

FIX UP OR TEAR DOWN

Some advice for homeowners facing the decision

By Karen Sommer Shalett
Staff writer

Until a regional rebuilding plan is put in place, residential greater New Orleans seems poised to progress one rebuilt house at a time. Meanwhile, homeowners in the hardest-hit areas are grappling with the decision of whether to repair their homes or tear them down and start over.

To obtain building permits, many residents will have to elevate their homes. Other houses stand ready to be demolished for reasons that may or may not include structural instability. In today's Building Blocks, an occasional column that focuses on rebuilding issues, a panel of experts in their fields weighs in on when to raise and when to raze your home.

Unless a house was blown or washed off its foundation or had structural damage before Katrina, all five of the experts we interviewed agree that nearly every house in New Orleans can be repaired. Where they part company, however, is in deciding whether they should be.

"Before the hurricane," said Stephanie Bruno, Operation Comeback director for the Preservation Resource Center and an Inside-Out columnist, "working in preservation, I have found that whether you renovate a house, repair a house or demolish it, what it comes down to is money or will."

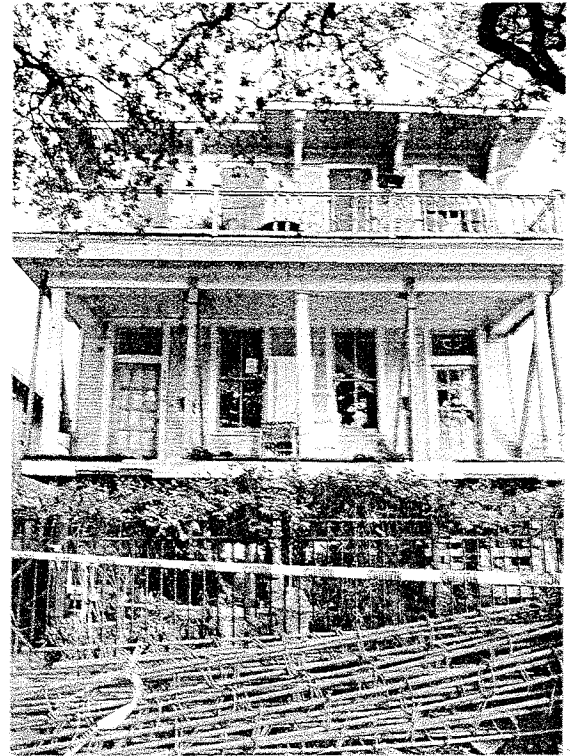
When deciding whether to demolish a house, Bruno, a staunch preservationist, says it is important to determine motive. Although making

major repairs can be emotionally daunting, Bruno finds that often, when people get more information about rebuilding, they choose not to tear down. Others want things that can only be attained by starting anew.

"Some people want something they didn't have in the old house," she said. "And they are determined to realize the goal of what they want in that (same) place, in that neighborhood."

Bruno cautions that building a new house at potentially \$150 a square foot does not guarantee that a homeowner will have no more worries. Or even that he will have a better house.

"When people talk about demolishing and



STAFF PHOTO BY JENNIFER ZDON

The cost of raising a house depends on the type of foundation and how high it must be elevated.

THE EXPERTS



Ashton B. Avegno, Jr.,
structural engineer

Mike Centenio,
New Orleans Safety and Permits director



Stephanie Bruno,
Operation Comeback director for
the Preservation Resource Center

Louis Livers, Jr.,
licensed contractor with a master's
degree in real estate planning



Frank W. Masson,
A.I.A., architect

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building new," she said, "they need to understand that they might not be able to afford to build the same house, just newer."

Heart pine flooring, 11-foot ceilings, old cypress weather boards and brick piers — de rigueur in pre-World War II New Orleans residential construction — are much more expensive today. Bruno estimates that the cost to rebuild with comparable materials rather than repair could be as much as three times the cost per square foot.

Mike Centenio, city Safety and Permits director, warns homeowners to leave emotions out of the decision to repair or demolish.

"There is never an emotional reason to demolish," said Centenio. "Step back. Look at what is the best decision for yourself financially."

Centenio, who is responsible for issuing city building permits, believes that if your home currently meets FEMA flood elevation requirements and you have or will be receiving insurance money, it is usually in your financial best interest to repair your house.

