

REAL ESTATE

# Renovating in New York: Let 'Er Rip? Not So Fast

By TIM McKEOUGH MAY 29, 2015

Robert and Debra Liano thought their renovation plans were straightforward, but it didn't take them long to discover that very little about New York City construction is simple, easy or inexpensive.

After spending \$1.65 million in 2010 to buy a co-op apartment at 112 East 19th Street in Gramercy that had last been updated in the 1970s, they moved in and put up with its curved wall topped by glass block, surface-mounted electrical conduits and awkward kitchen.

But about a year later, they began planning an overhaul, and encountered the arcane process that must be followed to renovate an apartment in the city.

"There were layers of people and process involved in what I thought was a simple project," said Mr. Liano, a filmmaker and television producer. "There were a lot of hurdles and back-and-forths that I didn't anticipate."

It began as soon as they started interviewing architects. "We had one woman tell us, 'I wouldn't do anything unless you're ready to spend a million dollars,'" Mr. Liano said. This was almost double their budget, and "before we even discussed what we wanted."

The couple hired AM/MOR Architecture, a Manhattan firm that was confident the renovation could be completed for less.

To secure the co-op board's approval, Mr. Liano said they spent about three months responding to "a laundry list of questions" from the architect the building used to review plans.

"There was this huge argument about the brand of waterproofing that they were going to put underneath the shower pan," he recalled. "That consumed two weeks of my life."

Then there were the windows. Because they abutted the property line, special fire-rated glass and a sprinkler system were required — unforeseen expenses that totaled about \$55,000.

Never mind that Hurricane Sandy delayed the kitchen cabinets, or that the stone countertop for the kitchen island was too large to fit in the elevator or manhandle up the stairs. The contractors got it in via the fire escape.

The job took roughly nine months and was completed in March 2013, for a total of about \$600,000. "We couldn't be happier with the result," said Mr. Liano, who has since become president of his co-op board.

But he believes the project would have taken longer, and cost more, if he hadn't been engaged every step of the way.

What follows is a review of the only-in-New-York process for renovating a co-op or condo apartment — a process that requires careful planning, an ability to roll with the punches and a heavy dose of forbearance. Remember that what may sometimes seem like rigmarole was created to protect the safety and interests of everyone involved.

## **Building Rules**

When contemplating a renovation, "the first thing you should do is contact the managing agent of the building to get a copy of the alteration rules," said Steven R.

Wagner, a partner in the law firm Wagner Berkow, which works with more than 50 buildings in New York.

Those rules, typically detailed in a multipage document, could have serious consequences for your renovation plans. Most buildings have blackout periods that prohibit work on weekends and over holidays, and some are much more restrictive.

“Some buildings will only permit work to be done, for instance, between July 1 and Sept. 1, when the building is more empty,” said Stuart M. Saft, a partner of the law firm Holland & Knight, and chairman of the Council of New York Cooperatives and Condominiums. “Of course, it’s very difficult to do an entire apartment in two months. It’s difficult even to do a kitchen in two months.”

Sometimes buildings limit the number of renovations happening at any one time, so as not to overwhelm elevators and staff. This means that if renovations are allowed only in the summer months, the sooner you submit your plans, the better your chances are of moving ahead with your project and not having to wait until the next renovation season.

Once your contractor begins the job, the building usually has a deadline for completion — and fines for missing the boat. The owner/shareholder is responsible for paying them. “There are typically liquidated damages, like a daily payment, if you go over that time period,” Mr. Wagner said. “It may be \$100 a day or \$250 a day.” He has seen figures as high as \$1,500 per day.

There are usually rules related to plumbing as well, Mr. Wagner said. For example, if you modify any plumbing, you’ll be required to replace the branch lines all the way back to the main water lines, an additional expense. Many buildings also have strict rules prohibiting wet-over-dry situations, meaning you can’t move your bathroom or kitchen above a downstairs neighbor’s living room or bedroom.

### **Selecting professionals**

Most, but not all, apartment renovations require a work permit from the city’s Department of Buildings. And if you need a permit, you’ll have to engage a licensed architect or a professional engineer.

