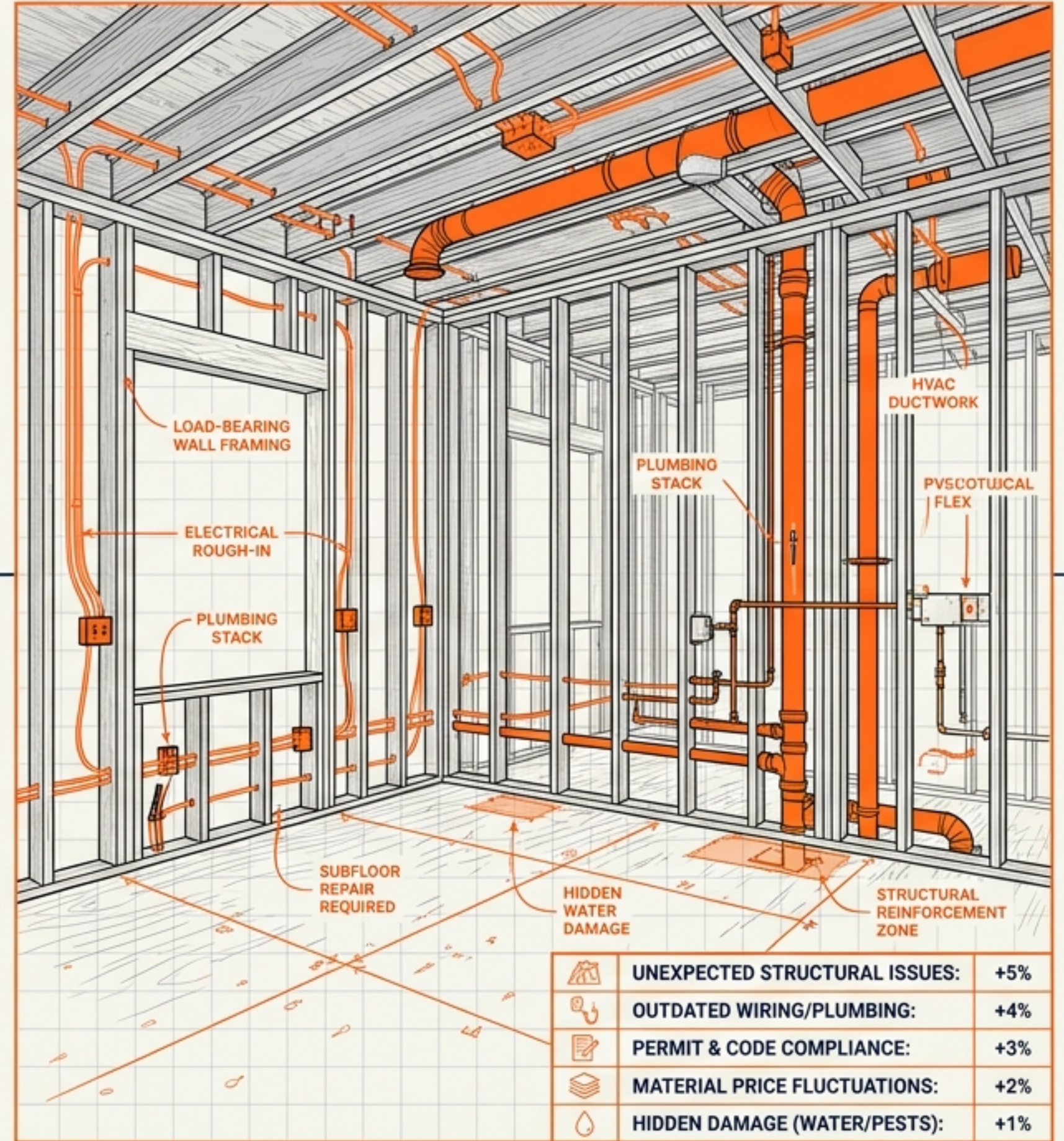
