

## Reno vs. demo: When is it easier to just start over?

With the high cost and hassle of renovating an old house, it may just be worth starting from scratch

BY BETHANY LINDSAY, VANCOUVER SUN MARCH 5, 2016 8:08 AM



Geoff Glave and Ana-Maria Hobrough pose with their two children and pet dog outside their renovated home in Vancouver.

**Photograph by:** Ric Ernst, VANCOUVER SUN

When Geoff Glave and Ana-Maria Hobrough made the decision to expand their nearly century-old home to make room for their growing family, they thought back to the renovation projects their parents undertook in the 1970s.

"You would just kind of assume that renovating would be cheaper than building new," Glave explained.

In a city fraught with distress about the demolition of old homes, Glave and Hobrough chose instead to transform their homely Mount Pleasant bungalow into a two-storey, Craftsman-style character house.

The results were striking, but the renovation proved to be a tough lesson in the cost of renovating versus rebuilding in Vancouver. In some cases, renovating can actually end up being the more expensive option, and it doesn't add as much value to the property.

For Glave and Hobrough, an original budget of \$200,000 ballooned to about \$300,000, as unexpected permitting fees and costs to meet the building code added up.

Now, Glave finds himself questioning protesters who picket homeowners planning to tear down their houses and build something new.

"There's a lot of wringing of hands and gnashing of teeth over demolition of what I would consider perfectly fine houses in Vancouver," Glave said. "I think if the city wanted to encourage renovation, they certainly could by making it a more cost-effective option than tearing the whole house down and sending everything to the landfill and starting from scratch."

In an old home like Glave and Hobrough's, renovation can come with some major surprises.

Their architect, Allison Holden-Pope of One SEED Architecture + Interiors, said the most common extra expense is a result of all the minor fixes that generations of owners have made over the years. Altogether, those can add up to some serious structural integrity issues.

"When you see it all together, you say, 'I can't believe that nobody fell through the floor,'" Holden-Pope said.

There can also be mould, mildew and water damage to deal with, as well as outdated electrical wiring that needs to be replaced. When the building team tore into Glave and Hobrough's house, they discovered knob-and-tube-wiring from the early 1900s, which is considered a shock and fire hazard today.

"That added another \$5,000 here, \$5,000 there," Glave said.

He and his wife also paid \$6,570 in permit fees to the city.

In Vancouver, the costs really start to add up as a renovation project becomes more extensive. Once construction costs exceed \$5,000, the builder will need to meet certain new energy-efficiency requirements. Over \$50,000, and walls may need to be deepened to allow for thicker insulation, while the building will require sealing around spots like windows and doors to prevent heat leakage.

When the project reaches about \$95,000, city engineers will usually order a new sewer connection at a cost of \$16,000 as part of an ongoing, long-term plan to separate rainwater from sewage. If the renovation hits 50 per cent of the replacement value of the home, a sprinkler system will have to be installed.

And any new addition to a home will have to meet all modern building codes, which include triple-glazed windows and accessibility requirements like wider doors and levers instead of doorknobs.

Holden-Pope usually sits down with new clients to discuss the advantages and disadvantages of renovating an older house as compared to tearing it down and building something new.

"It's pretty rare that you're getting to the scope of renovation that the cost is actually comparable (to building a new house), but we do get there sometimes, for sure," she said.

Mark Cooper, president of Shakespeare Homes and a director of the Greater Vancouver Home Builders' Association, said that most interior-only renovations come in at about \$100-\$125 per square foot. Add in some new windows and exterior work, and that jumps to about \$150.

"Once you start creeping up to where ... we're talking (costs) above \$200 a square foot, this is probably ... where you want to have a conversation with them about building new," he said. "Any good builder that is capable of building new houses should have that dialogue."

There is also a significant resale advantage to demolishing and rebuilding when it comes time to put the property on the market, according to realtor Cheryl Nadeau of Sotheby's Realty.

"You are definitely going to get a premium for your brand new home," she said.

She offered an example of two similarly sized homes on equivalent lots on Whyte Avenue in Kitsilano that sold within days of each other in January. One was built in 2013 and fetched \$5.65 million. The other was a 1911 home that had been renovated in 2013, and it sold for \$1.6 million less.

"A lot of buyers are looking for the newer homes rather than the renovated homes because of all the new upgrades that can go into them," she said.

Things like higher ceilings, an open floor plan, ensuite bathrooms for each bedroom, air conditioning, and smart home features are all easier to find in new homes.

Doug Langford, co-founder of JDL Homes in Vancouver, believes that the city should offer some exemptions from the building codes as an incentive for renovating character homes.

