Before You Renovate…

Why Renovate?

Everyone has a different reason for wanting to renovate. Sometimes it's the simple need for a change. Other times, the motivation is more practical. If you wake up one day with a puddle in the basement and a water-stained ceiling, you know you have to act fast.

From the planning stage to the final touches, this guide shares our experience and knowledge with you. And it tells you about some of the first-rate resources we've developed to deal with all kinds of renovation issues. In general, there are three types of renovation: lifestyle, retrofit, and maintenance and repair.

- **Lifestyle renovations** improve your home and your way of life. They might involve building a sun room for pleasure, or converting unused attic space into living quarters to meet your changing needs.

- **Retrofit projects** usually focus on your home’s shell or mechanical systems. Examples are upgrading your insulation, replacing your furnace, or putting on new siding.

- **Maintenance and repair renovations** protect the investment you have made in your house through activities such as caulking windows, reshingling your roof, or replacing your eavestroughs.

Key Questions Before You Start

1. Is Your Renovation Practical?
2. Your Money’s Worth?
3. Is your Renovation Adaptable?
4. And Healthy?

A successful renovation can be a dream come true, but without careful planning and management, it can be a nightmare.
Be informed. Before you pick up a hammer, pick up a book or a video on home renovation. Talk to friends and neighbours who've renovated. Explore all the options, and remember the carpenter's creed: measure twice, cut once. Mistakes on paper are easy to fix and inexpensive. Mistakes on the job are not. The following questions will

**Is Your Renovation Practical?**

While maintenance renovations aren't really a choice — they're part of owning a home and protecting your investment — lifestyle renovations and even some retrofit plans may not be practical or do-able.

Be clear about your expectations. Learn when to draw the line between what's desirable and what's essential.

Almost any renovation will add to, or at least protect, the equity in your home, but kitchen and bathroom renovations and painting normally provide the greatest payback when you sell. If your property taxes and insurance premiums go up, the increase is usually small.

**Your Money's Worth?**

Over time, the money you save on heat, light and water by making your home more energy efficient may actually pay for the upgrades. Safety also pays. Insurance companies often decrease premiums when you improve wiring or fire prevention and improve or add a security system.

On the other hand, you can overdo a good thing. If you plan to move within a few years, is the renovation worth it? Will it pay to put on an expensive new addition when your house is in an area of more modest homes?

**Payback Range of Typical Renovations**

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<thead>
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<th>TOP FOUR GREATEST PAYBACK POTENTIALS</th>
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<tr>
<td>• Bathroom renovation (75 – 100%)</td>
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<td>• Kitchen renovation (75 – 100%)</td>
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<th>TEN AVERAGE PAYBACK POTENTIALS</th>
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Is your Renovation Adaptable?

It's best to take the long view when you're renovating, because your needs are bound to change as time goes by. Try to build the most flexibility and long-term usefulness into your design.

For instance, some day you may want to convert a nursery into a home office. Installing the required wiring now will save you time and money later, and will also add a selling feature if you decide to move.

This kind of planning is part of what CMHC calls FlexHousing. And it's not just about preparing for future changes. By installing features such as lever door handles, non-slip flooring and extra-wide doorways, you make household activities more comfortable and safer today.

And Healthy?

Planning a renovation is also an opportunity to apply Healthy Housing principles.

The goal of Healthy Housing is to reduce house-hold demands on the outdoor environment while providing a healthy indoor environment — by installing energy-efficient appliances, for instance, or by making the most use of natural light and passive solar energy in your designs.

Choose building materials that help conserve natural resources, such as salvaged lumber and products made with recycled content. Building materials should be durable, easy to maintain, and should not give off toxic gases once installed. Finally, choose and use construction techniques that minimize waste and debris.
The basis of Healthy Housing is to think of your home as an ecosystem and a part of the larger environment. Incorporating Healthy Housing principles when planning your renovation will help protect your family and community, and could very well help you save money.

Renovation, Step By Step

From the first idea to the finished project, there’s a great deal to think about when you decide to renovate. By following the eight steps listed below, you’ll make sure you have answers to all the important questions, and have a well-laid plan for getting the job done.

1. Set your priorities
2. Know what's possible
3. Do the math
4. Pick your partners
5. Get it in writing
6. Don't worry about the mess
7. Inspect as you go
8. Give the final thumbs-up

If you're considering several projects, rank them in order of importance. Maintenance items should be given top priority. You'll want to fix a leaky roof before refinishing the floor beneath it!

Step 2. Know what's possible

Every house has unique strengths and weaknesses. Hire a qualified private home inspector or architect to give you professional advice on what your home needs and what it can — or should — do.