“The only time someone does not need a permit is if they’re doing ordinary repairs,” said Michael Zenreich, a New York architect who has reviewed alteration plans for dozens of buildings and who offers code compliance consulting services. Ordinary repairs include cosmetic upgrades such as replacing bathroom plumbing fixtures and kitchen cabinets in their existing locations. In those cases, plans drawn up by a contractor or designer may be good enough.

But if you intend to demolish an existing wall, erect a new one or move plumbing fixtures, Mr. Zenreich said, you’ll generally need a permit.

The most common way to find an architect is through recommendations from family and friends. But if you don’t know where to start, the local chapter of the American Institute of Architects will have a roster of all of its members, along with the type of work they perform, said James Walbridge, chairman of the group’s custom residential architects network.

Websites like Houzz and Architizer are also good starting points, Mr. Walbridge said, because they offer online portfolios for architects. Look at previous projects and call references, he advised. “But the ultimate test is when you meet for the first time,” he continued, to see if your personalities mesh, because you will be spending a lot of time with this person.

Architects use a few different models for billing, including a percentage of total construction costs, an hourly rate with an estimated total provided up front, and a flat fee for the entire project.

Finding a contractor may be a little easier. Recommendations are invaluable, and experienced architects usually have a list of contractors they like to work with. Building superintendents frequently have recommendations as well.

“Some buildings have published lists of approved contractors,” Mr. Wagner said. “If there’s a contractor who has done a lot of work in the building, and is already familiar with the rules, that helps.”

## **Contract Negotiations**

On some renovation projects, contractors may simply bill for time and materials as a job progresses. But for most big renovation jobs, the total project cost is negotiated before work begins.

“Most people like to have a fixed cost,” said Cesar Trevino, the owner of the New York general contracting firm InTrevco. “In 95 percent of jobs, we set the price up front.”

For that reason, Katherine Chia, a partner of the New York firm Desai/Chia Architecture, said it’s very important to have completed architectural drawings and specifications for every aspect of the project before negotiating a contract.

“We try to eliminate allowances” for unknown items, she said, “because they leave the client susceptible to unpredictable change orders.” The realm of the unknown, she said, might include starting a kitchen renovation without having selected your countertop.

“You really want to have what’s called a stipulated contract, where each of the line items is a locked-down number that doesn’t change,” Ms. Chia continued. The price remains the same, “unless the client changes their mind after construction starts, or a hidden condition is discovered,” she explained, using as an example an unexpected gas line in a wall that is being demolished.

In most cases, the terms of the final agreement will be set out in a standard A.I.A. contract, which may be customized as needed. The contractor will usually bill periodically, based on the percentage of the job completed.

Ms. Chia also recommended requesting a construction schedule from the contractor, and having the architect make regular site visits to ensure the job progresses as expected.

For projects where finishing on time is critical, such as in a building with a limited construction season, it’s wise to add a penalty clause to the contract, by which the contractor loses money for each day the job runs late (which could also help cover any fines the building levies on the owner). However, “it goes both ways,”

Ms. Chia said, noting that most contractors contemplating signing such a contract will demand a reward clause — a bonus payment if they finish early.

### **Board Approval**

Before starting work, permit needed or not, you'll have to secure approval from the co-op or condo board. In most buildings, that means providing plans for review, insurance certificates, copies of licenses for contractors and other paperwork, to the managing agent.

Generally, your plans will be reviewed by an architect retained by the building to ensure they comply with building rules and building code requirements. You will be billed for this, and the amount could be hundreds or thousands of dollars, depending on how time-consuming the review is.

“The boards don't sit there and go through your floor plans, and we don't want to get involved in the shareholder's aesthetic decisions,” said Mr. Saft, who is president of the co-op board at his Upper East Side building. “We rely so completely on the building's architect.”

It's common for the building's architect to have questions or request clarifications on plans, resulting in a back-and-forth process that can sometimes go on for months.

Part of the reason is that “even though we're provided with the alteration agreement, which is usually very detailed, the building architect always comes back with something that wasn't included,” said Thomas Morbitzer, a partner of AM/MOR Architecture. For instance, the building's architect might want to confirm certain dimensions, waterproofing plans or plumbing fixture specifications.

To encourage a speedier review, Mr. Morbitzer recommended talking to the building superintendent before submitting plans. “He's a wealth of information about how the building works, and what you can and can't do,” he said. “Then, before you go to the board, you know what to expect.”