"If the foundation stayed intact and the house was anchored properly, then it is easier to renovate than to rebuild," he said.

The decision may not be as simple for those whose homes were built below the base flood elevation standards set by FEMA in its 1984 flood map.

Centenio and members of his department have evaluated the city's houses, assigning a percentage of damage to each. In order to obtain a building permit, a homeowner must raise his house to current elevation standards if the cost to repair it is more than 50 percent of what it would cost to rebuild it. The only other option is to demolish the house.

Structural engineer Ashton Avegno Jr. believes that only those homeowners facing the elevation issue should consider demolition.

"If the house and its foundation were sound before the flood, they are going to be sound now," he said.

Even the studs in most houses, as long as they have been allowed to dry, should not have rotted at this point. Rust on nails in the studs doesn't bother Avegno, but he does advise homeowners to hammer an extra nail into each stud while the house is undergoing repairs, if only for peace of mind.

50 PERCENT RULE

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TAG TALK: WHAT IS YOUR DAMAGE PERCENTAGE?

Houses in the hardest-hit areas are being assigned red, yellow or green tags. The color of the tag matches the structural damage assessment: Yellow denotes marginal damage, while red means a building is structurally unsound and shouldn't be entered until it is repaired. Houses that meet the structurally sound standard, or green, will not be physically tagged.

Investigators also are assigning damage percentages to houses. To find yours, log on to www.cityofno.com and search under the headline "City Expedites Permitting Process" for the link called "Find My Damage Assessment Report."

ICC GRANTS: HELP FOR RAISING HOMES

If your home falls below base flood elevation requirements, you should be eligible for money to raise it through the Increased Cost of Compliance coverage on your flood policy. All flood policies contain ICC provisions, which offer as much as \$30,000. In order to be eligible for this money, you must: have a flood policy, have flood damage equal to more than 50 percent of the value of the property, be in a high-risk flood zone (A or V), and fall below base flood elevation requirements.

To demolish a home using ICC coverage, you must file a claim through your flood policy; obtain a local permit to rebuild; obtain a letter from local authorities stating that the home was "substantially damaged" more than 50 percent by flood; and take this letter to your flood insurance company to support the claim. While the Increased Cost of Compliance coverage can be used to demolish the home, it cannot be used to buy a new home.

Newer houses built using OSB (oriented strand board), particle board or wafer board in the floor; sub-flooring and sheeting on exterior walls will potentially need more repairs — though Avegno believes that with new finishes, electric wiring and mechanics, they too can be remediated.

However, for Avegno, demolition remains a clear choice for a select group of houses.

Single-story houses will reach FEMA's 50 percent damage mark much faster than two-story ones. For that reason, Avegno points to the single-story house with more than 50 percent damage as a candidate for demolition. He tempers his assessment, however, based on type of foundation and how high the house must be raised.

"If your house is on piers, raising it 6 inches or so could cost from \$10,000 to \$15,000," he said. "If you had to raise it 3 feet and possibly redo the foundation, it could cost up to \$50,000."

The first example seems worth the money to Avegno. The second depends on the homeowner's finances. However, Avegno is unwavering about houses built on concrete slabs that need to be raised.

"If you are on a slab house, the decision is made for you," he said unapologetically. "Demolish it."

In order to raise a slab house, Avegno explains, it must be excavated and tunnels dug underneath at various points. Then, a construction crew must jack down pilings to help support it and push against those pilings to raise the slab. Even if the process is successful, a new founda-

tion must be poured. And that's expensive.

Louis Livers Jr., a licensed contractor with a master's degree in real estate planning, agrees.

"It is simply not economically feasible to raise a slab house," he said. "The grant money available for increased cost of compliance with FEMA's standards is not enough" to pay for it.

Architect Frank Masson echoes the call to tear down a slab house that needs elevating, but his reason is more aesthetic.

"If someone had a building with 8-foot-tall ceilings, a mid-20th century house with no aspiration toward style," he said, "I wouldn't particularly want to live there."

As an architect who specializes in restoring historic buildings or designing new ones in historic styles, Masson believes that the houses built in the 19th century are not only aesthetically superior to today's homes, but are better structurally as well.

"Most of the buildings in the 19th century never saw an architect," he explained. "Most of the buildings had very sophisticated builders who knew good construction and put into the style of the building what was current at the time."

