



WHETHER YOU'RE REMODELING YOUR HOME OR BUILDING A NEW ONE, IT PAYS TO KNOW WHAT YOU'RE GETTING INTO.

# A SOLID FOUNDATION

by Randy Noles

**F**rederick Nietzsche, the German philosopher, may have had a more difficult time understanding building than he did religion, morality, culture and science.

Nietzsche once said: "When one has finished building one's house, one suddenly realizes that, in the process, one has learned something that one really needed to know in the worst way — before one began."

So, if you find building daunting, don't feel bad. One of the most brilliant people who ever lived apparently found out the hard way that he hadn't adequately prepared himself for the experience.

Thinking about remodeling your home or building a new custom home? Be smarter than Nietzsche about it. Do your homework. Run the numbers. And most important, hire a qualified contractor with a strong track record of customer satisfaction.

Because building is finally coming back, we at *Orlando Life* thought it

would be timely to engage in an in-depth discussion about the process of remodeling existing homes and building new custom homes.

We consulted with the acknowledged experts, and tried to distill their insights into a few pages. At the very least, we hope this story prompts you to consider moving ahead with any projects, large or small, that you may have shelved during the financial crash.

Waiting for the right time? It's here.

## A REMODELING PRIMER

**Remodeling is all the rage these days.** According to the latest leading indicator of home-remodeling activity at the Joint Center for Housing Studies at Harvard University, expenditures on

**With a whole-house remodel, Farina & Sons turned a dated ranch-style home into a spectacular showplace.**





AFTER

BEFORE

**Jonathan McGrath Construction turned a mundane back porch into a beautiful and functional summer kitchen and gathering area.**

remodeling are expected to increase by more than 10 percent this year versus last year.

“As owners gain more confidence in the housing market, they’re likely to undertake home improvements that they’ve deferred,” says Eric S. Belsky, managing director of the Joint Center.

Also, home-improvement projects are making more financial sense these days. While most renovations don’t pay off dollar-for-dollar when you sell your home, the average return in 2014 increased to 66.1 percent, a jump of 5.5 points over last year and the largest increase since 2005, according to *Remodeling Magazine*.

In fact, a study last year by Houzz.com, a home-improvement website, found that homeowners would rather postpone vacations and avoid big-ticket purchases, such as vehicles, than delay or decrease their budgets for remodeling.

Still, it’s easy for a homeowner with little experience in the remodeling realm to end up unhappy. Last year, the Better Business Bureau received nearly 8,500 complaints about remodelers nationwide.

In Central Florida, homeowners are fortunate to have a plethora of solid remodelers, many of whom participate in the Remodel and Design Council of the Greater Orlando Builders Association (GOBA). Members of that group, whose mission is to enhance industry professionalism and expand consumer education, hate to hear remodeling horror stories.

So, *Orlando Life* rounded up a cadre of excellent remodelers, all of whom are association members, and asked them the questions you’d want to ask if you were thinking about embarking on a remodeling project. Here’s what they had to say:

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**What kind of qualifications should a remodeler have? Do all those fancy-sounding certifications really mean anything?**

Yes, they do, up to a certain point. In recent years, the remodeling industry has worked hard to differentiate professional, credentialed contractors from the ubiquitous “guys in trucks” that

local TV stations so love to confront.

Both the National Association of Home Builders (NAHB) and the National Association of the Remodeling Industry (NARI) offer certification programs.

NAHB programs include Certified Graduate Remodeler (CGR), Certified Aging-in-Place Specialist (CAPS) and Certified Green Professional (CGP). NARI programs include certification for five distinct groups of remodeling professionals. For example, a specialist in kitchen and bathroom rehabs may earn a Certified Kitchen and Bath Remodeler (CKBR) designation for his or her resumé.

At the very least, a remodeler should be licensed by the state as a contractor. And membership in one or more trade associations is usually a good sign that the remodeler cares about professionalism and continuing education.

