

For Your Clients: How to Complete Home Renovations on a Budget

RISMEDIA, April 18, 2011— As the interest in home renovations continues to grow, homeowners are constantly looking for ways to get the job done without depleting their bank account. With numerous steps and details involved in the process, it is easy for homeowners to become overwhelmed and spend more money than is truly necessary.

The following tips from the April 2011 Issue of *HOLMES: The Magazine To Make It Right* provides useful information that will keep homeowners from going over budget as they take on renovation projects this spring.

- 1. Work in the off-season.** Some jobs like pouring concrete and applying stucco, are best done in good weather, but if your job doesn't require it, postpone it until the off-season to save on labor costs.
- 2. Avoid structural changes.** Moving walls and adding foundations also raise the bill. If you must have more space, steal it instead of adding on; grab it from an adjoining closet or room, or even the hollow between studs.
- 3. Work with what you've got.** Unless you're dealing with structural issues or water damage, it's likely that not everything needs to be replaced. If you've got a good set of cabinets, why trash the boxes when just replacing the cabinet doors will do?
- 4. Leave appliances, fixtures and outlets in the same locations.** Running new lines drives up costs. Only when you've planned for such changes is it the right time to go to the trouble of rewiring and plumbing so that a range can sit where the fridge once stood.
- 5. Value-engineer.** Your architect and contractor are trained to know all types of materials. Ask them to make recommendations for thrifty alternatives.
- 6. Buy all appliances or fixtures at one time and on sale, if you have a place to store them.** Purchasing items in bulk can often garner you a discount from the retailer.
- 7. Stick with normal colors.** By that we mean choose standard color wheel options or neutrals, which are manufactured in the greatest numbers, and the efficiency is passed on in the price.
- 8. Opt for factory finishing.** Cabinets, floors and even entire houses are now available factory finished, allowing for faster installation.
- 9. Make decisions based on quality, not just price.** It's still cheaper to have the same item over a longer period than to replace it a few years later—and pay for labor again, too.
- 10. Plan for energy efficiency.** This can be as simple as buying Energy Star appliances that draw less energy over their operating lifetime, or installing a Solatube that uses reflective materials to capture and amplify natural light, negating the need for an electric light in a windowless room. Investigate these options before you complete a contract.

11. Prioritize and don't budge. Once you have your list, refine it by dividing it between what you want and what you need. Ask yourself again why you are doing this project. Do you crave a more efficient space? An attractive and up-to-date room? Are you doing it for yourself or for resale? If the latter is the case, consult with your designer and a REALTOR® to see where your money will count the most.

12. Go with the standard model whenever possible. There are low-cost alternatives to just about everything, and you don't have to compromise quality. This means weighing standard appliances versus commercial grade, stock versus custom cabinetry. Labor-intensive tile and woodwork can dramatically bump up cost. Talk to your builder about how to achieve a custom look for less. "Spend money on your priority pieces," says Melissa Paulson, owner of Brillo Home Improvement in Milwaukee, "and cute back in areas that are not as important."

13. Rule out thoughtless change orders. Nothing busts a budget faster than changing a floor plan or materials after work is underway. The time you invest in planning now will pay off as work gets underway. If you do run into any changes, minimize them. At this point, it will not only cost you money, it could also temporarily disband your construction team while you wait for new materials to arrive. And don't forget to request a copy of the change order from your contractor, detailing the new timeline and payment due date.

14. Use an architect, your paid advocate in directing the contractor and subs. And when you can't be on-site to stop waste and overspending or curb unauthorized changes, he or she can. The peace of mind is worth the money.

15. Have the architect itemize everything. Sounds tedious, but that's the thoroughness you are paying for. You'll want to see a detailed work scope document with sketches outlining the following: demolition, construction, plumbing, electrical, carpentry, tile and stone work and finished. "Itemize absolutely everything," says Collette Whitney of Whitney Interiors in New York City. "This will give you an accurate basis from which contractors can bid, and from which you can compare bids." That includes specifications, which list every material thing going into the project, right down to the doorknobs. Don't forget to ask for a floor plan and elevations. "People tend to hear only 65-70 percent of any conversation," says Rory McCreesh, owner of Duce Construction Corp. in New York City. "You want to be sure you and your contractor completely understand the finished project. Detailed, comprehensive drawings give your contractor the tools to understand exactly what he needs to build for you." These drawings become the basis of your contract and the construction documents.