Just remember: consulting a qualified professional before you make a big decision is the best way to avoid costly complications down the road.

Consider the impact of your intended renovation. The addition you want may look great on paper, but can your heating, plumbing and electrical systems service it? Remember that although your house looks like a static structure, it's actually a collection of components that interact continuously. If you change one part, another may be unexpectedly affected.

For example, by adding insulation and installing new windows you can make your house more airtight, and therefore, more energy efficient. But your furnace may no longer operate properly or safely! Increasing airtightness affects heat flow, air flow and indoor moisture levels. You have to understand how these factors are inter-related before you can upgrade effectively.

Remember that building codes and local by-laws may also limit what and how you renovate. There's nothing worse than discovering the project you've painstakingly planned is not allowed. Talk to your municipal building department and find out about zoning and permits.

Step 3. Do the math

Can you really afford to renovate?
To know, you need a clear idea of the costs involved. Get quotes from at least two reputable local renovators, architectural firms or materials suppliers. Explain exactly what you want to do and discuss various options. Then, take the most reasonable quote and add 10 to 15 per cent for unexpected costs.

Discuss the financial implications of the project with your real estate agent, banker or financial adviser. If you need financing, you may be able to renegotiate your mortgage or apply for a personal loan. You may even be eligible for assistance, as some utilities and provincial and municipal governments offer incentive programs for energy-efficiency upgrades.

Step 4. Pick your partners

Many homeowners decide to do their own renovations. In most provinces, you may do so, provided you get the necessary permits, follow local building codes, and have the work inspected by the appropriate authorities.

Doing it yourself can save money, but there are other costs to consider. Are you prepared to draw up your own plans, get your own permits, and schedule inspections? How much time can you spend away from your regular job, your family, and other commitments? Can you be as efficient or as skilled as tradespeople who do this specialized work every day?

You may feel comfortable painting a room or removing an old fence, but specialized tasks that involve wiring, plumbing or heating systems are usually best left to professionals. Some municipalities, in fact, require certain kinds of work to be done by certified tradespeople.

There is also the question of equipment: if you don't own the tools, you'll have to buy or rent them. If you run into problems, who will you call? Renovation is a big responsibility, and at times it can be stressful.

Most people find that contracting-out the work is best. But choosing the right renovator is extremely important.

Who's Best for the Job?

Many small jobs can be done by your local handyperson. For larger or more complex projects, however, it's a good idea to consult an architect, a design firm or a full-service renovator. Their involvement can range from taking a simple walk through your home to come up with ideas to taking responsibility for the entire renovation.

In addition to drawing up plans and layouts and hiring a contractor for you, these professionals can obtain zoning approvals and building permits, supervise the progress and quality of work, and approve payments.

Favour local firms that have been in business for a number of years. Ask for client references: satisfied customers are the best recommendation. You may even wish to tour the renovator's current job site before making a decision.

The company and its subcontractors should have proper licences to do your work, as well as adequate insurance. Don't be shy about asking: reputable firms won't hesitate to answer your questions.
Even if you give an architect or designer the fullest degree of responsibility, you should understand the renovation process, including budgets, quotes and contracts, in order to protect your interests.

Choosing your Renovator

Ask for recommendations from:

- friends and colleagues
- building supply and hardware stores
- local home builder and renovator associations
- Better Business Bureau
- municipal building departments
- satisfied people who have recently completed a renovation

Beware of contractors who:

- quote a price without seeing the job
- demand a large down payment to buy materials: all reputable renovators maintain charge accounts with suppliers
- refuse to provide a written contract that specifies exactly what they will do
- come to the door offering a "special price" because they happen to be working in the area
- promise a discount in exchange for using your home to "advertise" their work — the same offer will have been made to everyone
- can't give you an actual business address, only a post office box, telephone number, or the address of an answering service

Estimates

Get written estimates from at least two, and preferably three, of the renovators recommended to you. An estimate is a renovator's best prediction of the charges you can expect to incur, based on his or her understanding of what you want, labour and material costs, and any anticipated difficulties.

An estimate should be in writing and include a job description, the full price, terms of payment, a schedule of work, and start and completion dates. Don't mistake an estimate for a guarantee, though, and remember that it's no substitute for a written contract.

Is the Lowest Bid the Best Bid?

Not necessarily. Renovators who submit unusually low bids may have made a mistake, or may be too inexperienced to estimate properly. When they find out they are going to lose money, they might look for ways to cut costs, add unjustified extras to the bill, or abandon the job.
Cashing Out

Some contractors may offer a discount for payment in cash with no written contract. Don't be tempted. "Underground economy" transactions are risky, and the pitfalls can easily offset any promised savings.