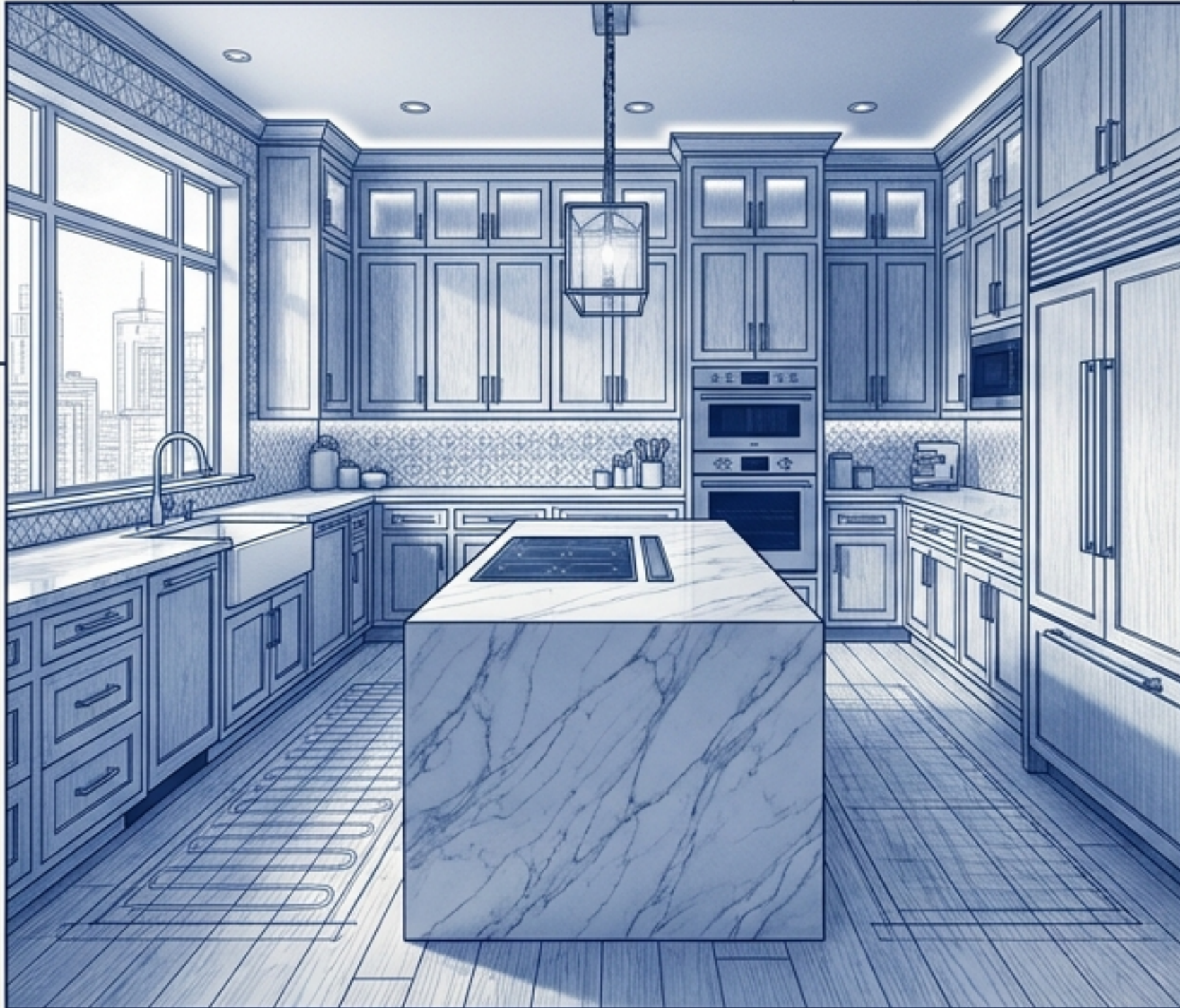


