



# RENOVATION ORGANISATION

Good project management can save you time and money, writes **Sharon Newey**

**ONE OF THE** decisions every landlord needs to make is whether to use a property manager or not. There are many upsides to using a manager, especially if you are a part-time investor who has another day job and just don't have time to show prospective tenants through the property and check them out, keep tabs on whether the rent's been paid or organise tradespeople for repairs.

Those are the day-to-day tasks that most property management companies attend. And many offer and perform those services extremely well. But some property managers also offer a renovation service.

You tell them what you want to achieve, and what your budget is, and they will manage the renovation for you.

Again, the advantages are that managers will have done this before, will already have a network of reliable and reasonably priced tradespeople they can call on, and will be able to focus on the task, therefore get the renovation done in good time, so that it's ready for re-renting. They will also have a good idea of the sort of features prospective tenants will appreciate, so may suggest adjusting your ideas to better match the market.

There are building and maintenance

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companies available who offer a project management service. You can also hire the builder as the head contractor. They will charge for the actual management of the job but also make a profit from the mark up on the cost of the job, including the labour and materials. This may make any resolution of problems trickier because they aren't that one step removed from the job.

An independent project manager makes his money based on an hourly rate or commission fee on larger projects. They are acting entirely for the client to ensure the project comes in on time and budget, and to a pre-determined specification. Another benefit is that they can independently check the quality of the work. Asking a contractor-builder to check his own work isn't going to work and it will be you who ends up arguing if things go wrong.

An independent project manager who has no financial relationship with the contractor is much more likely to act completely in the client's interest. That is his job and what he is paid a fee for. He has no direct link to the financial loss and burden a contractor may be carrying on a job.

One such person is Barry Bridgman of

Bridgman Property Management and while he manages renovations for clients, he is also happy to share his knowledge to those you want to tackle the job themselves. Here are his tips:

## PROJECT PERFECT

**1. Scope of work:** Decide what you want to achieve. It may be a pure makeover or include adding a bedroom and bathroom. You may need help completing your design from an architectural designer or an interior designer.

**2. Budget and timeline** go hand in hand with the scope of work. Your initial budget may be dictated by available funds or your best guess at cost for job, and may need adjusting as you gather quotes.

**3. Decide on the timeframe** for the project which will be largely dictated by the time it takes tradespeople to complete the work. Your own timeline will be largely dictated by your tolerated downtime between tenancies.

**4. Planning is everything** for fast turn around projects. You might allow three weeks for the installation period (building, plumbing, electrical, tiling, painting etc) but you will also need three or so weeks beforehand to organise all trades and get the design organised. If you are having a new kitchen and curtains made, these will need three or so weeks for fabrication and making. Make sure you get orders for these sorts of items into the supplier in plenty of time.

**5. Booking tradespeople** for the job: It's worthwhile having a number of options for the various trades in case your usual builder and painter are booked up. Tradespeople will only book you in when they have a firm order. Naturally, they are not going to put off other clients' work based on your verbal intention of work. They should also let you know how long their work will take.

Barry regularly employs a paint consultant to check the quality of any paintwork he has had done.

Of course, if the project required a building consent, the council's inspections may highlight any problems with workmanship.

If you feel work is substandard, talk to the tradesperson to see if it can be rectified. If they dispute your view, you can ask for an independent tradesperson or building inspector to check it over. Depending on whether you have a contract or not and



what it says, you are also entitled under the Construction Contracts Act to withhold payment applying to an item of work that is in dispute.

If you don't agree with the amount being claimed by the tradesman, you can give them a written payment schedule stating the amount you think you should pay. You'll need to say exactly:

- How you calculated this amount.
- Why it's different from their claimed amount.
- If you're withholding some money, why you are doing so.

Your payment schedule needs to be submitted to the tradesman before the due date, which is 20 working days after service of the tradesman's payment claim.

If you simply don't pay and don't give the builder/contractor a written payment schedule, it becomes a debt that they can recover from you in the Courts, along with legal costs.

Retention payments (withholding 10%) are good for getting 'punch list' items (paint touch-ups, cracked tiles, bad plastering) fixed but are different from a genuine dispute. These have to be completed by the main contractor before the final 10% retention payment is made. ■

Make sure that all communication with any tradesperson or supplier is in writing. This important paper trail protects your position and makes for a better working relationship with all trades and suppliers. Records can be checked at any time if there is confusion about what had previously been agreed.

The human memory isn't perfect. Get into the habit of regularly sending emails to your contractors during a job. It may be a simple follow-up on a site discussion or an email to say that we have agreed that kitchen installation will now take place on Wednesday instead of Monday.

If you are managing the job it is your responsibility to ensure that all trades/suppliers are very clear as to what is happening on the project and what their responsibility is. Visit site and communicate with your contractors each day so that you can monitor progress.

**6. Schedule of work:** For any residential renovation or new house build, an Excel spreadsheet is all you need to list all tasks, who is going to complete them, the planned start and finish dates as well as actual start and finish dates. On larger projects, formal project management software such as Microsoft Project is available.

**7. Quality of work.** You need to decide on the quality of finish you want on the job - the quality of the workmanship, as opposed to the specified fittings and materials. An economic installation still needs to look good. The quality of labour in the market today is highly variable. Obviously if you have used the tradespeople before or been recommended them, hopefully the quality of work will be good.