

SECOND IN A THREE-PART SERIES

Renovating the right way

JACK KAZMIERSKI
Special to Sun Media

The renovation market is hot. Canadians have embraced home upgrades to the tune of billions of dollars annually. But there's a right way and a wrong way to go about renovating a new home. Go about it the wrong way and you'll end up frustrated and broke. Do it the right way, and you're sure to get satisfaction.

Dean Artenosi, president of The ARTEN Group, has been helping first time homebuyers realize their dream of homeownership for over twelve years. His Home Equity Builder Program allows first time homebuyers the opportunity to purchase and renovate a home in a timely and affordable fashion.

HOW IT WORKS

The key to success is to find the right property. "We advise our clients that they're better off buying the worst house on the street, as opposed to the best house on the street," says Artenosi. "That's our philosophy. That way we can make them money, and not just get them into a home." The right type of property for this program is what might be called a "fixer upper." It could also be an older home that's ripe for a facelift. "We've even worked on homes that were damaged by fire and were sold 'as is,'" says Artenosi. "We went in, gutted

it, and made it more energy efficient as well."

Energy efficiency is a big component of this program. Artenosi says he's looking forward to working with the City of Toronto. "The City is coming out with all sorts of incentives to get people to retrofit their houses and become more energy efficient. We're really going to be taking advantage of that and it falls in line with our green initiatives."

Once the client and his or her realtor find a suitable property (with the oversight of Artenosi and his team), an offer is made, keeping in mind the cost of possible renovations. "When the offer is accepted, we send in our renovation team and our estimators," says Artenosi. "They estimate all the work to be done in the home. So in that five day condition period after the offer is accepted if we determine that the renovations will amount to \$30,000, we add that to the purchase price."

If the purchase price is \$200,000, for example, and the improvements amount to \$30,000, the new purchase becomes \$230,000. "In that five day period the appraisal must come in at \$230,000, at least, in order for it to get approved through CMHC," says Artenosi. "Traditionally we promote this through CMHC since we're taking advantage of the Purchase Plus Improvement Program they offer."

The \$30,000 worth of improvements gets held back on closing. On the day of closing Artenosi's renovation team gets to work and the entire project is financed by The ARTEN Group. Renovations typically take between 30 to 45 days, and the homeowner can opt to work on the project in order to earn back as much as \$6500.

The ARTEN Group of companies includes a corporation called Reno Solutions, which is The ARTEN Group's renovation arm. That's the entity that goes in to appraise the renovations and then carries them out. The benefit to the homeowner is that Artenosi has full control over the renovation work.

"There are horror stories out there with homeowners putting down deposits with renovators and never seeing them again," says Artenosi. "But we protect our clients. That's why we insist the



Dean Artenosi, president of The ARTEN Group (standing) with John Livingston in the living room/dining room of his newly-renovated home.

work go through Reno Solutions. That also avoids the risk of any construction liens.

"And since we're financing everything, the client doesn't have to worry about finding suppliers, dealing with tradespeople or even putting down deposits for kitchen cabinets and the like."

Once the renovation work is completed, the \$30,000 (in this case) is released to pay for the work. The client is left with a newly renovated home, a \$230,000 mortgage, plus all the equity. All they have to do is make their monthly mortgage payments.

"In many cases, once the work is completed, we find that the client's home is worth more than \$230,000 – it's worth \$260,000 or \$270,000," says Artenosi. "So we're not just getting them into a home, we're making them money. Two or three years later they can sell that home and have a significant amount of equity."

CASE STUDY

Claire Legendre emigrated from Haiti seven years ago. Last month she moved into a newly renovated home with the help of The ARTEN Group. The selling price was \$222,000, she had \$35,000 in home improvements and her home is now worth about \$300,000.

With the help of The ARTEN Group, she has also managed to convert her basement into a rentable apartment. With the income from the basement apartment she'll be paying less per month for housing than she did when renting a two-bedroom apartment in the city.

"That extra income," says Artenosi, "she can now apply directly to the principal."

For more information visit www.renosolutions.ca or call (905) 737-0125.

Don't miss the conclusion in our three-part series on ARTEN Group in New Homes and Condominiums June 15 & 17.

THE NEXT STEP

John Livingston, his wife Hind, and five-year-old daughter Sarah live in a newly-renovated home in the heart of Toronto. Livingston took Artenosi's Home Equity Builder Program to new levels by purchasing a real wreck and turning it into a castle.

"This used to be an 800 square foot bungalow with no kitchen or bathroom, but it had a very solid foundation," says Livingston. "Now we have 1700 square feet with a whole basement and a separate driveway. We added another storey and put in everything – plumbing, electrical, ducts, insulation, drywall, you name it."

The house was purchased for \$210,000, and benefited from over \$150,000 worth of improvements. It's now valued at about \$500,000



Claire Legendre (left), one of the beneficiaries of the The ARTEN Group's Reno Solutions program, with Dean Artenosi.