



BRENDAN CHARTERS

# THE MILLION DOLLAR QUESTION

An in-depth look at the variables which determine whether you should be renovating or tearing down and building new

This question is one of the most common we receive when people are taking stock of their old (60- to 100-year-old) city homes and weighing their domicile options. This question is second only to “do we renovate or move,” a topic we just recently covered in an earlier issue. While they often say “never answer a question with a question,” in this instance, it is necessary to delve a bit deeper into the core issues with the existing home—or pain points—in order to arrive at your answer. What is driving the need for change? More space? Greater efficiency? A nicer esthetic or just general repair and upkeep?

First off, it should be understood that adding new space to a home always costs more per square foot than building new (assuming you are building with the identical methods and finishes—all things being equal). One loses the economy of scale in a larger project when adding to an existing structure and tying the two spaces together carries costs unto themselves, which skew the equation. Also, the labour component on the demolition side is much higher as you are not just smashing with a machine to remove and dispose of the building, but rather working to preserve and later tie into a part of it.

In order to come to a conclusion on which is best for your specific situation, I need to ask some key questions that apply to every case:



**FRESH AND CLEAN** A new build means every facet of the home from the foundation to the roof is brand new and designed to today's building code standards.



**OUT WITH THE OLD** Demolishing an existing home can also take away unique features such as property setbacks and building features which may be irreplaceable.

- 1** What problems exist in the home that need repair (i.e. leaky foundation, old wiring, mould, drafts, just plain ugly).
- 2** What is the main structure composition? (i.e. solid masonry, steel frame, wood frame, straw, etc.) Start thinking about lifespan of the original home, and could there be any hidden issues within the structure?
- 3** How much of what you are planning is cosmetic and how many changes are major structural alterations? (i.e. blowing out load-bearing walls versus refinishing hardwood floors)
- 4** How afraid are you of the unknown? Renovations typically have the ability to produce a surprise or two, more so than when building new. We need to factor that into the comparison.

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People always want to know where costs are currently running per square foot in residential construction. Those numbers are almost impossible to accurately estimate without a plan and a detailed scope of finishes. Our new construction home projects typically fall in the \$400 to \$450 per-square-foot range, plus the cost of the lot itself and finish landscaping. Recently, the lowest I have heard quoted from other firms was \$300 per s.f. and the highest, at \$600 per sq.ft. I am sure some people have built for less, and we all know there are homes which cost more than this, but based on a mid-range of typical systems and finishes, this is a current rough guide. The average GTA custom build would be in and around \$400-\$500 per sq.ft. for loose budget purposes. Therefore if you are looking for the average 2,500- to 3,000-square-foot home, you should assume the average range

to be between \$1,000,000 to \$1,500,000. Site conditions, access and other challenges could adjust these numbers up. Adding new space to an existing home is generally 15 to 30 per cent higher per sq.ft. than new construction for larger additions, and could easily be 50 per cent higher if the addition is small (like a mudroom or front vestibule).

It should be stated that there is usually value in the existing home that you have, which should not be immediately discounted. To rip it down and dispose of it will add roughly \$20,000 to \$30,000 to the budget...and that's just to get rid of the old. One of the big tipping points of shifting away from renovation and undertaking a new build is if you are looking to completely gut and remodel the interior, add significantly to the existing footprint and begin to either waterproof from the exterior or affect ceiling heights

