The Bright Idea

Just think, if we moved this antique house to an upscale town, and tastefully restored it, boy could we make a bundle. . .

Before: *Hidden behind the weeds in the Northeast Kingdom region of Vermont, the 1850 house (above) featured a steep roof, pilasters, pediments, and moldings in the Greek Revival style.* ***After:*** *One hundred miles away and two-years later, the house stands fully restored (below) near the shores of Lake Champlain. Note arched barn door was converted to entryway.*

by EDWARD BEHR

In August, 1982, I was looking for a new building project and I called up a builder friend, Ralph. I wanted him to join forces with me on my bright idea—we should borrow a whole lot of money, find an abandoned nineteenth-century house, move it 100 miles to a fancy suburb, restore it perfectly with all the modern convenience, and sell it for a fat profit. On spec.

Good idea...huh? We certainly thought so.

Our assumptions about the market were based on dealing with restoration customers and on observing the local real-estate market. Practically the entire upper end of the real-estate market in the Northeast Kingdom region of Vermont, where we lived, was made up of affluent outsiders. They loved the New England countryside and were buying up the quaint old farmhouses, say 1850 and earlier, despite their decrepit conditions. We figured that if we could move a fully-restored example of this same product to a much higher-priced market and keep our costs near low Northeast Kingdom levels, we should be left with a gorgeous profit. Images of Saab turbos danced in my head.

We had solid experience in single-family construction. Each of us had built substantial houses with top quality work. We knew one another mostly by this reputation. And working in rural New England we had plenty of experience working with old buildings. Beyond that we had at least a minimum of actual restoration experience coupled with a basic knowledge of architectural history.

We were sure we knew our market, our method, and our profit. Financing, too, seemed under control. I planned to mortgage my house and then leverage the rest using the partially-completed project as collateral. I was fearless.

A day or so after our first meeting we were on the road scouting out all the restoration candidates that might be for sale—cheap. We quickly focused on an abandoned farmhouse, suffering heavy moisture damage and in an impossibly loud and dusty location—opposite an active gravel pit and asphalt plant in Waterford, Vermont.

The Perfect House

The house was, in fact, for sale and we were the only interested would-be buyer. The floor system was so thoroughly rotten from the wet cellar, that there was nothing to jack. And we were the only ones prepared to completely disassemble the thing and reconstruct it.

Ralph is a very hard-working guy and he came up with cost estimates for the entire project overnight. I didn't even have time to procrastinate. The seller hadn't given the final word yet, but enthusiasm was running high. We expected to get double satisfaction from doing top quality work and getting excellent pay for our trouble.

We agreed on a $1,500 price, a questionable bargain (considering it would cost more than the price of a new house to move and restore it) and about $1,000 more than we had hoped to pay for it.

The building itself was a large, clapboarded Connecticut Valley house from 1851, with a steep-pitched roof and strong decoration. It was built by a blacksmith named Asa Hovey during the last gasp of the Greek Revival style, and the house had all the requisite charm that people expect to find in a country house in Vermont.

Despite belonging to the Greek Revival period, the house was not a columned temple with its gable-end facing the road. Still, the details of pilasters, pediments, and moldings were all in the Greek style. The building had enormous appeal—it seemed everyone we knew had idle dreams of rescuing this house—because it combined a favorite New England form with rich decoration in place of New England austerity.

The long side of the rectangular block contained a nice front entry with sidelights, and addressed the road with a 48x20-foot wing extended to the right of that main block. Both were a story-and-three-quarters. As the building stood, there were about 2200-square-feet of finished space including a kitchen downstairs in the wing. Half the wing, though, was taken up by a carriage barn which was entered through a fine elliptical arch. This naturally became the garage.

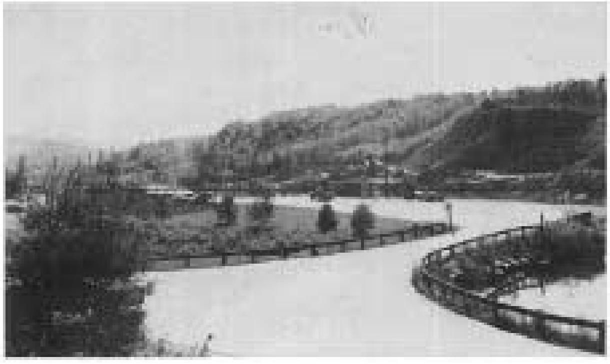
The Not-So-Perfect Site

Once again Ralph and I hit the road, this time making a series of day trips to Chittenden County in northwestern Vermont, where we checked with real-estate agents and followed up leads from ads. Chittenden County, which includes the city of Burlington, is booming and unusually attractive, with impressive views of the Green Mountains to the east, and of Lake Champlain and the Adirondacks to the west.

