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Constructing Your Townhouse in 14 Months

Adam Gordon, a previous contributor to this newsletter, is a renowned Manhattan townhouse developer with several record breaking sales and architectural awards to his credit. I asked him to share some of his wisdom regarding the construction process acquired from the renovation of many fine luxury townhouses. He identifies eight ways to expedite your construction project and the pitfalls if you don't. Here are the first two.

Let's start with a premise: I have undoubtedly made more mistakes in townhouse renovation than anyone reading this page. Townhouse renovation in New York City is challenging and complex, with many unforeseen obstacles. Since experience teaches, let me share a bit of mine.

I am talking about speed; how to renovate your townhouse in a 14-month construction cycle. Conversely, it is a cautionary tale about how easy it is to fall into a 36-48 month construction abyss, and end up exhausted, spent (yes, both definitions) and frustrated.

Top Eight Ways to Speed up your construction

1. Have proper budgets and available capital
2. Don't listen to your friends
3. Hire the right team at the beginning
4. General Contractor vs. Construction Manager
5. Hire an owners representative
6. Focus on schedule
7. Manage long lead Items
8. Remember the signoffs and punch lists (that's plural)

1: Have proper budgets and available capital

It costs \$500-\$1,000 dollars per square foot minimum including hard construction costs and professional fees to renovate a townhouse in Manhattan today. Hard construction costs alone for a gut renovation of a luxury house are \$400-\$700 per square foot minimum. If you do not have these funds available at the start of the job, do not proceed.

Contractors, construction managers, owner's representatives and others who say they build it for less are simply inexperienced or are providing low numbers to get the project. The change orders and "unforeseen conditions" will bring the budgets to the numbers above by the end of the process. Or, the quality will fall below luxury standards. Simple advice is that if your capital is not available in amounts to reach these budgets, then defer the project. You will otherwise be disappointed in the result.

As a note, it is significantly less expensive to build in New Jersey and elsewhere. Fortunately or (unfortunately), we are not in New Jersey, but it's far more costly to work in Manhattan for numerous reasons.

Capital must be readily available to keep the job running on time. General Contractors and their subcontractors are notoriously undercapitalized. If they are waiting for payment, they often cannot afford to order or purchase materials or pay their men. When they lack capital, they often quietly suspend the job until funds arrive from the owner. The staffing on the job noticeably drops and the schedule lags. Sometimes owners need to pay the contractor more quickly than the reconciliation provides, especially in months with high output or materials investment. An Owner Representative's positive relationships with subcontractors should provide critical information on the state of the project's cash flow.

Many jobs pause because preliminary budgets are not met. When the bids come in, a many month "value engineering" process begins. A proper Owners Rep. can tell you up front what your project will cost depending on the house and your goals and guide you and the architect during the drawing development process. This will minimize value-engineering delays.

2: Don't listen to your friends

We have all heard the bragging: a friend or acquaintance's renovation was finished top to bottom in a year for a few hundred dollars a square foot. They will go on about their wonderful architect from Great Neck that will design a fabulous townhouse for a fee of \$50,000. They recommend their uncle Ernie the former construction executive who will leverage his relationships and get the house built way under market cost. Everyone at the dinner party is a veteran expert, and they all profess to hold the key to getting it done quickly and cheaply...sound familiar? Unfortunately, though real estate is Manhattans' chief sport, a friend's supposed expertise and enthusiasm can cause a new owner to make poor choices. It's critical to work with highly skilled and experienced professionals in Manhattan townhouses.

Friends, though well meaning, are likely to offer poor recommendations. Townhouses are a specialized real estate type and their renovation requires significant experience in understanding their attributes and constraints. Working with people who are skilled in other geographies or real estate types involves them learning on your job, which will have negative implications for your schedule and budget. The suggestion: Smile and ignore friendly advice while bringing science and study into the process by listening to and hiring experts.

Adam Gordon

Coming up: "Hire the Right Team at the Beginning", "General Contractor vs. Construction Manager" and "Hire Owners Representative."

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2. **"Heating Oil Tanks—What you Should Know" by Chuck Merritt.** Full article, including why lenders and insurers care about the presence of oil tanks.
3. **Structuring a Buy-out of a Tenant.** Attorney Mitchell Zingmann's advice on how to buy out a tenant amicably.
4. **"Choosing a Townhouse" by Adam Gordon.** Zoning, tenant issues, and three case studies.
5. **Rent-regulated tenants who do not use the apartment as their primary residence may be evicted.** Learn in advance if a suit is worth the trouble, by Sherwin Belkin, Esq.
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7. **Combining apartments without a lot of fuss.** Andrew L. Pettit, AIA, offers an overview of combining apartments in New York City.
8. **Understanding townhouse architecture.** The architectural styles and distinctive details that define a New York townhouse.

9. **Townhouse Research Methods.** A concise summary of the latest townhouse research sources.
10. **NYC Real Property Taxes** as explained by William Block, Esq.
11. **Your Townhouse Renovation.** Noted architect Don Zivkovic gives pointers on renovating your townhouse and the cost savings available today.
12. **Understanding ECB Violations.** A brief overview on ECB Violations and how to cure them.

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