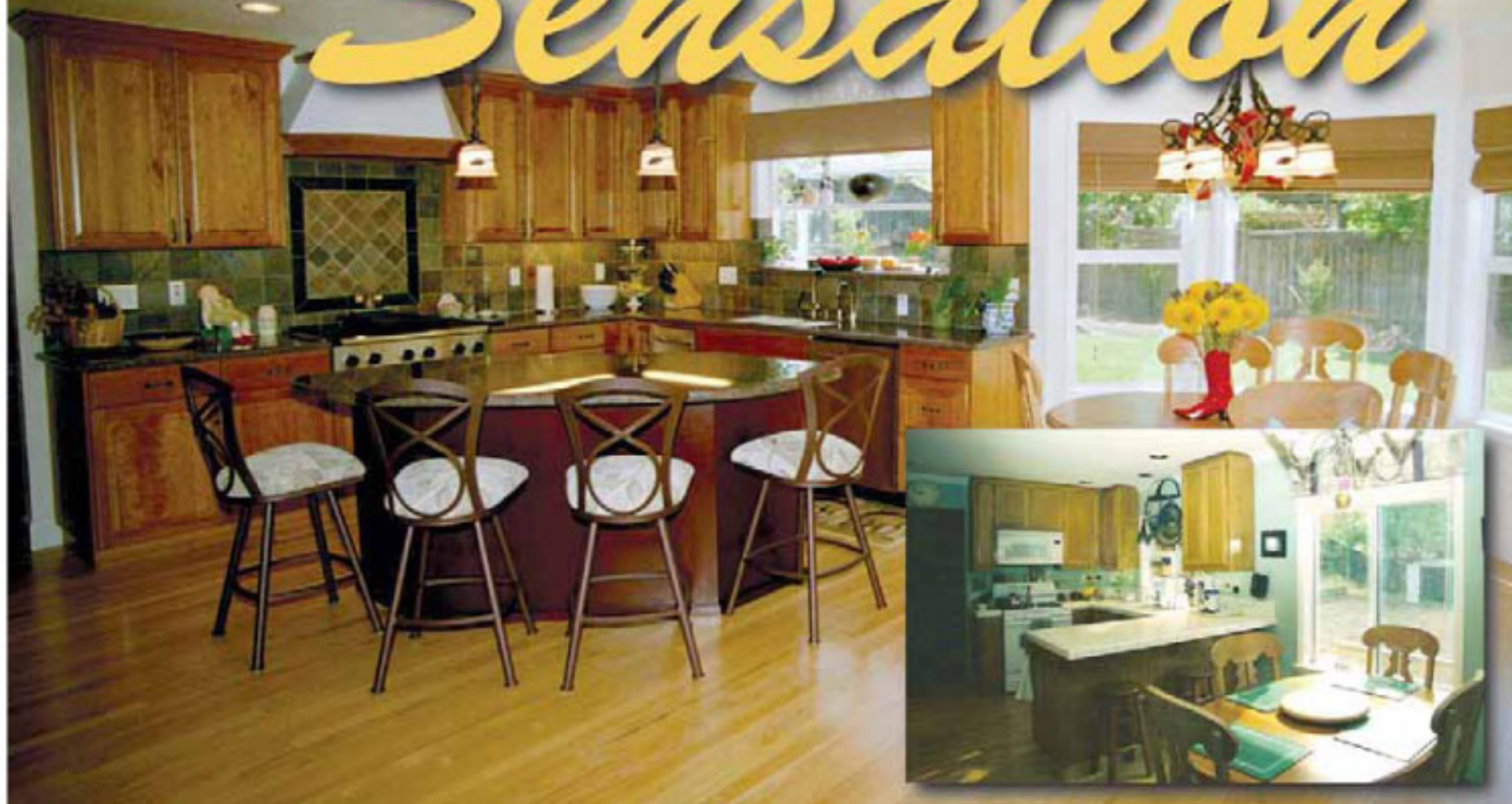


# RENOVATION

# Sensation



By Bill Meagher and Peter Seidman

If you make a living swinging a hammer, places like Las Vegas and Florida are the equivalent of the Promised Land, where cheap land, growth-friendly governments and a condo craze have contractors working overtime. In contrast, new subdivisions in the North Bay are an uncommon phenomenon. But contractors here are still managing to stay busy, thanks to the remodeling craze.