We gradually focused in on the most affluent town in the county—Charlotte, which borders on Lake Champlain.

After weeks of scouring the countryside for a site, we settled on a five-acre piece. We found a good deal, the right price for that size and area. As to the site, however, we made a major blunder. Our distinctly Connecticut Valley house with its steep-pitched roof had an entirely different feeling from the architecture of the warmer and wealthier Champlain Valley. And we foolishly wanted a piece of land that felt like the rolling, wooded upper Connecticut Valley. So we chose a small, pleasant field, almost entirely enclosed by trees, and at the base of a hill, where you could see the Green Mountains only if you knew where to look for them—a location one real-estate agent described later as a "hole."

More than that, as outsiders, we later found we had picked the wrong side of town. We were three miles inland from the place we should have been. In a



The eyesore of a gravel pit across the street from the original house site helped make it a real bargain—$1500 for the house.

lakeside town the phrase "lake view" carries more weight in the homebuyers' market than we realized. We could have had a flat, barren five acres (ugly to us) with the right views, near the lake shore, at a similar cost. It would have sold our house a whole lot quicker. But we didn't know enough to buy it.

In October, with our eyes on a bright future, Ralph and I incorporated, which was not a bad idea. And when all the real-estate papers were signed, we set to work. With the labor of three men the old house in Waterford came down in three weeks. We carefully took it apart, labelled each piece, and neatly bundled related pieces together. Then the work of scraping, minor repair, and priming of most of the exterior was subbed out to a conscientious worker. We ordered sash and some reproduction doors from two nearby millworkers. Interior woodwork, the clapboards, and miscellaneous exterior repair and replacement

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would be done at the new site. So far the restoration was going beautifully.

We made a decision, a good one, to put the old house on a new frame. The 1851 frame was seriously deteriorated, if not from the wet cellar, from two serious roof leaks. It was an up-and-down sawn frame, interesting to a builder, but not to a customer. We saved time by sticking to familiar, modern stick-built construction. Our crew knew it best and so did we. No one could tell the difference until they went into the cellar or up in the attic.

A Nice Winter Project

Over in Charlotte the initial site work was done and the foundation was poured. On November 7, our crew started. At the end of two weeks the building was framed and most of the cedar shingles were on the roof. Then, when construction was going perfectly, we did an incredibly dumb thing: we dismissed most of the crew and decided we could do the rest of the carpentry by ourselves. A nice winter project! Five weeks later, Ralph pointed out to me what a mistake we had made. He also questioned our estimated costs. I felt like a man waking up from a dream.

Instead of completing the project for the original sum and selling for another 25 percent less any sales commission, we were looking at figures showing costs 50 percent over budget. Eventually they ran even higher. We needed money right away and fortunately we found a bank that didn't blink at the necessary mortgage. Probably the worst part of our financial planning was that we were completely unaware of the frightening costs of loans, interest, and property taxes on a project gone out of control. By January we knew that we were building the most expensive house in the neighborhood by about $20,000. But we plugged ahead, still with too few workers. I still didn't understand how time-consuming it is to restore all the woodwork in a house, clapboards and all.

When construction was complete, the house was a meticulously finished piece of work—*and* four months late.

The Market, the Market

The house sat on the market for over a year. We had made another mistake. Naturally, we had respected the original floorplan as much as possible. We didn't think to find out what buyers might be looking for. We assumed they respected history as much as we did. Wrong. The Chittenden County high-end market was very suburban, and wanted conventional affluent suburban floorplans. We needed a very large living room instead of our small parlor, and a bigger dining room than we had. A master bedroom suite wouldn't have hurt, either. Our two upstairs bathrooms had unconventionally low ceilings. We could have compromised fairly easily with the nineteenth century to solve these problems, but we didn't recognize them as problems.

We Plowed Ahead

Then there was trouble with the adjoining landowner, who had sold us our property. He was also a builder and he was developing the acreage of the old farm that our piece had been part of. Like us, he was a first-time developer, and he needed the success of our project to start his rolling. But he dug out a big gravel pit right next to us in order to build his roads and driveways. His intentions were good; it was his deed that required five-acre lots and design-controlled houses. He even had to grade and seed his gravel pit—someday. But we had no leverage on him to do it anytime soon and it kept getting bigger and deeper and eroding, month after month. This was really unforeseen. When we bought our land the site of the gravel pit was invisible behind trees and underbrush. Now it gaped at our historical house—and visitors were asking questions.