A contractor who insists on cash with no contract may be unlicensed and uninsured — meaning your cash advances are unprotected. He or she could neglect to obtain the required building permits, licences and certificates, or fail to arrange for inspections, landing you in trouble with your municipal building department.

As well, many product warranties are invalid unless the items are installed by a recognized contractor. And you could face personal health and safety problems because of poor workmanship.

Liabilities

If the contractor's crew is improperly trained and a worker damages your property or someone else's, or is injured on site, you may find your homeowner's insurance won't cover you. You'd then be held financially liable for any damage or injuries.

Should something go wrong or the work prove unsatisfactory, or if the contractor walks off the job without finishing it, you may have no legal recourse. Cash payments make it difficult to prove the contractor was ever there. You could end up having to pay another contractor to finish the job properly or make repairs.

After paying in full, you may discover that the contractor has not paid for materials and labour employed at your site, and you may be held accountable for those bills.

Protect Yourself

Your home represents the largest single investment you're ever likely to make. Protect its value — and yourself — by dealing with a reputable firm that operates in the open market, legally and responsibly. Your peace of mind is worth it.

Step 5. Get it in writing

Always get a written contract describing the work to be done, what it will cost and how payments will be made. Never agree to anything before you have it in writing.

Your Responsibilities:

- Decide what's to be done
- Choose materials and products as required
- Select the renovator or design firm
- Ensure the contract describes the job completely and correctly
- Obtain zoning approval and building permits
- Provide workers with the necessary space, access and utilities
- Inform the renovator about deficiencies or mistakes as soon as possible
- Pay for the job once it has been done to your satisfaction
Your Renovator's Responsibilities:

- Be licensed
- Perform work as contracted, unless changes are authorized in writing
- Maintain liability and property damage insurance, and workers' compensation
- Hire skilled workers
- Pay workers, suppliers and subcontractors
- Oversee the quality of work

A Smile and a Handshake Just Aren't Enough

Without an agreement on paper, there's little you can do about poor or incomplete work. You risk being charged more than you expected, and it's unlikely you'll get any warranty or after-sales service.

Professional contractors always provide customers with a clearly written contract. Once signed by you and your renovator, it's legally binding. So make sure that what you sign describes exactly what you want. Most client-renovator disputes occur because there was no contract, or because the contract was vague or incomplete.

If you have any doubts or questions about the contract, have your lawyer review it before you sign. If your renovator refuses to accept a written contract, get another renovator.

The Main Ingredients

There's no such thing as a standard contract. Everyone is an individual document covering special requirements. That said, all contracts should include:

- The correct and complete address of the property where work will be done
- Your name and address
- The renovator's name, address and telephone number (if a corporate name is used, the company's official on-site representative should be named)
- A detailed description of project, plus sketches and a list of materials to be used
- The type of work that will be subcontracted
- The right to retain a mechanic's lien holdback as specified under provincial law
- A clause stating that work will conform to the requirements of all applicable codes
- Start and completion dates
- Agreement about who is responsible for obtaining all necessary permits, licences and certificates — the homeowner or the contractor
- Responsibility of the contractor for removing all debris as soon as construction is completed
- A statement of all warranties, explaining exactly what is covered and for how long
- A statement of the contractor's public liability and property damage insurance
- Price and terms of payment.

Both you and the contractor should sign two copies of the contract, one for you and one for the contractor.
In the Real World

No matter how well you plan your project, changes will probably be necessary. These can result in increased costs and delays. To protect yourself and your contractor, changes should be made only through a written change order detailing what's involved and the associated cost differences.

Money Matters

Your renovator may ask for a deposit on contract signing, especially for larger jobs. If so, it should be a nominal sum unless special items or materials have to be ordered.

Paying by cheque is another important part of getting it in writing. It gives you a record of what you have paid, and what you have paid for. You should also insist on a signed receipt.

Pay only for work completed, and never for the full amount. Holding back some of the money from each instalment protects you against liens that can be placed on your property by suppliers or workers unpaid by the renovator. Liens hold your property as security for the renovator's debts — even if you have paid the renovator in full!

You can guard against this by making out some cheques jointly to the renovator and supplier or workers, provided this is agreed to in the contract.

Step 6. Don't worry about the mess

It's no fun living on a construction site. In fact, if the renovations are major, you may want to consider moving out for a while. Of course, this isn't always possible. Be sure at least to find out from your renovator what kinds of disruptions you can expect.

For example, water and electricity may have to be turned off, heavy equipment brought in, or sanding done at some stage of your project. As the work progresses, ask for specific dates and times so that you and your family can plan around them.

You'll also want to negotiate the times workers start and finish each day, and whether they'll work on weekends. Renovators often keep several jobs going at once, especially during the busy summer season, so there may be days or even weeks between their appearances. These periods must be indicated in the renovator's work schedule.

