

The TGIF CHRONICLES

For Friday, March 5, 2004

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The following have been nominated this week that will receive this week's newsletter.

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If you know of anyone who should become a member of this elite group, then please email their name, title, company, and city to integral@shaw.ca

Editors Note: I have received email this week from several people. It seems that I screwed up last week sending the Chronicles out. I sent it 3 times. Please forgive the old man as he has reached an age where his fingers are quicker than his brain. Sorry, folks.

EDITORIAL

THE BUILDER'S SQUARE FOOT REPLACEMENT COST CALCULUS MYTH

In a recent conversation with a broker, who shall remain nameless, the builder's square foot replacement cost method has raised its ugly head again.

This method of determining the Replacement Cost Value for dwellings is so far out in right field, that it is beyond the playing field fence.

When a homeowner acts as his own general contractor, he inevitably forgets to advise the broker that he did not charge himself for

- The labour that he performed and did not pay anyone.
- The general overhead associated with a general contractor that he did not charge himself.
- The profit associated with a general contractor that he did not charge himself, etc.

So when you are given a cost for a recently built home coming off a COC that the homeowner built himself, you can assume that the actual cost would be probably 1 ½ times the figure you were given.

Don't even try to calculate the Replacement Cost using an established method such as RCT or Boeckh, unless the home was a spec home that was purchased. Today there are too many variables as to changes that can be made by the prospective homeowner with the building contractor, which would increase the quality of the building design and construction.

If you are fortunate to know the accurate new construction cost, you can take that cost and increase it by 20 % because typical repair or replacement work will run this much higher because of restricted area, movement of materials, temporary supports, shoring, etc. and other contingencies not encountered in new construction, not including demolition and debris removal.

So if you must use the builder's square foot replacement cost method, you must determine the total actual square footage of finished floor area, and not just the square footage of the living area in order to come within reason of a limit. This means that you will have to add together all square foot areas of attachments to the residence, which would include, main floor, upper floors, lower floors, basements, specialty rooms and areas, garages, porches, decks, balconies, terraces, etc.

Firstly, you must determine whether the residence is a Class C, Class D – Masonry Veneer, Class D, or Class S.

Then you would determine the quality of residence – Economy, Fair, Average, Good, Very, Good, or Excellent.

Finally is it Heritage, or Historic Home; Standard Single Family Residence; High Value Residence; Unique Home such as Log, Earth Sheltered, Rammed Earth, Baled Straw, or Tropical; Town House; or Row House.

Once all of this is taken into consideration, you will find that the square foot of finished floor area can range between \$ 48.07 a square foot all the way up to \$ 413.62 a square foot. Quite a range isn't it?

The \$ 48.07 home would buy you a box frame or light studs, economy stucco or siding, windows, composite roof exterior finish. An interior finish of drywall walls, economy ceiling or none at all, softwood or asphalt tile on slab floor. Lighting and plumbing would be minimum substandard by most building codes. No heat. It would be considered a Class D, Standard Economy Residence.

The \$ 413.62 home would buy you a special site built residence with the best sash, entries, clay roof, and fine brick exterior walls. The interior finish would include custom ceilings and cabinetry, inlaid parquet, and mated stone and wood flooring. Lighting and plumbing would consist of extensive fixtures, and custom hardware throughout. A complete heating, ventilating, and air conditioning system would be installed. This home would be considered a Class 6, High Value Class C Residence.

As a rule of thumb, add up all your finished square foot finishes and multiply by \$ 100, for a starting point, then assess the quality of finishes, features, and area of your results.

Have I been of any help in determining a Replacement Cost Value using this method? I sincerely hope not.

APARTMENTS, HOTELS AND CLUBS GROUP

Dormitories include college and boarding school residence halls, interns' and nurses' quarters and armed services bachelor officers' and NCO quarters. They generally have a lounge and frequently have dining facilities and built-in features not found in apartments. For migrant labor dormitories or bunkhouses see Sheds and Farm Buildings Group.

High-rise Apartment costs are averages for multiple dwelling units of three or more floors, with kitchen facilities. For buildings of one or two stories and newer three-story buildings of lightweight residential-type construction, see Multiple Residence Costs, Dwellings, and Multiples, Motels Group.

Luxury Apartments are listed separately and include the high-end, owner-occupied condominiums and resort time-share facilities. Although apartments built as condominiums sometimes are required by building and zoning codes to have certain items not required for rental units, basically, "condominium" is a type of ownership and not a type of construction, and the apartment costs are valid. There can be extra developers' or soft costs related to a type of ownership, which are not considered in insurance replacement costs.