And yet another problem. Our brand-new well produced water tainted with sulfur and iron bacteria. Back in our part of Vermont no one had ever heard of such a thing. In Charlotte we had to install treatment equipment. Even at wholesale cost this was another burden, one we could ill-afford. And it was something else to explain to prospective buyers.

And unbelievably there was another problem that never occurred to us country boys—the town raised the grade of our road, effectively lowering the site of our house by 8 to 10 feet. This wasn't a case of there being an established grade. The grade was up to the judgement of the old-time road commissioner. And he made those decisions when he got around to doing the job, without benefit of a transit. He just gradually raised the road while we built the house.

The Quick Sale

During the bleak period of waiting for a buyer to appear we heard a lot of advice. "It only takes one buyer" was the most popular phrase. Eventually I began to answer, "Yes, but it does take

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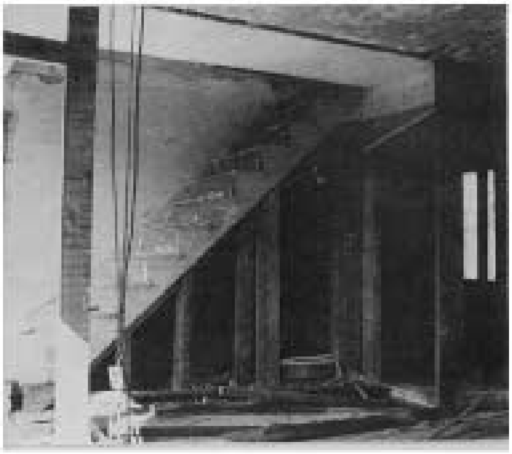
one." Potential buyers looked, often they came back twice or more and asked to meet with us to discuss the house. But no one made an offer. One or more of the home's shortcomings always held them back.

In October, five months after our May completion, we went back in and redid the floor plan, opening the wall between living room and dining room and fixing the low-ceiling problem in the upstairs bathrooms by moving walls and changing plumbing—a major expense.

Fortunately I sold my other house, the one mortgaged to finance the project at the start, which reduced my interest payments. Then, in November, I moved into the Charlotte house to further reduce my costs and put some appropriate furniture in it, since a furnished house is easier to sell. Gradually over the coming months the gravel pit was going to be graded and landscaped. And we had prepared a brochure of the house with before and after photos.

We had two real-estate agents. We let the first go in frustration after four months. But both of them worked hard for us. The second agent kept his belief in the project, advertised the house, held repeated open houses, advised us not to make a big sacrifice on the price, and ultimately came up with two com-



Water damage had totalled the building's interior when they found it (left). Restoration work (right) was faithful to the original and finely crafted, but not quite right for the market.

peting offers on the same day. Hooray! In September of 1984 the house was sold.

Was it Worth it?

In hard dollars-and-cents figures, we more or less broke even. But if you place a high value on time and lost opportunity, we lost around $30,000—a sobering sum.

In retrospect, we were amazingly naive. We didn't know how to be hard-headed in the business sense. We didn't know that partnerships have a greater

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rate of failure than sole proprietorships, for example. We assumed that two heads were better than one, a combination of strengths rather than a combination of weaknesses. A couple of nice guys don't ask a lot of unpleasant questions about optimistic figures. And there are simple maxims that bear saying out loud now and then. One of them is "time is money." We came late to that one.

The problem was we didn't really know what business we were in. We thought we were in the business of producing craftsmanship at a high aesthetic level. But we were actually in the business of real-estate development. If we had had our priorities straight, the real-estate development business might have offered us some opportunity for personal enjoyment of craftsmanship and aesthetics that we sought—plus a fair profit.

The Moral of this Story?

When you get a bright idea and decide to build on spec, keep in mind the lessons we learned:

- Know what business you are in.
- Time is money.
- Know your market. Don't assume anything. Do research. (At least find several experienced people to ask.)
- Design your product to meet your market. Make it commercial, don't make it personal.
- Don't depend on other people's good will. Know how motivated they are to follow through. Be in control of the situation.
- If you choose a partnership, know how it may help or hurt your business.
- Buy land that will support your development. Especially in high-end construction, the only land that's a bargain is the land that will sell your development.

Hindsight is wonderful stuff, often expensive, and not very useful unless you can turn it into foresight. If you choose to build on spec, I wish you better luck than we had. ■

Today Edward Behr lives in Peacham, Vermont where he publishes The Art of Eating, *a quarterly letter on the subject of gourmet food.*