Be aware that renovating can be a dirty job, or at least a very dusty one. If you decide to stay in your house, remove all furnishings and personal items from the work site. If you can't easily move something, cover it with a plastic sheet and seal it with duct tape.

Seal off doors to non-work areas and heating and ventilation ducts in the work area. Sealed-off areas will probably require a supplemental source of heat during the winter.

The Human Factor

A professional renovator and crew will always do their best to be considerate of your privacy and personal space. In turn, they will have certain needs, such as access to...
toilets, water and a telephone. Plastic runners leading to a toilet, water and a telephone will help keep your carpets and floors clean.

Tell your renovator what spaces and belongings are off-limits, and the times you do not want to be disturbed. If workers have habits that annoy you, discuss your concerns with the project manager or your renovator, not with individual crew members. If you allow smoking in your house, place ashtrays in the work area. Otherwise, ask workers to smoke outside.

**Step 7. Inspect as you go**

Most renovation experiences are happy ones. But don't assume that things are going according to plan just because you have a sound contract and good rapport with your renovator. Stay on top of your project to prevent minor errors from becoming major problems.

If you have a disagreement, be reasonable. Go over the contract and listen carefully to the renovator's explanations. If you're still not satisfied, get a second opinion from a recognized home inspector or an architect before taking further action.

**How to Handle Problems with Your Renovator**

What if you're not happy with the job? First, try to negotiate a solution. If that fails, send the renovator a registered letter setting out your objections and mail copies to your provincial consumer protection branch and if your renovator is a member to your local home builders association.

In this letter, you can either:

**A.** threaten to cancel the contract and obtain a refund of your deposit (permitted in some provinces); or

**B.** give the renovator a set time in which to finish the work to your satisfaction, and advise that if, after that time work is incomplete, you will hire another contractor to complete the work using money remaining from the original contract. Only do this after you have obtained advice from your lawyer and a new estimate from another contractor.

Poor workmanship and unsatisfactory business practices can be reported to the municipal bureau that issued the contractor's licence. Work that is not up to building standards can be reported to your local building inspection office.

There are laws to protect you from dishonest or incompetent contractors. Provincial governments and the federal government have consumer protection branches: you can ask for their help. Your local Better Business Bureau will also hear your complaints and help mediate a dispute. Finally, you may be able to file a claim in small claims court.

**Keep It Safe**

From initial demolition to final cleanup, renovation projects can present a number of hazards. Some are obvious: the nail-studded board tossed into a pathway, the naked blade of a power tool. Others are less visible: the unshored excavation, the fumes from solvents, paints and glues.
There are good reasons to think about safety even if someone else is doing the actual work. You don't want your renovation marred by an accident or a lawsuit.

Know what your insurance will cover before work starts, especially if you are supplying some of the materials or lending tools or other items. And make sure that your contractor's coverage is adequate to shield you against all possible claims. Contractors normally carry liability insurance, but their policies may not cover all the tradespeople involved, or others who stray onto the site. In the case of serious injury, you could be liable.

Once work has started, knowledge and awareness can prevent many accidents.

- Warn people coming near the site about hazardous areas, activities and substances before they encounter them.
- Insist that the work site be kept tidy and as hazard-free as possible.
- Insist that hazardous substances be kept in sealed, clearly marked, non-food containers.
- Dispose of hazardous waste promptly, in accordance with local regulations: don't put it out with the regular garbage.
- If you’re doing the work yourself, read and follow the instructions on all hazardous products, as well as the Material Safety Data Sheets provided by manufacturers and retailers.
- Insist on the use of appropriate, well-maintained tools and equipment.
- See to it that appropriate safety equipment and clothing approved by the Canadian Standards Association (CSA) are used.
- Insist that a fire extinguisher approved by Underwriters Laboratories of Canada (ULC) for Type A, B and C fires be on site at all times.
- Stay alert and ensure that everyone on the job stays alert. Report horseplay or erratic behaviour to the project manager at once.
- Insist that all hazardous materials and sites are safely locked up at the end of each work day.

If you live in your house while the work is being done, check at the end of each day to be sure that safety precautions have been followed.

**Step 8. Give the final thumbs-up**

As the work winds down, make sure that it has been done to your satisfaction and according to your contract. Never make the final payment or sign a certificate of work completion or any other document releasing the renovator from further responsibility until all deficiencies are corrected. Don't release the lien holdback until the registration period for mechanics' liens has passed and any outstanding liens have been paid.

Once the project is finished and life returns to normal, sit back and enjoy the fruit of your labours. If you prepared yourself well, you'll find your hard work has really paid off.