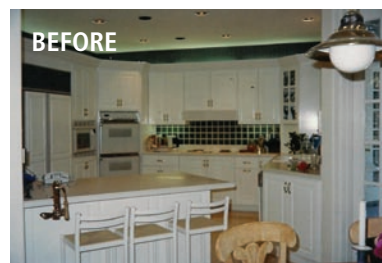
A remodeler who has taken the time to earn certifications is likely to be a reputable businessperson, says Jonathan McGrath, president of Jonathan McGrath Construction in Longwood.

“Keeping up with changes in the industry is an important indicator,” says McGrath, whose company was co-founded 30 years ago with his wife, Marion. “A remodeler who’s acquired these certifications improves his business acumen, and runs a more professional operation. That can only help the client.”

Although certifications may be a plus, they’re still no guarantee of a good job, according to Victor Farina, president of Farina & Sons in College Park. “It’s far more important that your remodeler has longevity and extensive experience in the field,” says Farina, whose company has been in business since 1950.

Everyone agrees that checking references, seeing completed work and feeling personally comfortable with a remodeler — after all, the two of you are going to be in close proximity for an ex-





Charles Clayton Construction installed a warm, modern kitchen as part of this whole-house remodel in Winter Park.

Still, if you're the sort who must quantify everything, *Remodeling Magazine* publishes a Cost vs. Value Report that estimates the cost of various improvements and the likely return at resale.

Among relatively major projects, a basement remodel is the best investment, returning 92 percent of the cost. (Of course, most Florida homes don't have basements.) Solid returns are also offered by a minor kitchen remodel (89 percent) and an attic remodel (88 percent). Replacing siding and windows returns more than 80 percent of the cost, as does installing a wood deck.

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### What are the most popular remodeling projects?

Not surprisingly, kitchens and bathrooms still top the list, in part of because of the return-on-investment potential, but mostly because those are the rooms in which out-of-date design and technology are the most glaringly apparent.

"Master bathroom renovations seem slightly more popular, with kitchens a close second," says McGrath. "Clients want the spa-like showers and, if space is tight, they want the tub removed."

In kitchens, McGrath says, under-counter LED lighting, taller cabinets and large single-level islands are on most wish lists. Farina says he's seeing an upswing in clients wanting to combine their kitchens and great rooms, eliminating formal dining rooms altogether.

Clayton notes that glass-tile or full-slab marble backsplashes are popular in his kitchen projects, along with stainless-steel appliances, glass cooktops and pizza ovens. Subway tile is a hot bathroom trend, he adds.

Lamar's clients like mixing materials — tile, wood, steel, granite — and using plenty of white with gray and black accents in their revamped kitchens. They're also interested in new countertop materials, such as tempered glass and nanotech matt, a material that actually "heals" when it's cut.

Lavish outdoor living areas are also popular, and empty nesters are converting unused bedrooms into exercise areas, home theaters and hobby rooms. And master bedrooms are becoming more lavish, with coffee bars, mini-fridges and lounging areas.

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### The contract with my remodeler is 25 pages long. I need a lawyer to review it. What really needs to be included?

A detailed contract is for everybody's protection. But you should be certain that you understand it and that it includes, among other things, these elements: a timetable, a price and payment schedule, detailed specifications, insurance documentation, permit information, procedures for handling change orders, provisions for conflict resolution and notice of your rights under the Fair Trade Commission's "Cooling Off Rule." (The rule spells out your right to cancel the contract within three days if it was signed someplace other than the remodeler's place of business.)

Details on issues such as access to your home, care of the premises, phone and bathroom use and cleanup and trash removal should also be dealt with.

tended period of time — are also essential to ensuring that you've made a good choice.

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### Sure, remodeling can be expensive. But so is buying a new home. How do I decide which is best for me?

"Location, location, location," says Tom Lamar, president of Lamar Design in Winter Park, repeating the old real-estate axiom. "That's the No. 1 reason to remodel. If you love your neighborhood but have outgrown your home, remodel."

Farina agrees that location is key. "People are very loyal to their neighborhoods," he says. "We've done several projects for people who actually bought the homes where they grew up."

