

RENOVATION VALUE INDEX (RVI)

Myth vs Reality vs Certainty



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Renovation Value Index (RVI): Myth vs. Reality vs. Certainty

A research-backed framework that contrasts the projected 'myth' of renovation value with the true, after-all-costs owner's net — and the certainty of an as-is cash option.

Executive Summary

*Price is a headline. **Net** is the story.* RVI restores the missing pieces — time, holding, and friction — to show the outcome that actually lands in the owner's wallet.

- Renovation headlines often omit *time, holding, and fees*. RVI puts those back into the math.
- Many 'good' projects flatten or turn negative once carrying and concessions are included.
- The Cost of Certainty can dominate when timelines stretch, access is limited, or homes need work.

Framework: Myth → Reality → Certainty

Myth (Projected Value)	“A remodel adds \$X to resale.” Often quoted without time or transaction frictions.
Reality (Owner’s Net – Retail)	Remodel cost + holding months + inspection/appraisal + closing fees + commissions – concessions.
Certainty (Owner’s Net – As-Is Cash)	Today’s cash amount (no repairs, minimal fees). Confidence, speed, and flexibility.



Conceptual split-screen: renovation costs & holding vs. as-is certainty.

Transparent Inputs (Editable in the Tool)

Project Baselines	Remodel cost & typical resale uplift by project (kitchen/bath/siding/etc.).
Local Cost Factor	City cost indices for labor/material pricing (localizes national tables to your ZIP).

Market Time	Median Days-on-Market (DOM) → drives holding months & timeline risk.
Holding Costs	Taxes, insurance, utilities, HOA/interest → converts time into dollars.
Soft & Closing Costs	Inspection/appraisal, title/escrow, transfer taxes, commissions & concessions.
Cash Comparison	As-is cash amount, typical seller closing costs covered → quantifies Cost of Certainty.

Methodology (High Level)

- **Baseline remodel table** (project cost & typical resale lift).
- **Localize costs** via city cost indices (labor/material factors).
- **Compute timeline**: rehab weeks + local DOM + escrow.
- **Convert time to dollars**: monthly carry (tax, insurance, utilities, HOA/interest).
- **Apply soft/closing frictions**: inspection/appraisal, fees, commissions & concessions.
- **Compare nets**: Retail Net vs. As-Is Certainty Net & show break-even days.

Disclosure: RVI is informational; not legal, tax, or financial advice. All purchases subject to standard title review and brief property verification.

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