The economic reasons behind the rush to remodel are many. To begin with, there's a lack of buildable land. Marin County is built out (planner-speak for no more room), and even in Sonoma and Napa counties, buildable tracts of land are getting rarer. And even if land is available, commercial lenders and banks are increasingly uncomfortable about lending on raw property, thanks to the uncertainty of the permitting process and the increasingly long span of time between idea and reality.

Then there is the high cost of housing. In both Sonoma and Napa counties, the median price for a home is more than \$600,000, and, in Marin, it's nudging a million. The number of North Bay homeowners who could buy their own home over again, never mind a bigger and better home, is dwindling. That all crimps the building market. And then there's the fact that fewer people are putting their homes on the market, which constricts demand and pushes prices higher. With Highway 101 a daily exercise in frustration, some homeowners are looking at remodeling as a better alternative to moving into a bigger house farther away with a less attractive commute.

Another factor is the B-word, as in bubble. With homes in the North Bay appreciating at a ferocious pace, there's more than a little concern in many circles that this endless ride upward has to stop sometime. The worry is that when this ride finally peaks, there will be a lot of people in homes that haven't appreciated



Above and left: Before and after views of kitchen remodels by Herkey Construction Inc.

# As buildable land for new homes gets harder to find, contractors keep busy by turning older homes into castles.

enough to cover all those funny interest-only loans. And when the interest-only period is up, so is the jig. Suddenly, the lenders will be pushing houses out onto the market, driving supply up and driving prices and values down. With a bubble-burst scenario in mind, many homeowners figure it's cheaper and safer to remodel than it is to buy a new home which may not hold its value if the market turns.

Contractors also report that homeowners are looking at the tax implications of remodeling versus the purchase of a new home. Although a remodel can trigger a reappraisal and push a house into a higher tax bracket, it isn't a certainty. On the other hand, buying a bigger, more expensive home always means taking a bigger hit on property taxes.

Thanks to a wealth of TV programs that feature remodeling and design themes, the public is more aware than ever of the option of redoing a home. There are now more than a dozen programs about remodeling on most cable and satellite systems, including ABC's "Extreme Makeover: Home Edition" and, of course, Home and Garden Television, an entire network

dedicated to making a house a home and a garden a luscious, green, leafy retreat. This is to say nothing of the magazines like *Architectural Digest* and *Sunset*.

Perhaps the biggest driving factor in the remodel boom in the North Bay is the availability of cheap money. Despite regular bump-ups in the interest rate that the Fed charges banks, interest rates have remained at historic lows. This has given existing homeowners the option of tapping into the equity in their property to reshape their homes. Homeowners all over the North Bay have taken advantage of the money supply by ordering up plastic surgery for their abodes. Everything from adding a bathroom to doing a teardown has kept contractors hopping from job site to job site.

## A nationwide trend and a different kind of boom

The North Bay isn't alone in its love for remodeling. The National Association of Home Builders reports that its national Remodeling Market Index continues to climb. The RMI is a

quarterly survey of remodeling professionals based on questions pertaining to the amount of work they have received, their backlog of jobs, the type of remodeling work they have performed, as well as volume of jobs bid and scheduled for the future. The questions are assigned values, and the index is based on the calculations of the sum of the responses to the questions. Thus far, the index for 2005 is higher than 2004.

It isn't just building contractors who are caught up in the remodeling craze. Architects are staying busy redesigning old

kitchens into food prep centers and great rooms. Color consultants are working remodels to match granite countertops with backsplashes. Plumbers are putting in Japanese soaking tubs and showers with dual heads and rainwater options.

The recent splurge in remodeling is focusing on a different area of the home than past remodeling booms and boomlets. The standard facelift used to call for adding, maybe, an extra

**"Seven or eight years ago, the market for a \$250,000 to \$500,000 remodel was non-existent. Today, most remodels run from \$150,000 to \$400,000. From \$200,000 to \$400,000 is a very real market with plenty of demand."**

—Jeff Harkey



A small, older home is enlarged and given a complete new look by Thomas Mulvey, a general contractor based in San Rafael.



