

Should You Buy A FIXER-UPPER?

What you need to consider before making the biggest real estate commitment of all: saying yes to a home that needs a whole lot of work.

BY ELIZABETH GEHRMAN // ILLUSTRATION BY MARIO WAGNER

WHEN MARK AND INGRID CORDEIRO BOUGHT their 1,200-square-foot single-family house in the Eagle Hill section of East Boston, it was “kind of beat up,” Mark admits. Among its imperfections: There were “big chunks coming out” of the horsehair-plaster walls as they peeled away from their laths. There was wall-to-wall carpet in every room but the kitchen, where three layers of linoleum covered the heart-pine floor, and drop ceilings made the whole house seem smaller than it was. The door frames had been chewed to splinters by the previous owner’s dog, the trim was painted Kelly green, the staircase was crooked, and there were “15 layers” of paint in places (including several that were lead). Not

to mention the frayed wiring, the rotten plumbing, the “funky smell” near the upstairs bathroom – and the mouse droppings.

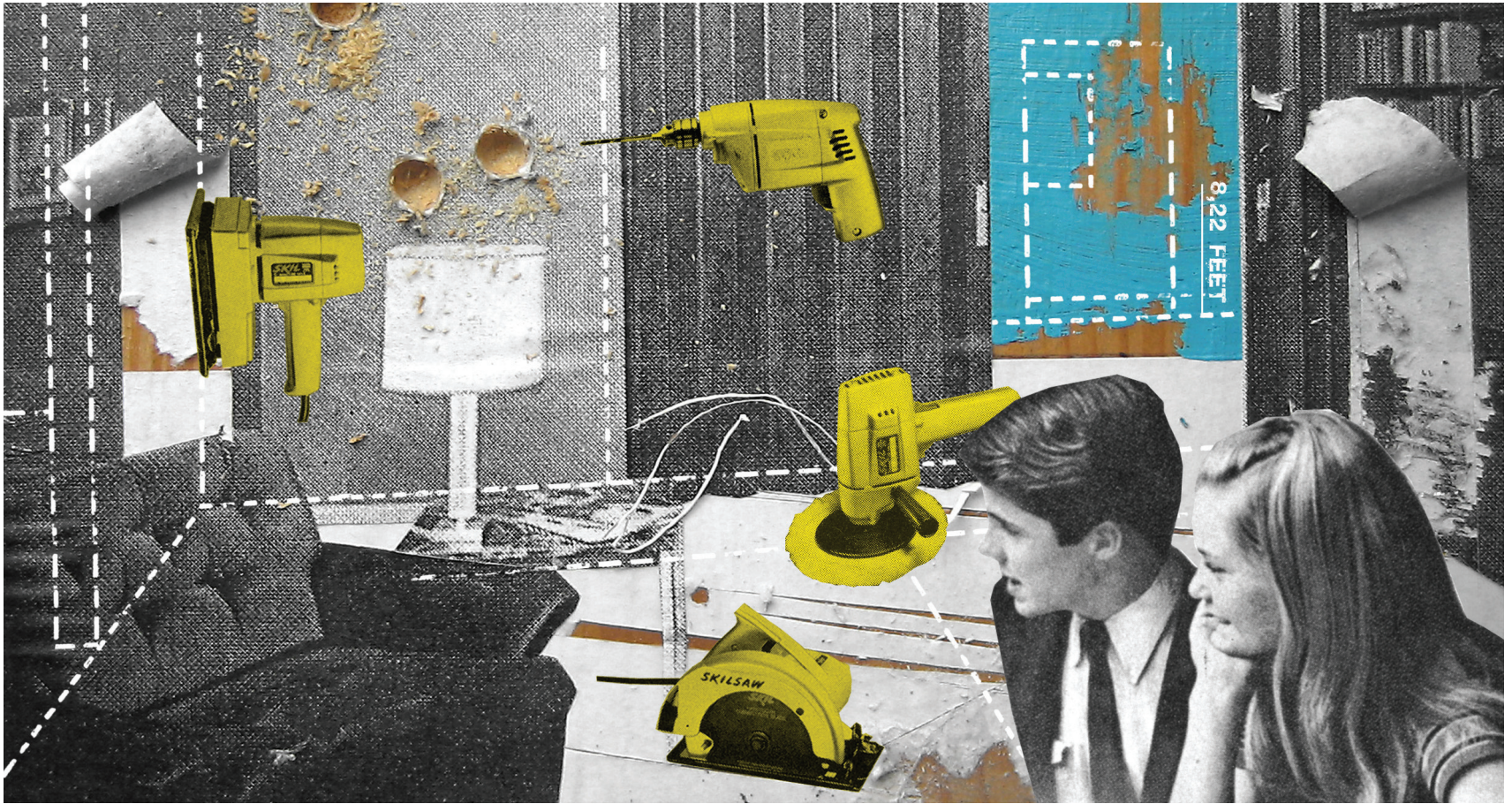
And those were just the obvious problems. “Once you get into doing the work,” says Mark, an artist and software engineer who had worked as a carpenter for a decade, “it’s almost like you don’t want to take anything else apart, because you’re afraid of what’s behind it.” Ingrid, a makeup artist, recalls his optimism: “Mark said, ‘Oh, we’ll have this place whipped together in three months.’ I just laughed. When his parents said there was no way, he’s like, ‘OK, six months, tops.’”

