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COUNTING HOUSE | BETH DECARBO

Itching to Renovate? Expect Delays

Lengthy lockdowns helped some homeowners identify design flaws, but fixing them could take longer and cost more money



That open floor plan homeowners once considered so essential now seems so impractical in a pandemic. Try getting any work done while a Zoom-cast Zumba class blares in the background.

"I think people with children realize they don't have well laid-out homes with separate spaces," says Jesse Harrison, a Los Angeles-based principal of Harrison Design, an architectural and interior design firm. "For clients with two working adults and children trying to do schoolwork, you need three or four distinct spaces."

With social restrictions loosened, some homeowners are ready to undertake a remodeling project. There are some benefits right now in terms of financing and project planning. But a big reno has its risks, too. Here are some things to consider before ripping into the drywall.



A Los Angeles couple is planning a $2 million renovation to expand their home in the Pacific Palisades. Harrison Design, an architectural, landscape and interior design firm, created renderings for Zoom video calls with the clients.

Efficiencies in project planning

In Hingham, Mass., technology came to the rescue of a young family planning a renovation. Architect John Day and his team needed to go inside the home to take photos and measurements. But the couple was reluctant to allow access for fear of exposing their three children to the coronavirus. So Mr. Day used a company called Pointknown to provide both 3-D images and room measurements using a laser scanner mounted on a tripod. The process required only one technician, who wore protective gear. It went so smoothly that the firm plans to use it for other projects.

The Boston-based firm, LDa Architecture and Interiors, has gotten more calls since the viral outbreak, Mr. Day says, mainly from existing clients who want to tackle the next phase of a renovation project. "We're expecting to see more interest in home offices and flex spaces for learning with kids," he adds.

In Los Angeles, Mr. Harrison says Zoom video calls have replaced the marathon face-to-face meetings. Now, clients can get plans emailed and product samples shipped directly to their homes. "We can pull up a screen to show drawings and inspiration options," he says. "It's surprisingly effective."

Some municipalities have adapted as well. In Boston, like many cities, almost all construction projects were temporarily shut down until safety protocols could be put in place. But amid the moratorium, the Department of Inspectional Services continued to accept building-permit applications, design plans and other documents through its online portal, says the department's commissioner, Dion Irish. Staff within the department could review plans from home and communicate directly with project managers, if necessary. In May, the site enabled users to make electronic check payments in addition to other forms of payment.



A technician from Pointknown uses a portable scanner to photograph and measure the exterior of a home.

> Architect John Day used a laser scanner at a house last month to gather measurements.

Since the new procedures were put in place, the department has been able to review plans at a faster pace. "Some of the changes we've adopted will probably stay in place" after a return to normalcy, Commissioner Irish says.

Discounts on labor and materials

Eager to return to work, some contractors and subcontractors, such as electricians, plumbers and masons, have been willing to reduce prices, Mr. Day says. "Builders are repricing or rebidding projects since the outbreak and we're seeing some 'value pricing' now. There's a lot of positive there," he says.

Likewise in L.A. "For a smaller contractor to land a job during uncertain times, it's guaranteed income. So they're willing to offer a substantial reduction in fees to keep their crews working," Mr. Harrison says.

However, both agreed that price cuts may only be temporary, especially if the economy rebounds.

The downsides of a remodel

In New York, Owen Ryan was in the middle of gut-renovating his Manhattan apartment when the shutdowns were announced. Now he worries that the economic toll on the construction industry will make it harder to find qualified labor to finish the job. "Everyone's worried about their contractors. Will they be able to stay in business or pay their employees?" says Mr. Ryan, chief executive of Geller Advisors, a family office.

Boston builder David Cohen says clients need to understand that new construction-site safety protocols will affect project timelines.

Construction projects will take much longer because of limits and social distancing imposed on subcontractors, such as plumbers, electricians and heating/air conditioning installers. "It annihilates projects," says Mr. Cohen, owner of Hampden Design and Construction.

Some municipalities may be slow to resume permit reviews and on-site inspections. Mr. Harrison says some paper plans submitted to L.A.'s Department and Building Safety were "quarantined" for several days before review by city staffers. (The department declined to comment.)

Availability of materials may also cause delays. "The next battle we face in high-end homes is the finishes—tiles, light fixtures, wallpapers. All the materials people pick tend to come from other countries," Mr. Cohen says. Shutdowns—even in countries where restrictions have been lifted—have created lag time.

Finally, some clients just aren't ready to take any risks. "The next piece is asking homeowners, 'Do you want strangers working in your house?' " Mr. Cohen says. "They may not want anybody coming into their ecosystem.

"It's a scheduling nightmare. The nice thing is that everybody understands."

USING YOUR EQUITY TO REFEATHER YOUR NEST

With interest rates still relatively low, tapping home equity for renovations is attractive right now, says Guy Cecala, publisher of Inside Mortgage Finance.

One financing option is a home-equity loan, a type of second mortgage that provides a lump-sum payout, with both the interest rate and monthly payments fixed. Another route is a home-equity line of credit, which lets homeowners borrow just the amount needed, with interest charged only on the amount drawn.

As of June 15, the average rate for a home-equity loan for a five-year term was 5.22%, according to Bankrate.com. Rates for a home-equity line of credit averaged 4.94%. (Rates assume that a borrower seeking $100,000 has a credit score of 700 and a combined loan-to-value ratio of 80%.)

Lending terms vary widely on loans and lines of credit, so be sure to ask about closing costs, fixed versus variable rates, and monthly payments. Also consider the risks: Fallout from the pandemic, such as a job loss or falling home values, could affect your ability to repay borrowed funds.

—*Beth DeCarbo*

Hammer Time

Here are the metro areas in which the highest share of home-equity loans are designated for home improvements

METRO AREA	% USED FOR RENOS
Milwaukee	66.7%
Louisville, Ky.	60%
Columbus, Ohio	56.6%
Virginia Beach, Va.	55.3%
Indianapolis	54.9%
U.S. Average	45.9%

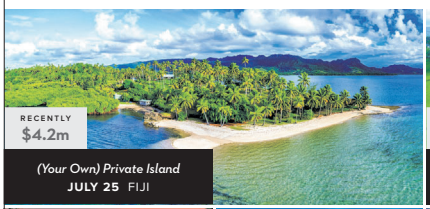
Source: Lending Tree analysis of loan applications submitted between Jan. 1 and April 30

FROM TOP: HARRISON DESIGN (RENDERING); JIM FOSTER/POINTKNOWN

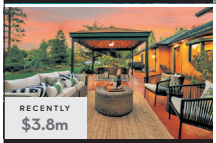
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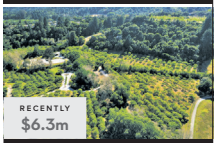
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