THE 15% REALITY CHECK

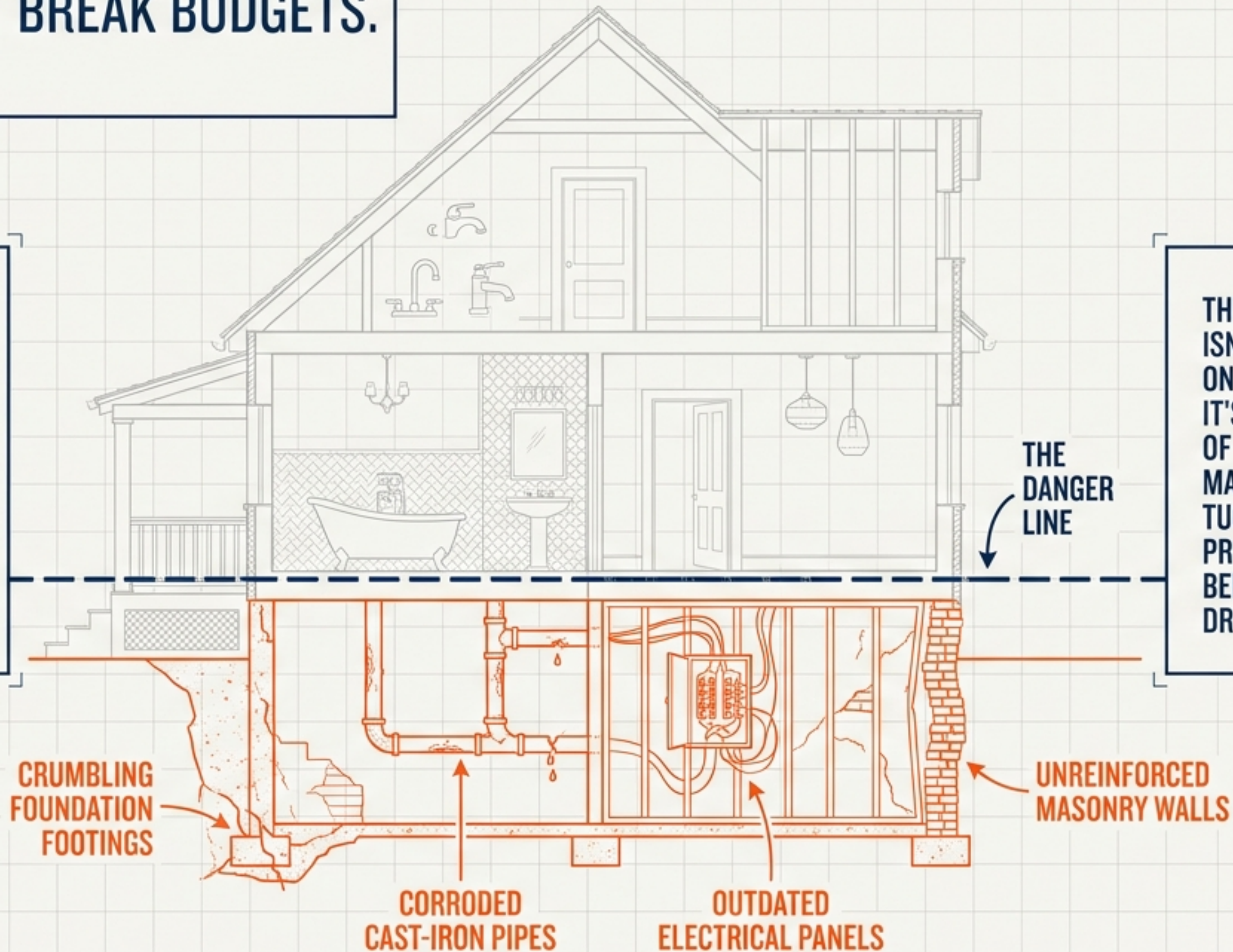
What your renovation contingency actually pays for—and why budgets break when you treat it like a luxury fund.



**SPLURGES DON'T BREAK BUDGETS.
SECRETS DO.**

38%
OF RENOVATIONS
**GO OVER
BUDGET**

Source: Houzz & Home



**THE PRIMARY REASON
ISN'T OVERSPENDING
ON FINISHES.
IT'S THE DISCOVERY
OF UNFORESEEN,
MANDATORY STRU-
TUCTURAL AND SYSTEM
PROBLEMS HIDDEN
BEHIND THE
DRYWALL.**

Redefining the Contingency Fund

The Amateur Myth

~~A slush fund for optional upgrades.~~

Mindset: “Extra money in case ~~we want the nicer countertops or a pot filler.~~”

Stalled projects and mid-~~construction financial panic.~~

The Professional Reality

Non-negotiable risk insurance for your budget and timeline.

Mindset: “Dedicated capital for hidden conditions and code compliance.”

Rule of Thumb: 10-15% is the absolute floor. 20-25% is required for historic homes.

The Three Valid Uses of Contingency Capital



Hidden Conditions

Nature: Non-negotiable repairs.