Six months became 3½ years. The couple moved into the house in March 2003 and fin-

ished it in November 2006. Was it worth it?

“From a financial standpoint,” Mark says, “we might break even if we sold it. But from a satisfaction standpoint, I definitely feel it was worth it. When you look around you see all these projects you planned on doing and then you did, and you’re like, ‘Wow, this came out nice.’” Like most home renovators, Mark says he also learned a lot – and not just about his handyman skills. “One thing I learned is that Ingrid isn’t as patient with me as I thought she was.”

My own experiences with three fixer-uppers – a small Victorian two-family in New York State, a lakeside cottage in New Hampshire, and a large attached Greek Revival Cape in East Boston – are



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similar to Mark and Ingrid's. My current two-family, the Cape, was structurally sound but needed to be almost completely rebuilt, with new walls, ceilings, windows, floors, boilers, hot-water tanks, wiring, plumbing, and roof, as well as cedar clapboard to replace the turquoise vinyl siding. While I was at it, I had walls knocked down, doors repositioned, the kitchen moved, the porch rebuilt, the driveway regraded and repaved, and the front and back yards landscaped. And, over six years' time, many refinancings, and more forbearance than I thought I possessed, I've come to the conclusion that renovating an old house is kind of like having a baby: It seems like torture at the time, but after it's over, you can't believe how beautiful the end result is.

Buying a less-expensive house that needs significant work may sound like a good idea, but before you decide to commit to a project, make sure you understand what you're getting into. Living with plaster dust for months or even years, doing your dishes in the bathtub, and moving your belongings from room to room can take a toll, both physically and emotionally. But your reward is a house that's custom made for you

in every detail, and, if you do your homework, one that can cost less than a comparable place that's already finished.

But before you rush into anything, get as realistic a view as possible by talking with real estate brokers, contractors, developers, and friends who have done renovations. Search out blogs and watch home-improvement shows that follow homeowners' tales step by step – including their mistakes. And if, after hearing a few horror stories, you don't run screaming to make an offer on that tiny but immaculate condo in a doorman building, it's time to start searching for your first fixer-upper.

Finding a fixer

Up-and-coming neighborhoods and towns – Chelsea, Dorchester, Roslindale, Somerville – have more distressed houses available than long-desirable areas like, say, Beacon Hill or Brighton. But once you've decided on a neighborhood, the old real-estate saw about location goes double for fixer-uppers. "When you're looking for a fixer," says Tony Giacalone, owner of Tony's Realty in East Boston, "always look for the worst house on the best street. Of course, it's better to buy a halfway-decent one on the best street, but if you're going to buy a

bad house, make sure it's in a good location."

To find the house for you, spend some time looking at real-estate websites like realtor.com, a multiple-listing service that contains nearly every available property in a particular market; isoldmyhouse.com; and craigslist.org, which offers a search field that lets you look for terms like "fixer," "handyman's special," "needs work," and "diamond in the rough." Then, Giacalone says, go to as many open houses and talk to as many brokers as you can. If you click with a particular realtor, consider signing him or her as a buyer's broker to save yourself some time. "Sign a contract for a specific neighborhood and a specific time period," Giacalone recommends. "And look for someone who's either knowledgeable and experienced enough to know what's normal and what's not for that neighborhood, or someone who's smart and dedicated enough to do the research for you."

For those who lack renovation experience or have little desire to replace everything but the studs, Giacalone advises looking for a house that has out-of-date decor but has been fastidiously maintained or one that was completely redone in the 1970s or '80s. "The cabinets might look hideous, but the kitchen has probably been reconfigured, and the plumbing and electrical are already there." Otherwise, he warns, "you're going to be in for surprises" – and not the good kind.

Minimize surprises

The more houses you see, the more you will learn about

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how to spot possible problems and about your own comfort level with varying degrees of work. Once you've made an offer, you'll want to bring in a home inspector. But how do you narrow the field before signing on the dotted line?