16. Seek multiple bids. Once you have the architect, pursue the best possible bids for the job. Have more than three licensed and insured contractors provide a detailed bid, including labor and materials, so you can really compare and analyze each. "When interviewing, you might want to ask the contractors about their worst experience and how they handled it," says Jason Yowell, owner of Metropolitan Design and Construction, Inc. in Atlanta. "That'll give you insight as to how they handle adversity."

17. Itemize within the contract. Once you've picked your general contractor, he'll create a contract that includes a progress payment schedule. This is based on certain milestones of completed work, such as cabinet installation. It tells you how much money you have to pay and when, and what should happen when. Plus, realistically, snags do come up, no matter how well you organize and plan. Make sure the contractor includes at least a 10% cushion for the unexpected. Of course, review the contract in person with your architect and contractor, item by item, to make sure all are in agreement before signing

18. Memorize the change order policy. Then try your hardest to avoid the need for any. You don't want them. But even we acknowledge they sometimes happen for legitimate reasons. In case you must make a change, make sure in advance that the contractor has a policy whereby he advises you of the cost and writes a change order immediately, which you then sign. Be informed of the procedure. Anything out of step with the contract at this point puts the project at risk.

19. Ask for pricing. You thought you did this when you went over specifications, right? But when you build anything, you have a minimum of 16 categories of pricing. "There's masonry work, millwork, cabinetry, framing, drywall, doors, windows, plaster, stone and tile, electrical audio and video," says Steve LeBlanc, president of Tranquility Homes in Nova Scotia. "The more information the contractor gives you in terms of what something costs—and individual breakdown, item by item—the more likely you are to stay on budget."

20. You can benefit by purchasing materials through a professional. Architects and contractors have relationships with suppliers who offer purchasing efficiencies that save time. A big upside in using this service is that whoever orders the products also assumes responsibility if something goes wrong or is damaged or missing—not you. Any upcharge in materials takes into account the contractor's time, responsibility and experience; it's worth it.

21. Have all materials on-site before they're required. It's called the "preconstruction period" when everything gets ordered. This way no time is wasted—on your dime—while workers wait or miss a day because the materials they're working with have not arrived. The architect or contractor's project manager should be designated to monitor delivery times.

22. Hold pre-construction meetings. The people on your construction teams need to thoroughly understand the job prior to starting. Your contractor can see to this, possibly with a project or field manager, at this special meeting. You as the client won't attend; talks will be mostly technical. Prior to demolition, though, you should meet the crew. "Get together with your contractor's construction team to go over all aspects of the job, from introductions to phone numbers to a brief recap of the whole job," says Tom Sertich, president of Kirk Development Co. in Phoenix. "You, the client, may have further questions, such as scheduling, and they can all be addressed in person then by the team on-site."

23. Check materials as they arrive. Sounds obvious, but you must see everything out of the boxes to ensure things arrive undamaged and intact. Your contractor should review all materials as they arrive so the subcontractors aren't waiting for an indispensable item. This helps maintain productivity, too.

24. Let the pros do their jobs to avoid confusion. Ask questions if something concerns you, but don't get involved in the day-to-day management and give conflicting directions to subcontractors. This risks creating miscommunication. "The architect is your representative to the contractor and can walk through the site with you, get notes and then take that direction back to the contractor," says Dan D'Amelio of D'Amelio Porter in New York City. Since each knows the technical aspects of construction, they will speak the same language fluently. The architect can also approve the completion of each stage.

25. Prepare a punch list, or post-job list of to-do items you feel may still need attention.

When the job appears done, it's customary to do a walk-through with the contractor or project manager and your architect. "Before the walk-through," says Jason Yowell, "get some Post-its and use them to write notes for anything that concerns you, and then attach it to that item."

Bring the punch list to the meeting.

26. Space out the payments. You should have been doing this throughout the project with the help of your written contract that includes an incremental pay schedule worked up beforehand. Now is the time to be ready with the final payment. This schedule is your insurance that the contractor will be with you until the end. Only when the project is completed—and any lien period has expired—and you are happily surveying a job well done, shake hands and hand over that check.