

THE RADAR REALTY!

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THE OLD AND THE BEAUTIFUL

Before your home's facelift is complete, you've got to get a little down and dirty

After several years of residing in a high-rise condominium, the Chicago couple wanted more room and a little green space. They considered a single-family home in several suburbs but decided to stay closer to the city and all it had to offer. Their options in Chicago were simple: buy an existing home, choose from a limited number of new homes being constructed around town or embark on a rehab adventure.

The couple chose the latter, opting for an early 1900s graystone in Kenwood. For the next six months, they gutted, patched and modernized the two-story house, investing just as much money into the building as they paid for it. When the dust cleared, however, the couple had the best of both worlds: a new home in an old home in an area they loved.

Conducting a rehab in the Chicago market is not an easy task, and recent market trends have made it slightly more difficult. But for those homeowners who stick with it, it can be more rewarding than building a new home. "For a person who wants to buy an old building and rehab it, they find a charm and solidness that you don't find in a lot of new construction," says Nancy Bush, a Chicago-based developer who has done numerous rehabs in recent years. "There is a romantic element to this stuff. But you need to be prepared because it isn't easy."

In fact, many developers have stopped doing rehab work because of the increasing land costs, especially on the North Side. "It seems now that the price of any house that needs a rehab is a teardown price," Bush says.

Instead, to get around the rising costs, developers have been focusing on what Bush calls "unconventional" housing, mostly non-residential buildings that can be converted into homes. "What you should do is go for a quirky building," says Chicago architect Pete Landon. For example, Bush is converting a former industrial garage—a 5,000-square-foot space—at 31st and Lithuanica in Bridgeport into two upscale loft units.

One of Landon's partners, meanwhile, recently converted a former Bucktown hair studio into a living space. "The upside of these oddball buildings is that you can be more creative with them," Landon says. "With a more conventional residential building you can be confined by the layout of the building or you might have to do a tremendous amount of work to get the building to open up."

The appeal of rehabbing a house is the return on an investment. Buy an unattractive home that needs work in a good location, fix it up and then watch the values soar. But it's also easy to go overboard with a rehab. "A lot of what drives the scope of a rehab is what is in your pocketbook," says Julie Harron, a sales associate at Rubloff Residential Properties.

For example, Chicago architect John Eifler cites an Old Town couple who spent "10 times" what they paid for two older wooden Italianate buildings that they linked together in a rehab. "But this couple were committed to being in the city and in Old Town," he says.

In addition to Lincoln Park and Old Town, rehabs can happen in just about any neighborhood, the experts say. They are extremely popular in areas that boast older grand housing stock, such as Hyde Park, Kenwood and the emerging Bronzeville. "There is also some beautiful stuff in Garfield Park along the boulevard in an area people would have considered dangerous 10 years ago," Eifler says.

However, a rehab bargain is increasingly getting harder to find in the ultra-trendy and teardown-friendly neighborhoods like Lincoln Park. And, in other desired parts of town—Bucktown, Wicker Park, Ukrainian Village, etc., rehabs are also facing competition from teardowns, says Landon. "The cost to buy and rehab a building is sometimes equivalent to the cost of a teardown, in which you get a new building," he says.



Finding a rehab candidate is somewhat of a tricky business and homeowners interested in a rehab should be cognizant of a number of challenges, the experts say. For example, it's likely that you will be owning two properties at once: the house you're rehabbing and the house you will need to live in. In addition, the process can be very time-consuming. "Although you might have a great [general contractor], you have to be there every day," Bush says.

However, though there might be a few obstacles, there is also an intangible benefit to taking on a rehab, Bush says. "I love taking something that is no longer useful and making it loved and useful again." ■