

LONG-DISTANCE RENO

Living eight hours away from your investment property can be challenging, especially when you decide to renovate, as **Joanna Mathers** discovers.



When Auckland investor Ginny Douglas looked at buying a duplex in the heart of Upper Hutt, she had a fair idea it could be problematic. Just twelve months earlier she'd purchased the adjoining property, and when the tenant vacated, the place tested positive for meth. It was no surprise when this one yielded the same result.

ASBESTOS AND METH CLEANUP

Meth proved to be just one of a multitude of issues. With asbestos-laden stipple ceilings, threadbare carpets, a fireplace with no chimney, and a garage packed with furniture, the duplex was hardly the stuff of dreams. But Douglas could see its potential.

After an initial viewing, she arranged meth and asbestos tests. The results were low-level meth residue, as well as a positive reading for asbestos.

Another major issue was the configuration of the third bedroom. Very small and an odd shape due to the position of the wardrobe. She was

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GINNY DOUGLAS

keen to reconfigure this so the room could accommodate a double bed. Then there were the cosmetic upgrades; the kitchen, bathroom, paint and flooring all needed upgrading, and the whole house needed rewiring.

Undaunted she made an offer of \$308,000 to the vendor. He accepted, and Douglas found herself the owner of two duplexes situated on a sizeable land parcel (915m²) with room for development.

As Douglas lives in Auckland, the

Exterior painting, the addition of a small deck and sliding door, and an interior makeover have increased the value of Ginny Douglas's Upper Hutt duplex and provided an extra \$100 a week in rent.

renovation process was always going to have its challenges. Luckily, she had good property managers who'd helped to facilitate an upgrade of the adjoining duplex a few months earlier. They had friendly relationships with local tradies, and any additional tradespeople were found using website builderscrack.co.nz.

The most pressing issue was the cleanup of meth and the removal of the asbestos ceiling. Douglas used the same contractor for both jobs, at a cost of \$10,000. No other tradies were allowed access to the property while this was taking place.

Douglas feels that this could have been resolved more cheaply if she'd lived closer to her investment. As there was a very low level of meth found in the home (just 0.7 mcg/100cm²) she feels that she might have been able to remedy this herself with a good sugar soap clean.

RENOVATION

As it was, she had to call in outside help.

"I used a company called Crime Scene Cleaners (www.crimescenecleaners.co.nz) who were able to manage both contaminants for me. Living so far away it wasn't practical for me to do that. Crime Scene Cleaners were able to resolve both issues within a four-day period. Having that taken care of so quickly helped me get on with the renovation works straight away."

Wiring was also an issue. It hadn't been upgraded in years, and meant a complete rewire. At a final cost of \$8,000, this was another significant expense.

RENO BEGINS

Once these issues were resolved, the renovation began in earnest. As the previous owner had been elderly and unable to maintain the property, Douglas was faced with a complete makeover. This included new plaster and paint, vinyl and carpet, and a fresh new kitchen and bathroom.

The local Placemakers provided a kitchen package, which included appliances, for \$9,500. They recommended an installer who completed the job to a high standard. She also upgraded the electric hot water system from electricity to gas, which meant that the old hot water cupboard was removed from the kitchen. This created more space and made the kitchen easier to work in.

The bathroom was a 1970s throwback, a vestige of an age that style forgot. Douglas went to Bunnings for the fittings and tapware (she'd used them before for other renovation projects) at a cost of \$1,600. She used the local Flooring Warehouse for the vinyl in the bathroom and kitchen; this plus the new carpet installed in other areas of the home came to \$5,500.

The duplex had a large, grassy backyard, but it had been inaccessible from the back of the duplex and under-utilised. Douglas decided to open up the living area by adding a deck (accessed by a sliding door) that flowed out to the backyard.

"The builder recommended by my property manager fitted the sliding doors and built the deck. I sourced the sliding door secondhand from Trade Me for \$700 and had to get an aluminum joinery company to modify it slightly and fit a handle for a further \$300. The deck and the fitting of the door cost \$3,700," she explains.

When Douglas purchased the property, it was painted an ugly pale

lemon, which gave the place a dated appearance. She chose Resene Half Silver Chalice for the exteriors, and Resene Sea Fog (with Alabaster for the trims) for the interiors. The paint has freshened up the home significantly, and is neutral enough to appeal to a wide range of tenants.

REMOTE PROJECT MANAGING

Douglas chose to project manage the renovation herself, which proved challenging as she couldn't be on site for many of the big decisions. She made the trip down to Upper Hutt three times during the three-month project, but relied on the property manager and the builder for most of the decisions.

While distance proved prohibitive at times, and there were issues involved with buying a home in such poor condition, Douglas says there were also pleasant surprises along the way. The neighbours proved very keen to have a fence upgrade, and contributed to the cost of this. Another surprise was the level of rent increase post-renovation.

"I had expected the rent would increase to around \$400 per week (previous rent had been \$330), but when we were ready to list the property my property manager suggested \$430 and we had no trouble renting it quickly at this price. I think that was partly the improvements to the property and partly a rising rental market."

FUTURE SUBDIVISION

Both of the duplexes are now tenanted, and Douglas is working on plans to subdivide the large land parcel at the back of the duplexes.

"There is additional value to me in the combined rear lots of these duplex units, as I am now underway with subdivision and build plans for two new three-bedroom dwellings. I'm not yet sure what the complete equity gains for the site will be. It's a work in progress." ■

THE NUMBERS

Purchase price \$308K

Renovation cost \$78K

Valuation after reno \$400K

Rent before reno \$330 p/w

Rent after reno \$430 p/w