or greater time is possible.
- In order to process a simple project for a permit, Construction Documents consisting of a detailed site plan, floor plans, elevations, sections, details, schedules, specifications, structural plans and details, and structural calculations are needed. Projects with changes to exterior openings or added floor area also need California Title 24 Energy Calculation documentation. Construction Documents usually take from six weeks to three months to complete, depending on size, complexity and the availability of consultants.
- More complex projects typically require some form of discretionary permit such as a Neighborhood Development Permit, a Site Development Permit, or a Coastal Development Permit. Discretionary permits can take from a minimum of six months to one year or more to process, as well as tens to hundreds of thousands in Municipal and design fees.
- In some neighborhoods governed by Condominium Covenants and Restrictions (CC&R's), approval of the Homeowners' Association (HOA) is required prior to submitting for permits. HOA approval usually takes a minimum of two months, since action is rarely taken at the first Board meeting a project is submitted, and may take longer.
- Finally (or first) you and your design professional will work together to put your dreams on paper (or computer.) The time for this phase varies greatly, depending on part in your ability to make firm decisions on design concepts. In general, the design process takes from about one to two months to complete, or longer for large and complex projects.
- Before you even start, you need to do some homework to select your design consultant. Talk with friends and neighbors to get referrals. From initial discussion through proposal and contract can be completed in as little as two weeks, but can take longer.
- So in brief, most simple projects take about a year from inception to completion. Larger and more complex project can take two years or more, particularly if a discretionary permit is required by the governing agency.

WHAT IS ALL OF THIS GOING TO COST?

- Unfortunately, construction costs are now at high levels due to several factors. Money is relatively cheap, increasing demand for construction. Lumber and steel are expensive due to environmental restrictions, transportation costs, and competition from Asia, which is undergoing a building boom. Concrete is expensive due to high natural gas costs. Many replacement homes are under construction in the fire damaged areas, leading to more competition for construction resources and higher costs.
- So, count on \$125+ per square foot for a very clean room addition on the ground with good access, and little demolition. More complex projects that require partial demolition and reconstruction of existing areas will cost \$200+ per square foot. Complex second story additions with partial demolition and reconstruction on the ground floor will cost \$250+ or

more per square foot. These figures are for good quality materials. Exceptional materials such as marble floors, wood paneling, wood inlaid floors, or a high level of detail and finishes will cost more. Lack of good access can also add to costs. Lesser quality materials can lower costs somewhat, but are generally not a good idea, since the savings are marginal. Naturally, larger projects will be less on a per square foot basis, and smaller projects more.

- Most of the residential remodeling projects we design tend to be in the range of \$150,000 to \$350,000 for construction cost only. Many clients have similar desired changes, which are; upgrade and enlarge the kitchen and family room with new cabinets, finishes, and lighting, enlarge and upgrade the master suite as a second story addition, install larger doors and windows, improve finishes and lighting, upgrade bathrooms, etc.
- Building Permit fees and school fees are substantial. San Diego Unified School District charges \$2.24 per square foot for new areas over 500 ft². Building Permit fees for a recent 1,740 ft² addition in the City of San Diego were \$4,000. The school fees for the same addition are \$3,898, for a total of \$7,898.
- Combined Architectural and Engineering fees for our firm typically range from about \$15,000 for smaller projects to \$35,000 or more for larger ones.
- Always have some reserve funds available for the inevitable extras on a project. I recommend a minimum of 10% if at all possible. Although we always try to make out plans as complete as possible, most projects have hidden conditions that add to the construction costs. Some typical reasons for added costs are hidden termite damage, old and damaged plumbing, rot and deterioration of framing members, inadequate original construction, and similar causes.

HOW CAN I SAVE SOME MONEY?

- Make every effort to find plans of your home if there is any chance they still exist. This can save one or two thousand dollars in the research and documentation phase.
- Pull out your closing documents from the time of sale, and copy the section of the title report addressing easements.
- Go to the County Tax Assessor's Office and obtain a copy of the Assessor's Parcel Map for your property.
- Go to the City of San Diego Operations Building, sign in at the reception desk, and ask for help in completing a "Parcel Information Checklist" for your property.
- You will save your design consultant time and money by researching the above items, and providing them to him/her.
- Don't try to design the remodeling yourself, but try to get a good idea of the style and feel you would like to embody in the new areas. This will help your consultant work efficiently.

ARE OTHER CONSULTANTS NEEDED?

- Steep hillsides, coastal bluffs, mixed zoning on one parcel, and some other special conditions will trigger the need for a discretionary permit. If a discretionary permit becomes necessary, the City will require that you also employ the following consultants on your project.
- A geotechnical consultant to test the soil bearing capacity and generate a report.
- A civil engineer to provide a boundary and topo survey, as well as a grading plan and calculations, possibly public improvement plans, a storm water best management practices

plan, site sections, and other documentation.