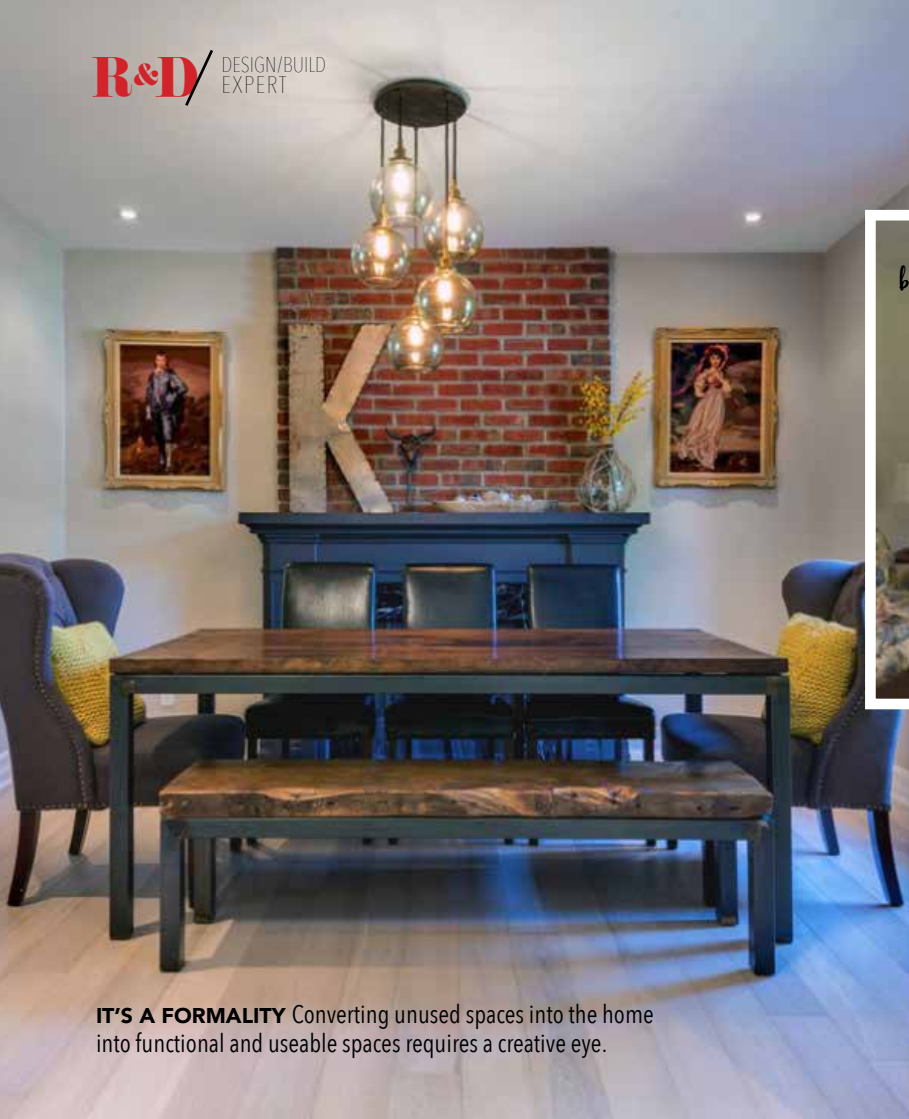


**RAISE THE ROOF** Difficult to do in a renovation, setting new, much higher ceiling heights in a new build is relatively easy, making spaces feel grand.



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**CHOP CHOP** With the right designer and renovator, an older home can be made to flow and function better through less costly renovations.



**IT'S A FORMALITY** Converting unused spaces into the home into functional and useable spaces requires a creative eye.



*before*

**WHAT'S IN A NAME?** This former living room was cut up into a spacious front foyer and formal dining room for more frequent use.

At the end of the day, there are numerous additional factors that will need to be weighed to make your final decision. Some include architectural style or significance of the existing home (historical preservation), environmental impact, sentimental value, and others. Strict, financially driven decisions don't always provide the best answers. Go through the questions above and you will come closer to your decision. Ultimately, you will be the one living in the home and it needs to be the right choice for you and your family.

Either way you decide to go—be sure to start with a professional designer or architect and speak with professional builders. Either a renovation or new build can be an awful experience if you don't pick the right crew to create your new or remodelled space. ♦

of the existing home (either underpinning a basement or raising a floor or roof structure for example). A good exercise is to list out everything you want changed, fixed or worked on and work backwards to create the list of what's left of the original home. The value of the remaining structure will help lead you to the financial difference of the two options. If comparing similar-sized, system-outfitted and finished spaces—one new and the other an addition/remodel, we have found the new build is usually about \$100k to \$200k more in fees and costs, but at the end absolutely everything is new—which could be better—but may also not be.

There is also the matter of zoning approvals, permits and taxation. Renovations are inherently different than a new home in that regard. Do some research in your local municipality on the impact of tearing down the existing home. You don't want to lose some of the privileges the existing home may have 'grandfathered' to it by way of its current positioning on a lot. Changing to a new home can mean a whole new set of rules and regulations and fees to the various government bodies involved, some of which continue in perpetuity (like property taxes!).

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