Examples: Asbestos discovery, termite damage in joists, electrical panels unable to handle new loads.

Impact: Required for safety and code compliance.



Allowance Overages

Nature: Controlled scope creep.

Examples: Contract allows \$10/sq ft for tile. You select \$16/sq ft tile. The \$6 difference hits the contingency.

Impact: Conscious, planned aesthetic choices.



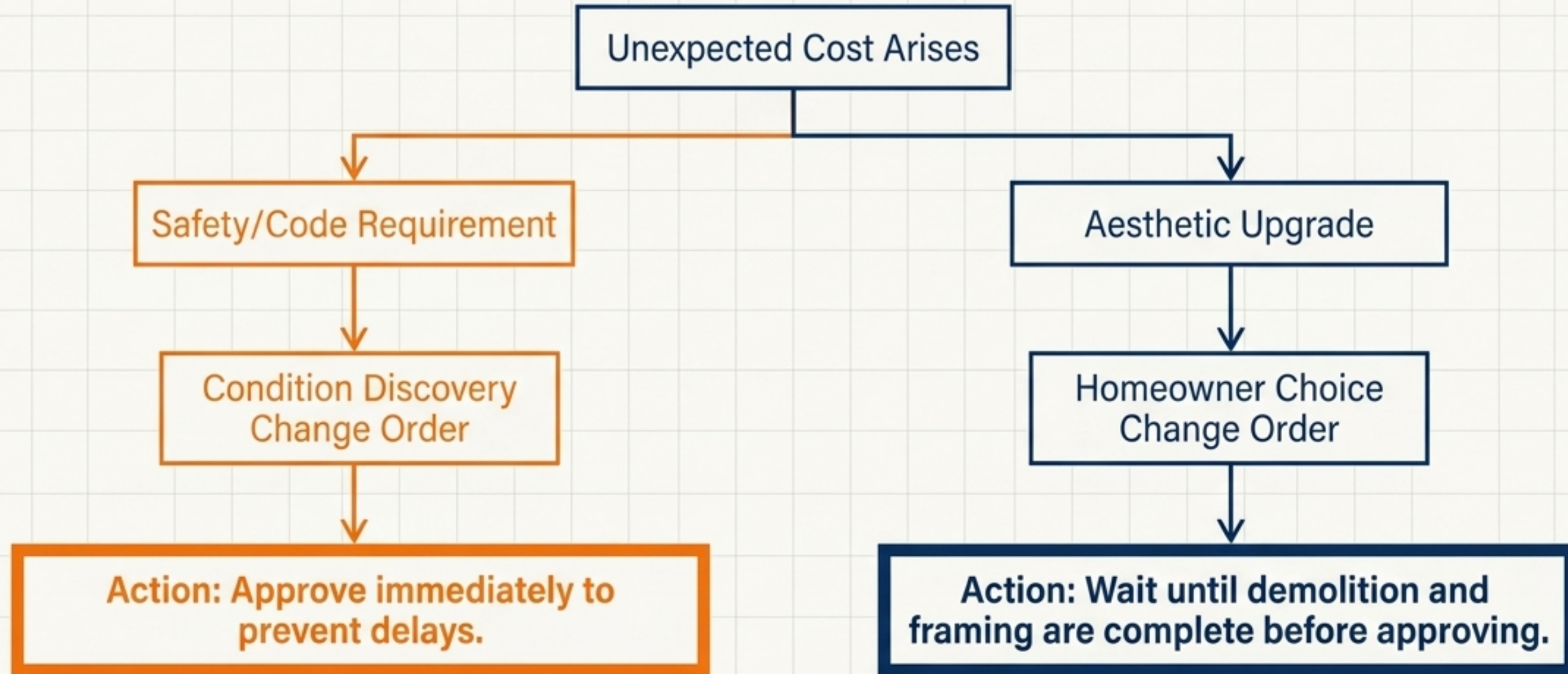
True Scope Creep

Nature: Intentional expansion mid-project.

Examples: “While the walls are open, let’s add soundproofing.”

