



--- Hub Hints ---

Renovations for Multi-Family Properties

What should you be asking when it comes to renovation for multi-family?

When a client asks you if they can get a renovation loan for their multi-family investment property, what are some of the most important questions you should be asking them? Having the answers will likely mean the difference between getting the deal done or not.



Our example is a multi family building located in Kitchener with 6 units. The cost of the building is \$2.4 million. The investor wants to renovate at a costs of approximately \$150,000 of upgrades. The renovations are expected to bring the property value to \$3.1 million.

Here are the questions you should have before ever submitting to the lender.

- Are the improvements to enhance the building, for building infrastructure repairs/improvements or for rental unit enhancement?
 - If for rental unit enhancements, approximately how much will it cost to upgrade each of the 6 units?
- How will the improvements impact the rental rates?
 - What are the rates before the renovations/ What are the rates after the renovations?
- What has been the building's occupancy rate over the last 12 to 18 months?
- Can the borrower or their realtor show you comps of similar multi-family buildings in the surrounding areas that have sold in the last 12 months?
- How long will the project take?
- If it's going to take 4 months and the loan interest is \$2000 per month, can the investor specifically point to available funds that cover the loan for a min of 6 months (\$12,000)?

With these questions answered, there are lending sources on the Financing Hub that will want to see this deal.

Too many construction and renovation deals don't get done because they don't start with the right information. Have the right answers ready in your original submission.

Interest Rates

- 6% - 9%

Lenders Available

- 9+ lenders fit this criteria

Assist Programs Available

- Yes