Jeff Harkey, president of Sonoma County-based Harkey Construction Inc., says people don't always put in kitchens so they can cook gourmet meals.



Thomas Mulvey, a San Rafael-based general contractor who specializes in remodels, says communication with clients is of utmost importance.



Al Lamperti, founder of Lamperti Contracting and Design in San Rafael, says 65 percent of his business comes from kitchen remodels.

bedroom and bathroom for a growing family as a new baby arrived. Today, however, the most popular change is remodeling the kitchen, which commonly involves blowing out all the appliances and installing new counters, an island/breakfast bar and new cabinets as well as new floors.

And according to some contractors who stay busy in the North Bay, the kitchen is not necessarily being put in to cook gourmet meals. "People want a trophy kitchen, and for the three or four months it takes to do the job, they rely on a coffee pot and a microwave to do the cooking," says Jeff Harkey, president of a Sonoma County construction company that bears his name. "But when the new kitchen is in place, I don't know that it is that much different for them in terms of how they cook. People put kitchens in that make them feel good, and it isn't because they are cooking elaborate meals every night."

Harkey also says his clients are into the details. "They want the Sub-Zero refrigerator and the Wolf Range that you see lots of, but they also want the granite in the countertop to pick up the backsplash color, and the backsplash needs to have some color in it to match the cherry cabinets. They want the wine refrigerator, and they want all of it to not only go together but also make it easier to entertain."

Harkey's observations are similar to those of Thomas Mulvey, a San Rafael-based general contractor who specializes in remodeling. "I think a lot of people choose to make changes to the kitchen because it is the focal point of the family," he says. "They want a room that makes sense, and in older homes, some of the kitchens aren't very efficient. Sometimes the refrigerator is on the other side of the room from the range, or there isn't enough counter space. Another big thing is light. People want to be able to see what they are doing, whether that is a new lighting system or skylights, or opening a wall up and putting in larger windows."

That's also the way San Rafael-based contractor Al Lamperti sees it. Kitchens definitely are the social center of the home for many of his clients. So while mom and dad may not be ready for their own show on the Food Network, the kitchen is still an important room that requires changes. "I would say 65 percent of our business comes from kitchen remodels. Our clients are pretty focused on the kitchen."

Lamperti is no Johnny Come Lately to the remodeling trade. As founder of Lamperti Contracting and Design, Lamperti built the first kitchen remodeling showroom in Marin. In 1965, he went into the kitchen remodeling business. Over the years his company expanded to include everything from bathrooms and kitchens to a full range of major residential remodeling projects. Today, the company has three in-house designers and a big enough workforce to be able to wrap up most jobs within three months.

Lamperti, who sold his business to Greg Nelson and Sean Kelly in April, says the key to avoiding the nightmare of a kitchen remodel lasting longer than three months is to have all permits, appliances, finishes and subcontractors assigned before putting a hammer to anything. "To a degree, part of the trick is to be large enough so that you do not have to pull a crew off one job to do another. You also have to be organized so the work flows." Lamperti plans on helping the business stay on schedule by consulting for the next five years.

While Lamperti preaches the virtues of organization, Thomas Mulvey & Associates Building Contractors Inc. insist that delays can often be reduced by making sure clients are clear on what they want. "Life is stressful enough without a remodeling project. When we first meet with the client, we try to identify what they want and what they are expecting. But just as important is to keep in touch with them about the choices they made so that there are no last minute decisions," Mulvey says. "This not only helps them keep their stress level down, but also helps us manage the budget and schedule more efficiently."

#### Women want the kitchen; men want the garage.

Lisa and Loyal Davis own Sonoma County Builders Inc. and split their time between remodeling jobs and public agency work for school districts and local governments. Lisa, who handles much of the office organization, says the demand for remodeling isn't a mystery. "Women want the kitchen done; guys would rather take a shot at the garage," she says with a laugh.