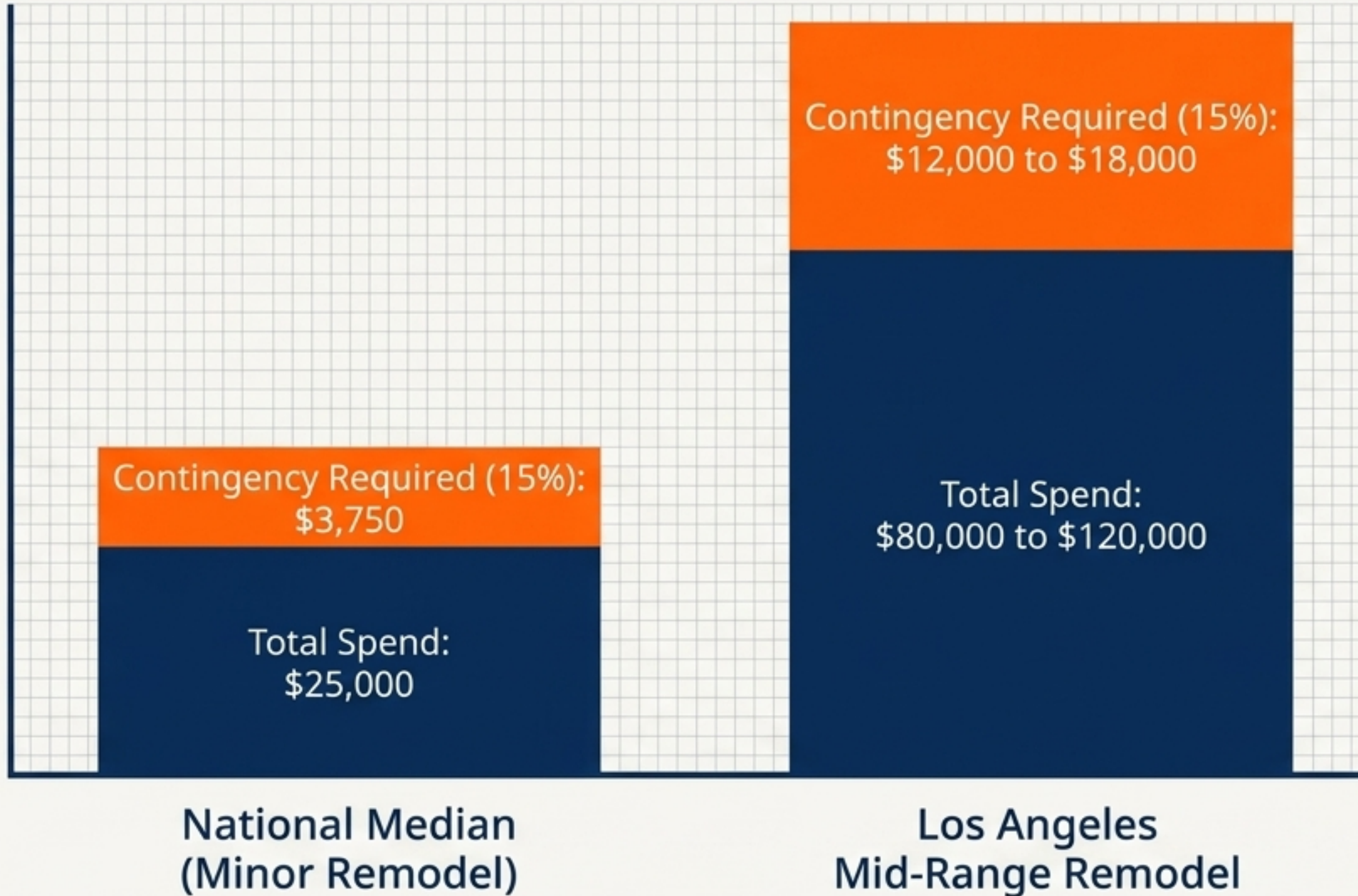
Impact: Processed strictly via formal change order.

The Needs vs. Wants Decision Tree



Prioritize Needs over Wants. The goal is not to spend the contingency, but to have it ready to protect the project.

Why Flat Numbers Fail: The Math of the Market



The Prevailing Wage Multiplier

In markets like LA, **high skilled trade rates** (plumbers, electricians) mean a single day spent moving a surprise cast-iron vent stack rapidly drains budgets.

ANATOMY OF THE UNEXPECTED

Renology 2026 Project Data

SHERMAN OAKS KITCHEN REMODEL



THE PLAN:

Keep existing plumbing layout.