Flooded slab houses on grade should be demolished, in Masson's view, because they were poorly planned in the first place. "Those little crackerboxes built to satisfy the housing boom made it possible to break all the rules that make sense for building."

He suggests retrenching to

the 19th-century city boundaries and filling in the areas of New Orleans that couldn't have sustained neighborhoods in their natural condition without landfill or elevation.

Livers concurs. His concern is that if houses on slabs and those tagged as "50 percent houses" aren't required to be demolished, New Orleans will be bogged down in blight.

"We have a certain group of people not located in a flood zone, so they are without insurance, who are older residents with their mortgages already paid," he said. "They are going to walk away — it isn't economically feasible for them to do anything else."

Both Livers and Masson hope that the Urban Land Institute's suggestion to demolish the hardest-hit areas of the city and create more density in the already habitable parts will be adopted.

"We have a city in debt," said Livers. "Why are we spending resources bringing water, gas and electricity to New Orleans east and the Lower 9th Ward when we know that at least 50 percent of the people will not return? Let's spend the resources in the parts of the city where you can see and measure progress."

Masson worries that if the ULI plan is not adopted, those neighborhoods with the most destruction and least resources could wind up looking like a "mouthful of bad teeth."

"Is that a neighborhood where people are going to want to live?" he asked.

Livers and Masson differ on how homeowners should proceed in this holding pattern. Masson

suggests gutting the houses to stop mold growth, while Livers believes the \$8,000 to \$10,000 cost to do so could be a waste if the city determines that the homes have to be demolished anyway.

Centenio, who is rebuilding his own home in the storm-ravaged Lakeview area, disagrees with the call to demolish complete sections of the city.

"Those were just planning studies and recommendations," he said of the ULI report. "If people go forward in rebuilding their homes and show that we can turn this city around — it is a moot point."

The Safety and Permits director said his office is trying to work with people to help them rebuild. Anyone with a red-tagged property, designating it as structurally unsound, can have an immediate review once the problems have been fixed, he said.

Anyone receiving the "more than 50 percent" distinction can appeal the process. The numbers were derived from exterior vantage points and assumptions were made about the interiors, he said.

"A lot of buildings were scored at 100 percent damage for heating and cooling units," Centenio said. "But we didn't know if they were in the attic or in the closet. That's the kind of thing that can be appealed. Just bring photographs with documentation and it could be the difference in getting you under the 50 percent mark."

To find out the percentage of damage assigned to your home, log onto www.cityofno.com and search under "City Expedites Permitting Process" for the link called "Find My Damage Assessment Report."

Centenio cites the 88,000 electrical, mechanical, residential and commercial permits his department has granted as a sign of the city's progress toward rebuilding. The value of construction permitted since Katrina is \$164 million.

"That's got to tell you that people have faith in the city," Centenio said.

If the repair-versus-rebuild decision seems too overwhelming, Bruno has one more suggestion for homeowners.

"Why not put it on the market and let someone else make the decision?" she asked. "Give the house a chance."

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Renovation: Before You Start

Before You Start

Any professional painter will tell you that the most important step you can take to ensure a good paint job is to prepare the surface well before you dip a brush in paint. The same holds true for a renovation project – the time and energy you invest in research and planning in the beginning will save you money later and help ensure the results you want.

Step One: Define the scope of work

In a renovation project, defining your needs starts with distinguishing between your “must haves” and your “wants.”

Depending on the condition of your house, the list of “must haves” (what is necessary to bring the house up to code) may include items such as new roofing, plumbing, wiring, weatherboards and paint. These repairs may be required by your bank and listing them may be pretty straightforward.

But developing your list of “wants” (items that will enhance your enjoyment of the house) may be more complicated. What are your goals? More space? Up-dated baths, refinished floors, and a reconfigured floor plan? Do you wish to remedy earlier “renovations?” Books, magazines and catalogs can be an invaluable source of ideas and images that reflect details or the overall character you desire. Ultimately, your budget will determine how many of the “wants” are possible after the “must haves” are satisfied.

Step Two: Research regulations

Building codes and zoning regulations limit what you can do with your property. And if your house is located in a local historic district, is a local landmark or has certain types of deed restrictions, your project must conform to an additional layer of regulations. Having an understanding of what is allowed or required for your property before you get started will save you dollars and frustration in the future.