While the Davises see plenty of kitchen work, they are also doing plenty of bedroom upgrades that involve turning the master bedroom into a master suite, making rooms bigger rather than adding more rooms. "Most of the time we are



Lisa and Loyal Davis of Sonoma County Builders Inc. update a home from top to bottom, inside and out.

reconfiguring space so that the bathroom is bigger, has a large tub perhaps," Lisa says. "Also, our clients ask for a sitting area and a walk-in closet."

Besides kitchens, bathrooms and master suites, another very noticeable remodeling trend in the North Bay is the partial tear-down. It's no longer unusual for a homeowner to buy a North Bay house mostly for its land value. "Things have changed in that somebody will buy a house that is not in great shape and then gut it without moving in at all," says Harkey. Besides remodels, Harkey's company spends 30 percent of its time building semi-custom homes in the North Bay.

"Sometimes you see a client who has bought a bad house on a good lot, and the remodel might be \$1.5 million to gut the house and then put in all of the best upgrades."

The Davises have been seeing the same thing in the market. "In Sonoma County, the permitting process moves a lot faster when you tear down a house compared to when you build a home on empty land from the ground up, and in some cases, I think the county is happy to see it happen," Lisa says. "When you start looking at some of the older bungalows that are two bedroom, one bath, it makes sense to not only make them bigger but also to bring them up to code."

In the decidedly upscale Marin neighborhood of Kentfield, house construction became a hot button issue two years ago when county planners approved new homes that neighbors complained were too big and out of scale with the neighborhood. Mulvey says he's done quite a bit of work in the Ross Valley area, where Kentfield is situated, and it's not unusual for a remodel to tear down 60 percent or more of a home. "In that area, Kent Woodlands, you can have older homes that simply are not worth as much as the lot, so we sometimes do a remodel where a section of the home is

removed, and we then do significant upgrades and expand the house as well."

Mulvey says that while lots of clients are focused on putting together a kitchen that would make Emeril Lagasse turn backflips, the bathroom is still a popular target for improvement. "Clients ask for soaking tubs, radiant heat in the floor, skylights, high-tech lighting systems, a custom cabinet with built-ins so that the hair dryer is plugged in inside the cabinet or the hamper is built in."



A kitchen goes from cramped to spacious under the guidance of Lamperti Contracting and Design.



A bathroom and kitchen remodel by Lamperti Contracting and Design of San Rafael. Right: A kitchen in the Lamperti designer showroom.



A before and after look at a custom remodel by Harkey Construction Inc.

### Keeping clients happy

And with all of those bathroom remodels and kitchen re-dos and the partial tear downs, along with housing prices that continue to soar, the remodel business has been good to Mulvey, Harkey, the Davises and Lamperti. "Seven or eight years ago, the market for a \$250,000 to \$500,000 remodel was non-existent," says Harkey. "Today, most remodels are running from \$150,000 to \$400,000. From \$200,000 to \$400,000 is a very real market with plenty of demand."

For that kind of money, the contractors agree that two things are important in terms of keeping clients happy. "You need some face time; they need to see you every day, especially if they are not moving out," says Harkey. The other crucial element is trying to expedite the job through the planning and approval process. "It can really be an exercise in frustration," says Lisa Davis, especially with the Sonoma County approval process. "If your job requires grading, new drainage systems or taking out a weight-bearing wall, the required permits take about 12 weeks just to process the application."

Further south, Marin County has become legendary in the trades as a difficult place to navigate the approval and permit process. It's common knowledge in Marin construction and design circles that there are Bay Area architects who will not take jobs in some Marin cities because of the difficulty navigating through stringent regulations and procedures. Mulvey says he's aware of Marin's reputation, but as long as the job doesn't call for a variance or building beyond the scale allowed for lot coverage, the reality isn't always a heartache. "But, this takes me back to the idea of making sure that our clients are not only clear on what they want, but also on how the process works and what to expect. Good communication is really important."

In that way, at least, the work needed to achieve success is much the same as the work needed in a relationship. One can yield a good marriage. The other can yield a great remodel. n



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—REPRINT—  
from September 2005  
Pages 38-46

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