To get an idea of the home's potential, says Declan Walsh, owner of Siveen Construction in Dedham, start by considering its floor plan. "Layout is important, because it's got to fit your way of living," he says. "You can change anything, but when load-bearing walls are involved, there's only so much moving of beams you can do." Likewise, if you're interested in a condo, "you can't move the kitchen, for example, because you can't rearrange the pipes as easily. Even more so for a bathroom." If you're dead set on reworking the layout but don't know whether structural changes would cause problems, discuss the issues with a home inspector who is also a licensed engineer before committing to the property. You can find one through inspectamerica.com or the National Academy of Building Inspection Engineers (nabie.org).

If the layout is more or less to your lik-

ing, the next step is to determine whether the house is structurally sound. "Look at the floors, the stairways, the roofline, and the walls to see if they're relatively level, not cracked or bowed or sagging," says Jim Morrison, president of Allan Morrison Home Inspection, the Tewksbury company his father started in 1983. "It'll never be perfect, but if you've seen 20 or 30 houses, you'll know what's acceptable."

Outside, Morrison recommends scanning the roof for curled or missing shingles, checking staircases and porches for stability and decay, making sure the soil grades away from the foundation rather than toward it, and even checking whether the house has gutters. Inside, he says, "spend at least five full minutes in the basement, and just keep your eyes open and notice things." Is the boiler or furnace ancient but still functional? Are there wires drooping down or hanging on heating pipes or, worse, supporting them? Are there abnormal basement smells or signs of moisture? Do the electric panels have at least 100 amps for each unit in the house? Upstairs, check the windows and doors to make sure they open and close properly, notice whether there are enough outlets and then try the switches, and look for water

stains, since they could indicate an ongoing leak or a past problem that could have continuing repercussions.

Morrison also advises clients to go to the city or town's building department and ask for the folder on the house to check for what he calls "low-occurrence, high-impact issues," such as an underground oil tank that was installed in 1940 and never removed. "You can't get a mortgage with an underground oil tank," he says. This kind of tip,

"I ripped out the second-floor bathroom ceiling probably three times," says Elliott Wilke, who bought a condo that needed a lot of work.

Morrison adds, would be included in an evening class on home inspection, which he says is well worth a few hours of your time and the \$45 or so you might pay in tuition at a place like the Boston Center for Adult Education.

As for the three words that strike terror into the hearts of home buyers – "asbestos," "mold," and "termites" – Morrison says it all comes down to "how risk-averse you are." Asbestos abatement can run about \$1,000 a day or \$25 or more per square foot, and professional mold removal, though not usually necessary, costs even more. In a strange way, termites can actually be a stroke of luck. "The fact is, you could have a bad termite problem that you

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could fix for \$2,000 to \$3,000 that results in a \$30,000 reduction in the selling price,” says Morrison. “Termites freak people out.”

Make an offer

Because people buy based on emotion – and you’ll be as prone as anyone to minimizing problems and maximizing the value of that cozy porch or those graceful bay windows – bringing in that professional home inspector is a must, even if you think you have caught everything in your own inspection.

“You should always get a home inspection so you know what you’re really dealing with,” says Tony Giacalone, “especially the things that aren’t necessarily visible to the eye.” Jim Morrison concurs. “The house doesn’t say, ‘My heating system’s about to go, and my plumbing’s not working right,’” he says. “But there are a lot of little tricks and experience and intuition that an inspector can bring to find out.” The \$600 to \$700 the inspection will cost may seem pricey if you discover the house is more work than you can handle and back out of the purchase, but remember how much it’s saving you in the long run.

And if you decide to go through with the deal, an inspector’s report can help you get a better price. “In negotiating,” Morrison says, “you have to demonstrate to the seller that there is a real, actual problem.” Though an inspector can tell you the condition of the property, because of liability issues, he or she cannot discuss by how much the needed repairs might lower the selling price. For this, Morrison recommends having your lawyer review the report. “The attorney can tell you which things are normal and will probably be on you to fix versus the things you might be able to go back to the seller on.” He also advises keeping the inspection report as a “to-do” list once you’ve got the deed in hand.

Settling on a fair price for a fixer can be tricky, because if there’s one thing all home renovators, real estate agents, contractors, and mortgage brokers agree on, it’s that no matter how much time and money you think it’s going to take to get your house in shape, it’s going to take more. “Ask any electrician or plumber or heating contractor,” says Morrison. “They never get into an old house and say, ‘That was really easy. I actually charged them half of what I was going to, because it was such a delight to

crawl through that attic.’”

Not only are there hidden costs – you might, for example, as Mark Cordeiro did, rip down a ceiling and find cracked 2-by-4s holding up your roof – but there’s also what Declan Walsh calls “scope creep.”