Basement costs include finish compatible with the type of basement, including stairs and ramps as necessary, and must be refined for size, shape and height.

Hotels are multiple sleeping units and lobby, of three or more floors, without individual kitchen facilities. The costs are separated by the type and amount of common-use or support facilities available.

Full-service Hotels will have meeting, ballroom, banquet and dining and lounge facilities commensurate with the class and quality.

Limited-service Hotels will have little or no space designed for large groups or formal dining. Where the first floor is divided entirely into retail stores and shops, that floor sees Stores and Commercials Group. For one- to three-story buildings of light residential-type construction, Class C, D or S, see the motel section in Dwellings, Multiples, Motel Groups. Swimming pools should be shown as an added feature as well as separate convention facilities, found in Churches, Theaters, Auditorium Group.

Mezzanine costs do not include exterior wall or heating, which are included in the building cost refinement for wall height. Elevator stops can be added from the refinement section.

City Clubs are private hotels with dining, gymnasium and library facilities. Swimming pools should be added as an additional feature.

Homes for the Elderly include assistance living congregate housing for the elderly, of three or more floors, typically consisting of one- or two-room suites, normally with limited individual and common kitchen and dining areas, lounges, nursing and therapy rooms. For apartments, multiple residences (senior and assisted living), single-family residences, duplexes, separate clubhouses, etc., in so-called senior citizen developments, use the section for the proper type of occupancy. Skilled nursing facilities or convalescent hospitals are found in Offices, Medical, Public Buildings Group.

Group Care Homes are small congregate care or special needs buildings that , are more family or residential style in character than convalescent hospitals, and include intermediate-care facilities for the physically challenged or mentally handicapped, substance abusers, battering victims, emergency homeless and other like groups. Therapy rooms or lounges and administrative rooms commensurate with the quality are included.

Mortuaries or funeral homes include chapels, stained glass and laboratories commensurate with the general quality. Generally, the better funeral homes may include some living area. Vehicular garages should be found in Dwellings, Multiples, Motel Group or Garages, Industrials, Lofts, Warehouses Group.

Fraternity Houses or sorority facilities have kitchen, dining and lounge rooms, and are more family style in character than dormitories.

Rectories or convents are buildings of residential type with some additional plumbing and kitchen facilities for the additional unrelated numbers of occupants. The better qualities may include small office, meeting and/or chapel rooms.

Rooming or Boarding Houses can be more commercial style in character than rectories, and provide minimum living quarters for transient occupancy.

High-rise Row Houses are all common wall dwellings over three stories. For three-story or less units, see Dwellings, Multiples, Motel Group.

Clubhouses are general-purpose recreation or activity buildings, usually with light kitchen facilities, a large general-use room and multiple restrooms. They will often have stages, and the better quality clubs will merge into the fraternal or auditorium occupancies found in Churches, Theaters, Auditoriums Group. Large gymnasium-type facilities can be found in Schools and Classrooms Group or

community recreation centers or fellowship halls from Churches, Theaters, Auditoriums Group.

Senior Centers are municipal-type clubhouses for senior citizens, which generally have multiple meeting and recreation rooms and full kitchen facilities.

Country Clubs are specialized clubhouses designed mainly for entertainment and have few, if any, sleeping rooms. Generally, the better clubs will have ballroom, bar, banquet and pro shop facilities, as well as locker and shower rooms. For snack bars, see Stores and Commercials Group. Golf cart storage, see Sheds and Farm Buildings Group.

Recreational Enclosures are structures designed to specifically shelter swimming facilities from the elements. Pool costs are not included, and must be added from Section 66. The lowest pre engineered structures are light-residential patio-style enclosures only, while the better qualities are typical of hotel/motel-type facilities with ancillary restroom, exercise or lounge finishes commensurate with the quality level. Natatoriums can be found in Schools and Classrooms Group.

Health Clubs or spas are designed as physical fitness facilities, with varied exercise and conditioning areas. Generally, the better clubs will have a snack bar, massage and steam room and sauna facilities, as well as locker and shower rooms. Whirlpool baths, swimming pools and sport courts are not included. Large gymnasium-type fitness centers with sports courts, rinks, running tracks, etc. can be found in either Churches, Theaters, Auditoriums Group or Schools and Classrooms Group for gymnasiums. Separate restroom and bathhouse facilities are found in Dwellings, Multiples, Motels Group or Schools and Classrooms Group.

We leave you with this thought

“ Robinson Caruso was the only person to get everything done by Friday ”

Have a great weekend!

Executive Editor
Sir Richard

Publisher
IPS

Editor
The Old Man