- A landscape architect to provide landscape and irrigation plans.

WHAT FORM OF CONTRACT SHOULD I USE?

- I always use standard AIA (American Institute of Architect) contracts with modifications as a basis for residential clients. The AIA contracts have been around for many years, are constantly being updated, and offer fair treatment to all parties. There are also standard AIA contracts for use between owner and contractor, and I strongly recommend their use. Again, I believe the contract terms are fair and equitable for all parties, and they have withstood the test of time.
- Short form contracts created by a contractor or his attorney may not be as favorable to the owner, and may not contain provisions for common problems, such alternate dispute resolution short of a lawsuit.
- Your architect can help you choose the most appropriate form of contract for use on your project as part of the negotiation with the contractor.

HOW CAN I AVOID LIENS?

- California law allows for anyone providing labor or materials on a project to file a lien on the property if they have not been paid. It is possible that you pay the contractor in good faith, and he may fail to pay some or all of his subs and material suppliers due to business failure, misfeasance, or a dispute. So the sub will file a lien, and you may end up having to pay for the same work twice.
- Require a “Schedule of Values” from the contractor at the beginning of construction listing all intended subs and material suppliers showing the amount of each sub-contract.
- Require conditional lien releases with each payment request from each sub as well as the general contractor.
- With the following payment request, require unconditional lien releases for the previous payment.
- Write joint signature checks to the general and the sub, or pay the subs directly.
- Set up a separate checking account for the project to keep close track of costs.

HOW CAN I HELP INSURE PERFORMANCE BY THE CONTRACTOR?

- Check credentials and references carefully.
- Do not make a large payment up front. If the contractor is under-capitalized, offer to pay every two weeks instead of monthly.
- Negotiate a retainage amount with the contractor. It is normal practice to withhold 10% of each payment request to insure final performance. Nearing completion, this may be reduced to 5% if all is going well with final payment 30 or 45 days after the filing of the “Notice of Final Completion,” and no liens are filed.

CAN I LIVE IN MY HOME DURING CONSTRUCTION?

- It all depends on the scope of the work and your tolerance for dust, noise, stored materials, parked equipment, open excavations, inconvenience, utility outages and general chaos. If your remodeling is a clean room addition not affecting the kitchen, yes possibly. If it involves the kitchen, the existing master suite, more than one bathroom, or a second story over existing spaces, you will be better off finding another place to live for three to six months or so.
- Occasionally, with clients who don't mind camping out, the contractor can set up a temporary kitchen in the garage with the old cabinets and appliances.
- Typically, if you are going to do a major remodel, your quality of living will be better in a small apartment rather than trying to live in your home.

**SAMPLE RESIDENCE REMODELING
PRELIMINARY PROGRAM FOR IMPROVEMENTS**

11/22/04

GENERAL:

The areas listed below are for the purpose of establishing the basic scope of Architectural Services. The program will be refined during the design process. Minor features may change, or be added or deleted without affecting the fee proposal. However, substantial changes in scope may affect the fee.

STYLE:

You wish to maintain the Craftsman style and materials of your home in the remodeling and addition. The exterior will be narrow lapped redwood siding with detailed trim around the windows. The interior will have hardwood floors to match the existing, with marble at the master bath.

SITE:

1. Add a patio with fire pit.
2. Add a trellis entry feature adjacent to the garage.

FIRST FLOOR:

1. Add a great room at the north east side of the existing home of approximately six hundred square feet. It will have substantial glass opening on the west, north, and east sides, with French doors communicating with the existing deck. The great room will have a Craftsman style built-in feature wall primarily in wood incorporating a home theater plasma screen TV, audio equipment, bookshelves, and a fireplace.
2. Enlarge the laundry to the east.

SECOND FLOOR:

1. Construct new master bedroom with walk in closet. It will be approximately 800 ft².
2. Provide a new deck with large glass doors on the north side of the master suite to take advantage of views in that direction.
3. Provide a new master bath with two lavatories, makeup vanity, Jacuzzi tub, all-glass shower, and a separate room for the water closet.
4. Add a bathroom for the existing bedrooms and reconfigure rooms and closets.

VIEW:

1. Keep the sky view at the top of the existing stairs.

GUEST HOUSE:

1. Add a 1 BR, 1 Bath guesthouse with living room and kitchen (as allowed) attached to existing garage.

WORK BY OTHERS, NOT A PART OF THIS PROPOSAL:

1. Exterior landscape and hardscape improvements will be by others, and are not a part of this proposal.

END OF PROGRAM

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