THE DISCOVERY:

Corroded cast-iron drain stack violating current code.

THE FIX:

Re-route plumbing and patch subfloor.

CONTINGENCY HIT:

\$8,200

(Drawn from 15% fund)

EAGLE ROCK BATHROOM ADDITION



THE PLAN:

Standard foundation pour.

THE DISCOVERY:

Unreinforced masonry foundation on existing structure.

THE FIX:

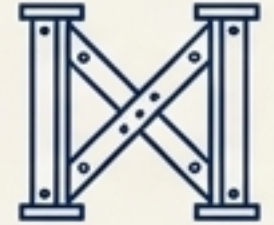
LADBS-mandated footing upgrade.

CONTINGENCY HIT:

\$12,500

(Drawn from 20% fund)

MAR VISTA ADU CONVERSION



THE PLAN:

Detached garage conversion.

THE DISCOVERY:

Insufficient lateral support for current code.

THE FIX:

Mandatory seismic retrofit (shear walls, foundation bolting).

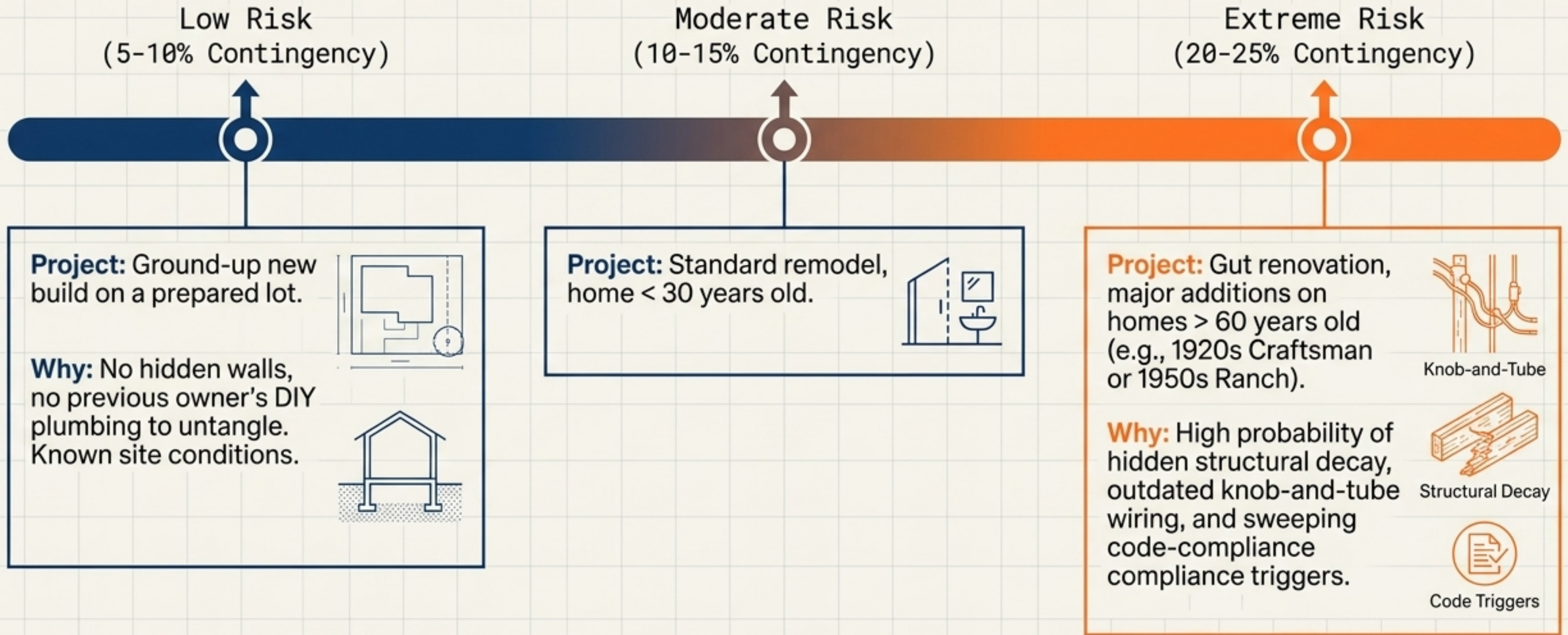
CONTINGENCY HIT:

~\$15,000




The 2026 Macro Environment: Why Risks Are Amplified



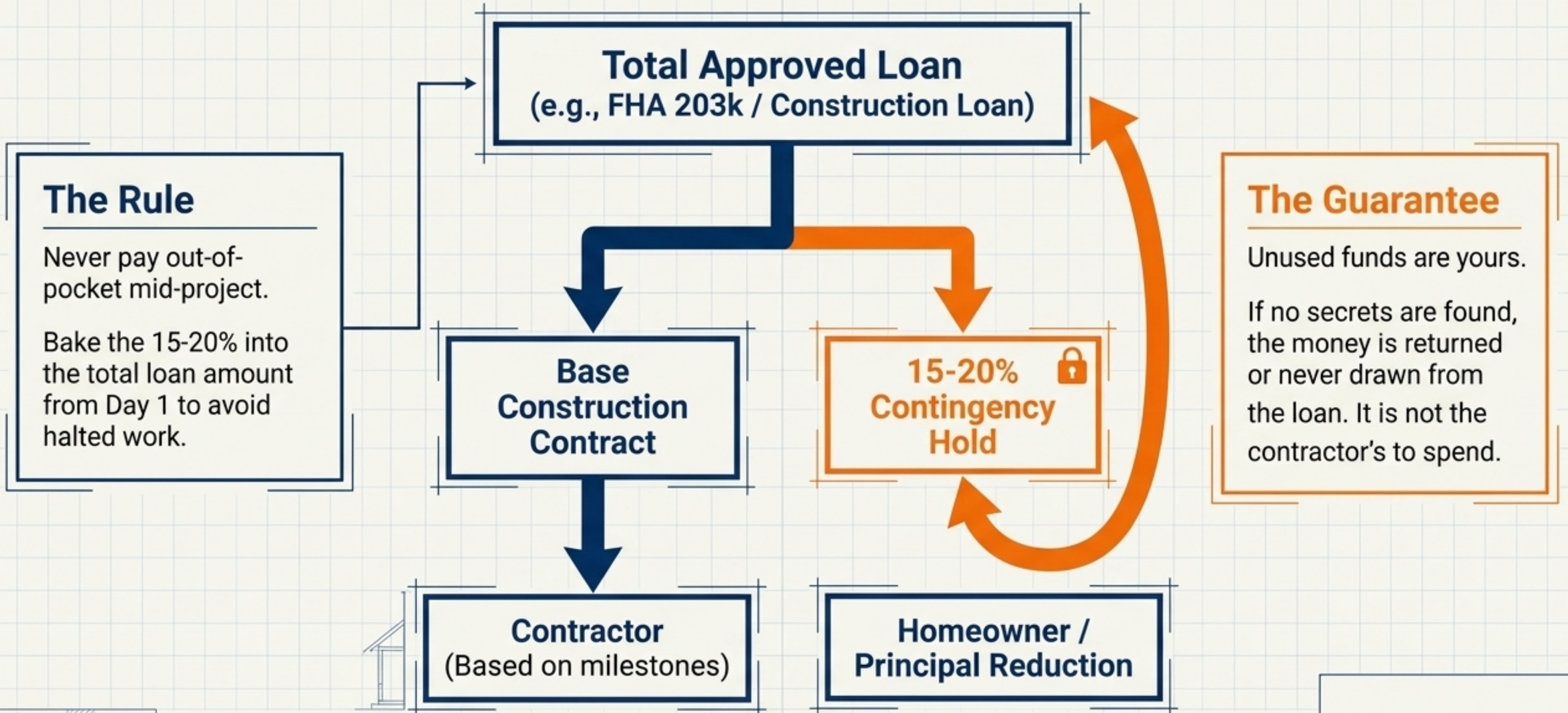
Mapping Your Risk Profile: New Build vs. Remodel



