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Why build? Move an older house instead

Moving and fixing up a reclaimed home sounds like a real bargain. But it's not a simple job. Here's how two friends did it and came out ahead.

By Marilyn Lewis, MSN Real Estate



Last year two old pals, Rita Lucey and B. Michael Cook, got a wonderful gift: Friends offered them an Avalon, N.J., beach cottage that was in the path of their new home construction. They also threw in \$20,000, about what demolition would have cost, to help get it off the lot.

The three-bedroom, two-bath ranch-style house was 30 years old, with plenty of life left. It was solid, pest-free and equipped with a nearly new roof, furnace and air conditioner. Its living room had a peaked cathedral ceiling.

"It was a very generous opportunity from our friends," says Lucey, 47. When she and Cook, 44, hired house movers to take it to a nearby town, they joined a passionate group of people who are saving homes from the wrecking ball's path -- and getting a bargain in the process.

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A successful move

People call house movers for many reasons -- to save a historical treasure, to rescue a house from floods, to fiddle with the placement of an expensive home on its lot or just to lift a building long enough to put a basement or foundation under it. As with Lucey and Cook's home, when a house is in the path of construction, owners sometimes give it away. They're saved the demolition cost and spared the sight of a good home destroyed.

At first, Lucey and Cook wanted to move the house to a nearby Jersey Shore community. But they found that lots were running as high as \$300,000 -- way too much. So they switched gears and decided to become partners in making the house a rental property.

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They hired Jerry L. Davis, an Ocean View, N.J., house-moving expert, who guided them as they researched land costs and moving expenses within a 30-mile radius. Construction of their friends' new home was about to begin, so the partners had to move fast and learn a lot in a hurry. Lucey became an avid researcher, comparing costs, rules and building codes for each town they considered. She solicited bids, competing bids and still more bids for each facet of the operation.

Even so, there were a million surprises. Who knew that some towns require a reconditioned house to meet the same building codes as new construction? That would have meant installing new bedroom windows for fire exits. Some towns demand testing for asbestos and lead. All this research went into a spreadsheet, the bible on which they based their decision.

The partners quickly grasped the rules by which experts such as Jeff McCord of Nickel Bros. in Seattle live. "Within certain limits -- mostly distance and overhead objects -- almost any structure can be moved," McCord says. "It's just a matter of determining at what point it retains value enough to justify it being moved."

Lucey and Cook settled on a \$33,800 lot in Laurel Lake, N.J., a rural village of mostly fishing shacks, trailers and vacation cottages that has recently begun attracting new development and -- most important -- tenants. Davis says that, unlike some sites the partners considered, the roads to the Laurel Lake lot were straight and wide enough for him to deliver the 1,200-square-foot house. To satisfy local codes, they added hard-wired smoke- and carbon-monoxide detectors and enough new insulation to reach an R-19 rating.

Davis charged about \$23,500 to obtain permits, disconnect the sewer, gas and electric lines, dismantle the air conditioner and recapture its Freon, hoist the house onto a flatbed truck, temporarily flatten the peaked roof and haul the house to the new location. As far as house moves go, it was pretty straightforward -- no need to move traffic lights or wires. He left Avalon with the house at about 9 a.m. and got it to the new site at around 3:30 p.m.

With no time to empty the cottage, Davis moved it fully furnished. "Not one thing broke," Lucey says. "Not even a light fixture."

Risk pays off

Lucey admits to initially feeling a bit intimidated by the whole process. Neither partner had real-estate or construction experience -- just adventurous spirits and some expert friends to advise them. "I'm not rolling in the dough," says Lucey, a

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clinical nurse specialist in cardiology in Wilmington, Del. "Taking money I'm saving for my future and investing it in anything is a little scary."

But Lucey and Cook were unusually smart and hard-working, and the \$20,000 gift was a big help in making the project pencil out: They estimate they spent an additional \$84,000 -- on moving, land, permits and reconditioning -- bringing the total cost of the reclamation to about \$104,000. With nearby properties similar to theirs selling for the mid-\$160,000s, they're feeling pleased about the investment even before rental income is figured in. (They are just wrapping up getting their free house ready for occupants.)

It's unusual to come out ahead financially moving a house on the East Coast, says Steve Dziuba, of [Dziuba Building Movers](#) in Millerton, Pa. Not only is land pricey, Dziuba says, but "you're lucky if you can move a house more than a few blocks" through the thicket of buildings, signs, wires and traffic on the Eastern Seaboard.

Bargain hunters have a better chance in less densely populated areas in the Midwest and West, Dziuba says. There, movers sometimes haul homes hundreds of miles.

Making moves pay

To get a rough idea of costs, at least in the Pacific Northwest, see Nickel Bros.' [list of houses](#) available for purchase and moving in northwestern Washington and southwestern British Columbia. The company's prices cover preparation, dismantling chimneys, loading, trucking, insurance, temporarily lifting or lowering utility lines, recycling waste and, in some cases, barging the house. The home-plus-moving packages range from \$32,000 to more than \$200,000.