But he also tells potential clients *not* to remodel if they're planning to move in a couple of years. "It won't be worth the stress," he says.

Which is to say, invest in remodeling because you love your home and want to remain — not because you plan to flip it for a big profit. That attitude is so 2006.

Taxes are a consideration as well. If you add square footage, your remodeled home will be reappraised and your taxes increased proportionally — but not nearly to the same extent as building an entirely new home.

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### How much should I spend on remodeling my home? Will I ever recoup my investment when I sell?

"The answer is, 'it depends,'" says Charlie Clayton, president of Charles Clayton Construction. "Each home is unique. View your project as both creating a great place to live and creating a great investment."

Clayton, a second-generation builder, adds that some projects make more financial sense than others. "Remodel the right areas," he says. "Don't redo a living room and leave an outdated kitchen or bathroom."

Of course, when remodeling you shouldn't over-improve for the neighborhood you're in. A good remodeler or a knowledgeable real-estate agent can help you assess what's reasonable for where you live.

“We like to educate our clients as much as possible before starting the renovation,” says McGrath. “The biggest investment for most clients is their home, so having all the details spelled out is crucial.”



**This Phil Kean custom home won the Grand Aurora Award at the 2014 Southeast Building Conference.**

## A CUSTOM BUILDING PRIMER

**In 1922, Edwin Meredith** gave contractors a gift that has kept on giving. He started a magazine called *Fruit, Garden and Home*, which two years later was renamed *Better Homes and Gardens*.

Before there was HGTV and Houzz, homeowners turned to *Better Homes and Gardens* for ideas and inspiration. Many other home-themed magazines followed, but Meredith's was the first to tap into that innate desire shared by virtually everyone who pays a mortgage to have a home that truly reflects their personal style.

These days, most large production builders offer buyers wide latitude in “customizing” their homes with different fixtures and finishes, optional extra rooms and varying elevations. But, appealing as these homes may be, they're still basically stock plans with dozens or perhaps thousands like them in subdivisions around the country.

Many buyers, especially high-income buyers, choose to build true custom homes, meaning the homes are one-of-a-kind, built from original sets of plans. However, some custom builders also have portfolios from which buyers select basic plans and modify them.

In that case, is it still a custom home?

Perhaps not by the strictest definition. “Semi-custom” may be a more appropriate term, depending upon the scope of the changes made to the portfolio plan.

“A custom home can be a stock plan with modifications,” says Mike Keesee, president of Keesee and Associates, an Apopka-based home-design company that works with both custom builders and production builders. “But [a modified stock plan] will never be the first of its kind.”

Jorge Ulibarri of Cornerstone Custom Construction in Orlando goes even further. “A custom home is created from a blank sheet of paper,” he says. “It’s unique to that client. No one else has the same home. The builder doesn’t sell the plan to anyone else.”

In any case, building a true custom home is always going to be far more complicated than picking something out of a plan book.

And, as with remodeling, the process requires considerable research and encompasses many potential pitfalls. (Watch *Mr. Blandings Builds His Dream House*, the 1940s Cary Grant and Myrna Loy comedy,

and consider it to be a cautionary tale).

In Orlando, some of the best custom builders are members of the Master Custom Builder Council (MCBC), a highly selective organization that requires its members to meet certain financial stability requirements as well as adhere to a rigid code of ethics.

Not all custom builders are MCBC members, but participation in such organizations is one of many criteria you should consider in selecting a custom builder.

*Orlando Life* interviewed some of the region’s top custom builders about the process of creating a unique home — from conception to completion — and how to make certain everyone involved is happy with the result. Here’s what they had to say:

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**I want to build a custom home. I guess I need to find an architect first, right?**

There’s some disagreement on this subject. Most custom builders can relate stories about buyers who show up with a full set of plans they’ve commissioned only to find that it’s impossible to build the home

they envisioned at a reasonable cost.

However, many architects and building designers — a building designer, by the way, is not an architect, but has been certified to design single-family homes — say they are quite adept at designing within the confines of a budget.