"I like the idea that we should preserve some of our old houses. I think we need to preserve some of our heritage. But the reality is to do that, the city has got to get on board," he said.

In an East Vancouver renovation project that is currently underway, Langford had plans to gut the

basement and strengthening the foundation, but it turned out the concrete was too brittle and needed to be replaced. His team had to hoist up the entire house and spend months digging out the old foundation and pouring in a new one.

"When people start adding up all these types of things — and some of my renovation projects can be \$500,000, \$600,000, \$700,000 — they're looking at it going, 'Hey, if I just spend another 20 per cent, I've got a brand new house'," Langford said.

Staff at Vancouver City Hall acknowledge that substantial renovations can be expensive.

"To renovate as opposed to new construction, they're both expensive in their own way, but my experience is if you're doing a massive renovation, sometimes that can be more expensive than a new build," said Mike Collister, the city's manager for building, inspections and enforcement.

Collister was one of a handful of city staff who sat down with The Vancouver Sun to discuss some of the concerns raised by contractors and homeowners about the costs of renovating.

From a sustainability point of view, they said that the city would prefer to see people maintaining as much of their homes as possible, rather than sending piles of demolition waste to the landfill. Preserving historically significant homes is also a priority.

But they insisted that while renovations are more expensive in Vancouver than in the rest of the region, there are good reasons for the costly updates required by the building code.

"We're not doing things just for fun. We're doing things because they're safety improvements, they're environmental improvements. They're things we need to do anyway," said Doug Smith, Vancouver's acting director of sustainability. "What typically happens is we'll do it and then within 10 years, other municipalities will catch up and do it as well."

Making homes more energy efficient goes a long way toward reducing greenhouse gas emissions, he maintained, while retrofitting homes to be more accessible is essential as baby boomers hit their retirement years.

"They feel a bit painful right now for people who are getting involved, but it's an investment in everybody's future," he said.

Collister added that many recent updates to the building code address construction quality.

"We don't want homes that are only lasting 20 or 30 years. We want to get back to homes that are lasting 100 years," he said.

Still, there are some incentives for homeowners to renovate rather than rebuild.

One of those is the Green Demolition Plan. It requires anyone who wants to demolish a home built before 1940 to recycle or reuse 75 per cent of the waste. If the city considers it a "character" home, that proportion rises to 90 per cent.

By the start of next year, the demolition bylaw will expand to include pre-1950 homes, and by January 2017, it will apply to all one- and two-family homes.

The burden of recycling demolition waste adds anywhere from \$15,000 to \$30,000 to the cost of a project, according to those familiar with the process.

Meanwhile, Vancouver piloted a \$75,000 grant program in the fall to help owners of pre-1940 homes do energy retrofitting. It filled up in just a few months, and a second round of funding will become available later this year. BC Hydro also offers rebates for a variety of energy-efficiency upgrades.

There is also some flexibility in Vancouver's zoning and development bylaws that allows city planners to relax restrictions in the case of renovations, according to Tony Chen, manager of the city's housing review branch.

"The director of planning has considerable discretionary abilities when it comes to renovating and additions to existing homes. That ability is severely cut off with new homes," he said.

Contractors also point out that certain Vancouver zoning regulations make demolition an unattractive option, because they restrict the footprint size for any new structures.

"For example, if you are in Shaughnessy ... they have heritage and conservation restrictions that reduce your footprint, so you might actually get less square footage by rebuilding," said Bob de Wit, CEO of the Greater Vancouver Home Builders' Association.

And high renovation costs aren't just an issue in Vancouver.

Contractor Jim Le Maistre recently finished gutting and refurbishing his 40-year-old Coquitlam home, and has vowed this will be the last renovation he does for himself.

"It is now getting to the point where it is no longer viable or wise to invest in these old houses," he said.

He and his wife paid \$590,000 for the Ranch Park house in 2010, and budgeted \$80,000 to fix it up as a showroom for potential clients. That eventually grew to more than \$250,000 as the unexpected costs piled up for things like removing asbestos, replacing exposed aluminum wiring, and ripping out wood that wasn't grade-stamped.

"I knew what I was doing and I just got killed," Le Maistre said.

That is why he plans to build his next home from the ground up, giving him the chance to put in high ceilings as well as an elevator to use in his golden years.

"My wife and I call what we did here as putting lipstick on a pig. It's sexy, but it's still a pig," he said.

Unlike Le Maistre, Glave doesn't regret the decision to renovate, in part because building a new house would have displaced the family for much longer while construction was underway.

In the end, the renovation of his Mount Pleasant home also made financial sense, but only to a point.

"I grumble about the cost of a renovation, but it was still cheaper than a new build would have been. But it wasn't as cheap as it should have been," he said.

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