Professionals such as Nickel Bros. can help customers decide if moving a particular home makes economic sense. "As far as I know, every state has at least one house mover," says McCord. The International Association of Structural Movers lists members' contact information on its [Web site](#).

"What we find in general is that our customers spend 60% to 70% of the cost of building a new home," not including the land, McCord says. His most-efficient customers get it done for about half the cost.

Experts say the keys to bargain reclamation are:

- **Cheap land:** Moving and rehabbing the house aren't cheap but it's the land prices that push many dream projects into the market-rate range. That's fine with many homeowners who measure a bargain in other ways --- old-home quality with a brand-new foundation or a finished, high-ceiling daylight basement that effectively doubles the home's living area. Typically, a recycled home becomes functional in a few months, much faster than new construction.
- **Logistics:** Your dream lot at the end of a wooded, windy road may be inaccessible for a 60-foot-long, 30-foot-wide rolling house-truck combination. The best locations are mostly flat and reached by wide roads free of overhead obstructions such as power lines, trees, bridges and traffic signals, some of which can be moved aside, but at a cost.
- **Discipline:** Home rehabbers are vulnerable to seduction by magazine-style kitchens, baths and other improvements, driving up the final price of the reclamation. Lucey and Cook's hard-driving discipline kept them under budget; they doggedly researched every expenditure. But price wasn't their only consideration. Davis, for example, wasn't the cheapest contractor, but he was deeply expert and trustworthy -- factors "worth every penny" Lucey says.
- **Sweat equity:** Bargain-hunters pare their cost of getting the house in shape on its new site by tackling the jobs they can do themselves. Lucey and Cook spent many hours, alone and with friends, cleaning, spackling, grouting and painting. They built a stone sidewalk and two decks and added landscaping, a lawn and interior trim.

Financing a move

Lucey and Cook provided their own financing. Not all banks are comfortable lending money to move and rehab an old house. That may change as word spreads about Viking Bank's house-move program, begun in 2006 and likely one of the first such programs in the country.

From the Seattle bank's perspective, the risks aren't extraordinary, since a good mover insures each house until it is attached to the foundation and the homeowner's insurance takes over.

Viking treats house moves like construction projects -- a bank specialty, says Brad Baumann, assistant vice president at the suburban Bellevue branch. House-move loans are composed of two parts. The first part is a short-term construction loan from which homeowners pay bank-approved bills for moving and renovation. Then Viking converts the loan to a traditional mortgage when the house receives an occupancy permit.

Baumann estimates that Viking funded six house moves in 2007. The bankers scrutinize every detail of a proposal for financial soundness. Even with land costs -- typically included in loans -- such projects usually produce instant equity, Baumann says.

"Personally, I think that this home-recycling trend has a lot of value both economically and environmentally," says Baumann. McCord says each Nickel Bros. project recycles 50,000 to 100,000 pounds of potential construction and demolition debris that would have gone to landfills.

Reclaiming homes in Hawaii

Even in the Hawaiian Islands, moving and refurbishing an old home can occasionally make economic sense, says general contractor Mike Fayé (pronounced *fay-a*), of [Structure Movers Hawaii](#), based in Waimea, Kauai.

Fayé moves buildings on all of the islands except Oahu. Since land costs are high, much of his work is for wealthy homeowners and commercial clients. On Kauai, for instance, where the cheapest lots start at \$200,000, land costs make an

otherwise free house unaffordable for many. But island planning commissions are trying to encourage historic preservation. Fayé enjoys helping lower-income customers by moving discarded sugar plantation cottages onto cheap \$50,000 lots near the Kilauea volcano.

"I believe we can hit \$100 a square foot on a turnkey basis," he says of these projects. That's a good price for the islands. Homeowners who achieve it usually do so by doing some cleaning and refurbishing work themselves.

Fayé's grandfather, Hans Peter Fayé, was a sugar pioneer on Kauai. Like many structural movers, Mike learned his trade in childhood, watching his dad, who managed the plantation, move buildings around. "These are mostly mom-and-pop operations," says N. Eugene Brymer, staff executive for the 385-member International Association of Structural Movers. "Many of the professionals have grown up in the business. There are no schools you can go to."

When Fayé was 10, his dad gave him a small shack, saying, "That's yours. You can drag it around." He's been recycling old plantation homes ever since.

Between 1983 and 1992, he and other family members moved dozens of old cane workers' cottages to a scenic slice of the old plantation and refurbished and decorated them. The charming [Waimea Plantation Cottages](#) became a sought-after resort, named Sunset magazine's No. 1 romantic cottage destination in 2007.

A new job: landlord

With their moving project finished, Lucey and Cook are transitioning into yet another new job: landlord. "We will not get rich and retire off of this," Lucey says, "but hopefully it will be a better investment than the stock market."

Lucey and Cook plan to charge \$1,000 to \$1,100 a month in rent and estimate about 40% of that will be profit after taxes, upkeep and insurance.

Her advice for others who want to move and rehab a bargain home: "If you are going to do this, unless you are going to pay someone to do all the work, it is tiring and time-consuming. But it felt good."

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