Phil Kean of Phil Kean Design Group in Winter Park is both an architect and a builder, so the issue rarely arises. In fact, Kean says he hasn’t yet built a home that wasn’t of his own design.

“However, I would say [the issue of who to contact first] depends on the architect,” Kean notes. “Many are very good, and can establish realistic budgets with you in the same way that a builder can.”

Indeed, builders often successfully work from supplied plans. Ulibarri has certainly done so, but warns that few clients have the kind of technical knowledge required to accurately assess competing bids from builders.

“A house is made from thousands of components, so even with the same set of drawings, you can end up with very different prices

es,” Ulibarri says. “The client must invest a lot of time to compare apples to apples.”

That’s why most custom builders don’t like to bid against one another on a set of pre-drawn plans. There are so many cost-impacting variables at play that it’s difficult to make valid comparisons. Anyway, the lowest bid may be the costliest option in the longrun, especially if the contractor is sub-par.

The best advice? Assemble a team and make sure everyone is on the same page — or the same blueprint, as it were. With so much money on the line, a team effort is mandatory.

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**Some builders describe themselves as “design-build” companies. What does that mean, exactly?**

With a design-build contract — in which the builder drives the process from conception through construction — the architect is part of a team and reports to the builder, not to you. A particularly hands-on owner may find that unappealing. The upside, however, is that a design-build contract offers a single point of contact and, arguably, tighter cost controls.

“The design-build process enables the owner, builder, architect/designer and interior designer to work together, within a pre-defined budget,” says Greg Hardwick, president of Hardwick General Contracting in Maitland. “The team makes sure the owner’s needs are met without surprises. It’s also the smoothest and quickest way to transition through design and construction.”

Scott Green, president of Castleworks in Orlando, sums it up in two words: “Value engineering. The builder can guide the design process to reduce unnecessary costs.”

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**I’d love to build a custom home, but don’t they cost a lot of money compared to a production home?**

Many — but not all — custom homes cost from the high six figures to more than \$1 million, in large part because they’re bigger and feature upscale finishes and leading-edge technology.

Also, custom builders may build only a handful of homes each year, lavishing many months of attention on every project, while production builders make their money on volume and replication.

Most custom builders say they can build a home for between \$150 and \$200 per

square foot, but there's no average because each home is one of a kind — and each client has his or her costly quirks. One client might spend tens of thousands of dollars on a specially designed spiral staircase. Another might insist that ceiling beams be salvaged from a barn in Vermont.

Most custom builders work on either fixed-price or cost-plus contracts. With a fixed-price contract, the cost of the home is predetermined and is unaffected by fluctuations in labor and materials costs. Cost-plus contracts take the actual cost and tack on percentages for overhead and management.



### **What are some tips for selecting a custom builder?**

It goes without saying — although we're saying it — that any builder should have the proper state licenses. But the selection process goes far beyond that.

“Look for building experience, but also experience in the [architectural] style you prefer,” says Keesee. “We’ve had many builders kill a good design because they didn’t understand the scale or proportions, and just ‘did it like they always have.’ It’s not a fun day when you have to go to the job site and tell the builder to tear it off and start again to get it right.”

Nobody wants to be in the middle of a new-home project and have the builder go out of business. So, assuming you’re getting a construction loan, ask your banker to run a credit check on the builder you’re considering.

A builder with poor credit might not pay subcontractors, which would entail liens. Likewise, a builder with financial difficulties might lowball a job just to generate cash flow.

Chad Cahill, vice president of Cahill in Winter Park, adds that it’s important to hire a builder who’s hands-on. “Find out how often the builder and the project manager are on-site,” he says. “There are builders out there who don’t check their jobs very often. Then there are builders who have someone on-site every day during the building process.”

Personal compatibility with the builder is also important. “I tell my customers that building a custom home is like entering into a 12-month marriage,” says Ulibarri. “Above all, there has to be trust. The buyer is making one of the largest investments in his or her life.” ■