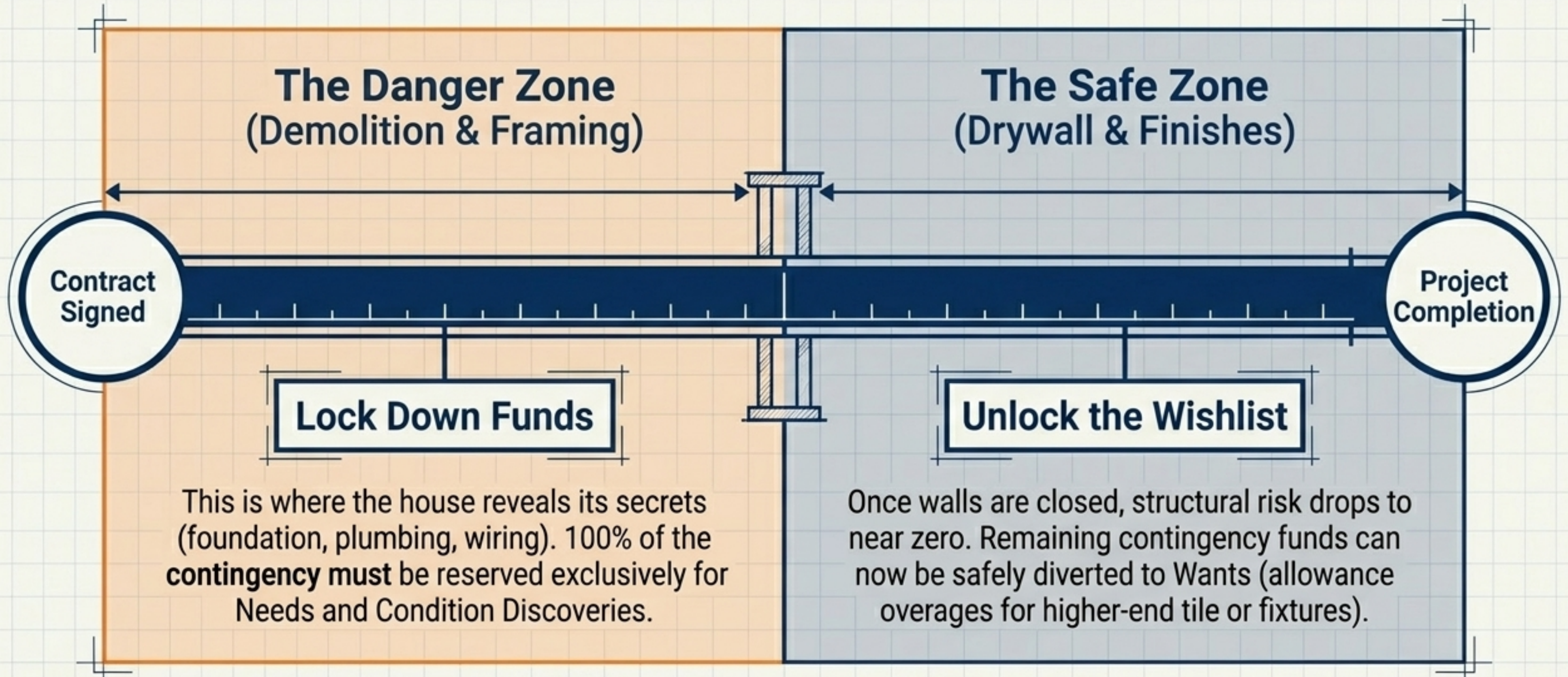
Vetting the Pro: The Interview Scorecard


The Question	The 'Why'	The "Green Flag Answer"
How do you handle contingency funds and change orders?	Establishes financial transparency.	 It's a separate line item . No funds are used without a formal change order detailing labor/materials, signed by you before work begins.
What are the common surprises in homes like mine in this area?	Tests local, era-specific expertise.	 Proactively mentions local issues (e.g., knob-and-tube in Highland Park, LADBS seismic upgrades) and advises a 20% hold for vintage homes.
How do you separate necessary repairs from upgrades?	Tests their ability to manage scope.	 Through strict documentation. We clearly separate " condition discovery necessities " from " homeowner choice aesthetic upgrades.

Structuring the Capital: The Financial Flow



The Lifecycle of a Resilient Budget



The background of the image is a light gray architectural floor plan of a house, showing various rooms, walls, and doorways. The lines are thin and detailed, typical of a technical drawing.

A renovation contingency is not a sign of poor planning. It is the most essential part of the plan. It protects your investment from the two biggest risks in any project: the secrets of an old house, and your own evolving vision.

Don't start swinging a hammer without it.