If disagreements remain between your architect and the building's architect (for instance, over whether you should be allowed to install a washer and dryer), you can

ask the board to make an exception — but don't count on it. "Oftentimes," Mr. Morbitzer said, "co-op or condo boards rely entirely on the building architect's advice."

## **Work Permit**

Once the board has approved your plans, your architect or engineer can file an application with the **Department of Buildings** for a work permit, if needed. For this step, many contractors use an expediter, a professional who specializes in preparing and navigating the complex web of necessary paperwork and inspections.

"Filing is expensive and a laborious process," said Mr. Zenreich, whose firm offers expediting services to other architects. "We track it on a chart, and there are 35 steps we have to go through to complete the process from beginning to end. It's a substantial amount of time and money, and you can't avoid it."

If you live in a building or district that has landmark status, you first need to secure approval from the **Landmarks Preservation Commission**.

For simple interior renovations, this can normally be obtained within 24 hours, Mr. Zenreich said. "But anytime you're making an exterior modification, be it a vent through a wall or changing a window," he added, "it takes a considerable amount of time, maybe six weeks, to get approval."

If the building was constructed before April 1, 1987, you'll also need to have an asbestos inspection completed by a certified asbestos inspector, at your expense. Then your architect or engineer can obtain Department of Buildings approval by either certifying the plans, or having them reviewed by one of the department's examiners.

Certification by the architect or engineer, whereby he or she confirms that the plans comply with all applicable laws, is the quicker option, and generally allows the contractor to obtain a work permit within a day or two, Mr. Zenreich said.

However, some buildings require that the plans be submitted for full review, which takes longer, and could result in objections that must be addressed. This process could take "six, eight, 10 weeks," he said. "Or a year."

## Neighbor Relations

Maintaining good relations with your neighbors and building management is critical during a renovation.

“If you don’t have cooperation from your adjacent neighbors because you’re not treating them with kindness and respect, and if you don’t have an open communication channel with your building management company and/or superintendent, then you are doomed to fail,” said Chip Brian, an owner of Best & Company in New York, general contractors.

Indeed, in a worst-case scenario, the management company could shut down the job.

For each neighbor beside, above and below your apartment, said Josh Wiener, the president of the New York general contracting firm SilverLining Interiors, “you should get a fruit basket or a bottle of red and a bottle of white wine before you start the job, and say sorry in advance.”

He also recommended sharing your phone numbers with neighbors so they can contact you directly if they have any problems or concerns as construction progresses.

If your neighbors do call, try to be accommodating. “I’ve had jobs where the woman downstairs does yoga from 2 to 3,” Mr. Wiener said. “Or someone’s baby is napping.” During those times, he asks his crew to try to keep noise to a minimum.

To ensure the happiness of the superintendent, contractors should provide frequent updates and follow all building rules, including those pertaining to work hours, protecting common spaces and using the service elevator.

“In each phase of the job, you should call them up and make sure it meets with their approval,” Mr. Wiener said.

It’s also customary for both the contractor and the apartment owner to tip the superintendent before work begins. It could be cash, he suggested, or a gift like tickets to a sports event, if you know the superintendent’s interests.



## Finishing Up

When the major work is finished, minor fixes like paint touch-ups and hardware installation may still need to be done. These items are normally recorded on an item-by-item punch list, which the contractor must complete before the job is wrapped up.

“With most clients, we suggest they hold a 10 percent retainage until the punch list and signoff is completed,” Mr. Brian said. “That keeps the contractor incentivized to go the course.”

For a renovation completed under a permit, different kinds of inspections, such as plumbing and electrical, and walk-throughs by building management, take place both during construction and at the end of the job.

When all work is finished, and all required inspections have been completed, the architect or engineer closes the process by requesting a Certificate of Occupancy or a Letter of Completion, depending on the scope of the job, from the Department of Buildings.

Once you have that document in hand, there's just one thing left to do: Plan the unveiling party.

### ***Correction: June 7, 2015***

A picture credit last Sunday with a cover article about apartment renovations misspelled the photographer's surname. The picture, of a kitchen undergoing renovation, was taken by Thomas Morbitzer, not Mrobitzer.

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