



# Why Reconstruction Usually Costs More Than New Construction

**Economy of Scale** – When a contractor has many homes under construction at once, materials can be purchased in large quantities for delivery as needed – everything from framing lumber to plumbing fixtures. If you buy a large number of bathtubs, for example, suppliers will compete for your business and offer price discounts. When you buy just one bathtub, and it must be a match for one that’s been destroyed, it will nearly always cost much more than if it had been part of a larger purchase. This holds true for almost everything that goes into a home and this factor alone can push the cost of rebuilding thousands of dollars higher than the cost for comparable new construction.

**“Top-Down” vs. “Bottom-Up”** – New construction begins at the foundation and builds upward. Repairing a house that isn’t totally destroyed often means removing the roof and rebuilding from the top down, a far more time consuming and labor-intensive procedure.

**Demolition and Debris Removal** – New home construction normally begins on open ground, perhaps with some brush removal and grading and other minor site preparation. Rebuilding begins with a partially or totally destroyed structure occupying the building site. Parts of the structure may still be standing but unusable, requiring demolition and removal. The site may have to be extensively cleaned – after an intense fire, for example, the soil may be contaminated. The foundation may have been damaged beyond repair. A lot of work is usually required before the first cement can be poured or the first nail hammered in.

**Use of Labor** – When a new home builder has several houses under construction, even if they aren’t all in the same area, work can be scheduled for the most efficient use of carpenters, plumbers, electricians, and other workers. If one house isn’t ready for wiring, the electrician can probably work on another. When only one home is being built, the same kind of efficient scheduling is rarely possible. Labor normally accounts for the largest share of homebuilding costs.

**Access to the Worksite** – When new houses are under construction, there is usually no landscaping, allowing easy access to the site. Materials can be driven directly up to any side of each structure as needed. When a house is being rebuilt among existing homes, there are trees, shrubs, lawns, flowerbeds, fences and other obstructions limiting access. Materials often have to be off-loaded further away and hand carried to where they’re needed. This factor is compounded if the building site is on sloping ground. The impact on labor costs can be significant.

*(continued on reverse)*



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**Special Features & Unusual Materials** – Older homes and homes that have been extensively remodeled often have customized features or include materials not commonly found in homes being built today. These features and materials can be very expensive, if not impossible, to duplicate. Examples include slate or tile roofs, lath & plaster walls, coved ceilings, wainscoting, solid (instead of hollow core) doors, custom ironwork, ornamented fireplaces, exposed beam ceilings, stained glass or other leaded windows, curved staircases, slate or tile floors, and other items.

**Building Code Changes** – Most older homes, and many newer homes, were built during times when building codes were less strict than they are today. If you are rebuilding or restoring your home, you may need to meet the newer and more demanding building codes. Even undamaged parts of the structure may have to be rewired or replumbed to meet current codes. Building codes may also require you to replace windows with safety glass or replace roofs with fire-retardant materials. Building code changes can add thousands of dollars to the cost of restoring a damaged home.

**Construction Costs Rise After Natural Disasters** – In the wake of a disaster affecting a wide area – hurricanes, wildfires, etc. – the costs of building materials and contractor fees nearly always rise sharply in response to the sudden surge in demand. Even without deliberate profiteering this would normally be true because when local supplies are quickly exhausted, materials have to be brought in on an emergency basis, often from mills or factories at great distance. This may require more expensive modes of transportation and a lot of overtime pay. Whenever many homes have to be repaired or rebuilt at the same time, the cost for each will be higher than normal, sometimes much higher.

**Undamaged Parts Of The Home and the Contents Must Be Protected** – Once the fire is out or the windstorm has abated, all parts of the property not destroyed must be protected from further damage or looting. This can involve covering a damaged roof, missing window glass, and holes in the walls with plastic sheeting, for example, and, as soon as possible, surviving personal property items must be removed and placed in temporary storage for safekeeping.

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