



What you need to know about renovations

April 11, 2011 - Design / Build

Even though commercial building construction may not have returned to "normal", there is still a great deal of renovation work going on in New York City- commercial, residential and co-op. Renovations cost more than any other item besides the actual purchase of the real estate and evoke so much emotion, yet many people hesitate to spend the time and money necessary to get these projects started and running properly. Just ask someone whose renovation is six months past the promised completion date and the contractor is threatening to file a mechanic's lien.

For stores or offices, a renovation disaster can affect the bottom line profits like nothing else. Residential owners who find themselves sleeping in a construction zone are ready to pull their hair out. Yet somehow, people still begin these projects with little more than fingers crossed and hoping for the best. If that describes you, whether you are the owner, a commercial tenant, the contractor, the design professional, the property manager or a real estate broker, here are a few things you should know.

The first thing I always tell my clients is to have the plans and specifications complete before the work commences. This may sound obvious, but it is not. Starting with the plans being "mostly done" leads to change orders and delays very quickly. Work may need to stop to sort out design issues and to get pricing for those changes. If the date for completion is tied into a commercial lease or an Alteration Agreement for a co-op, this can cause major and expensive problems.

If some of the work is being done by a landlord in exchange for free rent, the timeliness of the work will be very important, as well as where the landlord's work ends and the tenant's work begins. Some co-ops only allow renovations to be done within a specified period of time and assess liquidated damages for each day the work goes beyond the date specified.

Never take neighboring property owners for granted. Rather than keeping neighbors in the dark, it can be helpful to be forthcoming about plans. However, the extent of such dialogue should be discussed with legal counsel. It is also wise to photograph the neighboring apartment before any work starts to lessen the likelihood of unjustified claims for damages.

Get it in writing. There can be major disagreements over what the building has allowed to be done and what the shareholder or tenant is actually doing. The work cannot exceed or be different than what was approved. In a worst case scenario, the building can compel the renovating party to restore the area back to the original condition.

Always consult legal counsel knowledgeable in this area before signing any contracts. It will save a lot of problems down the road.

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