For example, if your house is in an area regulated by the Historic District Landmarks Commission, you will need to seek approval from the Commission for the dormer you’re envisioning for the roof or the garage you’d like to build in the yard. If your property title indicates that the façade of your house has been previously donated to the PRC or another preservation nonprofit, or if your house is a nominated or designated local landmark, then changes to all aspects of the property’s exterior (whether visible from the street or not) will have to be approved.

Or you may be thinking of dividing your home into three units – the owner’s unit and two smaller rental units. But applicable zoning may limit the number of units permissible to two. Likewise, you may be planning an addition to the rear of your house, but you may find that you’ll have trouble getting a permit for the addition because of required setbacks.

Should special approval or waivers be necessary, you should be aware of them and plan your project accordingly.

Step Three: Hire a pro

Although some people think of architects and contractors as luxuries, the Preservation Resource Center recommends them as “must haves” for a successful renovation project. We have lamented with many a house owner who expected to save

money by forgoing the services of an architect or contractor, but instead spent far more than budgeted for an inferior product. Hiring an architect for planning the work and a contractor to execute the plans eliminates many of the pitfalls and risks of tackling the renovation of an old house.

Architects are invaluable in the planning stage of the project. They can

- Help you navigate existing codes and regulations.
- Help you plan your project in order to avoid expensive changes when construction is in progress.
- Generates drawings that serve as the basis for contractors' bids, making it simpler to compare them.
- Generate construction drawings that communicate to the contractor what should be built and with what materials, reducing the chance of disappointing, expensive and time-consuming miscommunications.
- Act as construction manager, an important liaison between you and the contractor.
- Ensure that the appearance and function of your renovated house both enhance its market value and preserve its historic character.

Finally, depending on the scope of the work, City regulations may require a set of plans stamped by a professional architect (or engineer).

Professional contractors are critical to the success of the construction phase of your project. They can

- Ensure that your project starts and ends in a timely manner, something that may prove impossible if you tackle the project yourself.
- Have access to quality materials at lower-than-retail prices because of volume purchases.
- Have access to experienced labor and subcontractors who you may have to wait months to get.
- Save you time, energy and frustration by obtaining necessary permits, arranging for inspections, and handling items like social security, workman's compensation, and other local, state and federal regulations for laborers.
- Assume the liability for injuries or damages incurred by having the appropriate insurance.
- Choreograph the scheduling of various subcontractors to avoid costly delays.
- Catch small mistakes before they become large and expensive.

Finally, some lenders require that you hire a contractor, for all of the above reasons.

State of Louisiana
Residential State Tax Credit Program for Historic Buildings
(Owner-occupied Properties Only)
R.S. 47:297.5

Beginning January 1, 2006, homeowners may qualify for up to a 25% tax credit against their Individual State income taxes when they rehabilitate their historic or blighted home.

Important: Tax Credits awarded by the state will not exceed \$1 million in any calendar year. **Credits will be granted on a first-come, first-served basis.** The credits will be awarded when the project is completed.

Facts:

- ◆ \$25,000 credit cap per building.
- ◆ One credit per building.
- ◆ Rehabilitation costs must exceed \$20,000.
- ◆ Applications must be submitted to the Division of Historic Preservation prior to completion.
- ◆ \$250 application fee.
- ◆ Work must meet the Secretary of the Interior's Standards.
- ◆ Credits may not be sold and will be lost if the house is sold within five years.

Eligible Locations:

1. National Register Districts,
2. Individually Listed on the Register or buildings that are eligible for listing on the Register,
3. Local Historic Districts,
4. Main Street Districts,
5. Downtown Development Districts or,
6. Vacant or blighted buildings atleast 50yrs. old.

The Credit:

The percentage of credit awarded is based on the homeowner's Adjusted Gross Income (AGI).

- (a). 25% credit = AGI less than or equal to \$50,000,
- (b). 20% credit = AGI \$50,001 - \$75,000,
- (c). 15% credit = AGI \$75,001 - \$100,000,
- (d). 10% credit = AGI \$100,001 plus. (Available only for vacant and blighted residential buildings atleast 50yrs. old.)

The Division of Historic Preservation should be contacted early in the planning process. Questions about the application process should be directed to the Tax Incentives Staff in the Division of Historic Preservation at (225) 342-8160.

The Louisiana Division of Historic Preservation and the Louisiana Department of Revenue administer this program.