“Scope is the job,” he says. “Let’s say we’re going to do the kitchen, but you’re thinking,

much your repairs are going to cost and offer that much less. Unfortunately, people usually don’t know how to estimate how much they’re going to spend fixing it up.” Giacalone advises trying to get ballpark figures from contractors; then set yourself a budget and try, within limits, to stick to it. Walsh concurs. “It’s just how much are you going to do and how long are

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‘Well, the electrician’s here, the carpenter’s here, the plumber’s here. Let’s keep going.’” Plus, he adds, “especially with a fixer, once you start making one part beautiful, even if the other part didn’t look so bad before, it’s going to look like complete junk beside it.”

Some experts say to add 20 percent to your estimates, some say 30, and some say to double or even triple them. But according to Tony Giacalone, “there is no rule of thumb about pricing. You should go out knowing how much it would be worth completely renovated, and there are enough comps out there now that it’s easy to find that out. Then try to estimate how

you going to take to do it,” he says. “If you buy a house from a family who’s lived in it for 50 years, they lived with it, so there’s no stopping you from doing it.”

Get the work done

Many people who tackle fixer-uppers, Giacalone says, either have experience working on houses or have relatives who are contractors, carpenters, or architects or are otherwise involved in the business of shelter. Elliott Wilke, who works in finance for a large manufacturer, knew more or less what he was getting into when he purchased his

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1,600-square-foot condo in Watertown; he had worked in construction during college, and his brother is in the trade. “Structurally, the place was OK,” he recalls, “but the floors had to be redone, the electric had to be redone, the plumbing had to be updated, and I added a bathroom in the third floor.”

and plastering – but save money by taking on other jobs themselves. Doing your own demolition, for instance, is not only easy but can also be fun (as long as you take safety precautions and don’t knock down any supporting walls). It can also save you hundreds or even thousands of dollars – enough to, say, significantly upgrade your kitchen sink and faucet, add

“Once you get into doing the work,” says homeowner Mark Cordeiro, “you don’t want to take anything else apart, because you’re afraid of what’s behind it.”

He also redid the kitchen, ripping down the 7-foot drop ceiling and the original plaster one, then adding new joists to bring it up to cathedral height. He did it all in less than a year by living with his parents for a while and getting a lot of help from family and friends who are in the business. But even with experience and his own informal crew, he says, “I ripped out the second-floor bathroom ceiling probably three times.”

Many home renovators use contractors for some jobs – such as plumbing, electric,

an instant-hot-water tap, or both. Other jobs that many owners try themselves, according to Home Depot spokeswoman Sheriee Bowman, include laying laminate and hardwood floors, hanging sheetrock, applying joint compound, and tiling and painting. “And in bathrooms,” she adds, “it’s not a huge learning curve to install a sink or toilet or ceiling fan. Some of the cosmetic things you can learn to do yourself, but you have to assess your skill set.” She recommends watching shows like *This*

Old House, checking out renovation books and magazines from the library, attending the free clinics offered in retail stores, and being honest with yourself about your abilities and patience.

And time frame. When Mark Cordeiro had to go to Denver for six months for work, he and Ingrid decided to hire a contractor to finish the last two rooms of their house. It seemed like a good idea at the time. "The guy we ended up hiring wasn't cheap," Ingrid recalls. But "we did the kitchen in less than a month, and this guy took 2½ months in the bedroom." One big problem, she says, was that the contractor would tell her, "Yeah, we'll be there tomorrow at 8," and they never showed up. So now I'm a prisoner waiting for them."

One way to minimize problems is to find a contractor through family, friends, or co-workers who had a good experience. "The Yellow Pages is not an ideal method," says Therese Crahan, executive director of the remodelers division of the National Association of Homebuilders. "You have to really be careful with remodelers. There are fraudulent contractors out there, because it's such an easy business to get into, with few barriers to entry." The easiest way to check

on a contractor is to contact servicemagic.com, an organization that screens builders for everything from trade references to civil judgments to sex-offender status and provides free listings to consumers.

Even with professional help, one thing home renovators agree on is that buying a fixer-upper is an education. Elliott Wilke recalls the reaction his girlfriend, Melanie Collins, initially had to his purchase. Like a lot of people, she just saw "a headache," he says. "She's the kind of person who'd rather go shopping than pick up a paintbrush."

"I am a little bit high-maintenance," admits Collins, who recently took up residence in the condo. "But this was very, very new to me." Her first thought was "that the condo was terrible. I walked in, and the whole place was 1970s-style. It was really dirty, the carpets were old, and everything was really dark and dreary." Eventually, however, she found herself making trips to home stores and even helping with the painting on occasion. "I learned a ton," she says, "and as I saw it coming together, I was really amazed. I realized it's really true: Anything is possible." ■

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