

After



Before



REMODEL VS RELOCATE



GMFplus Associates
www.GMFplus.com

Remodel or Relocate

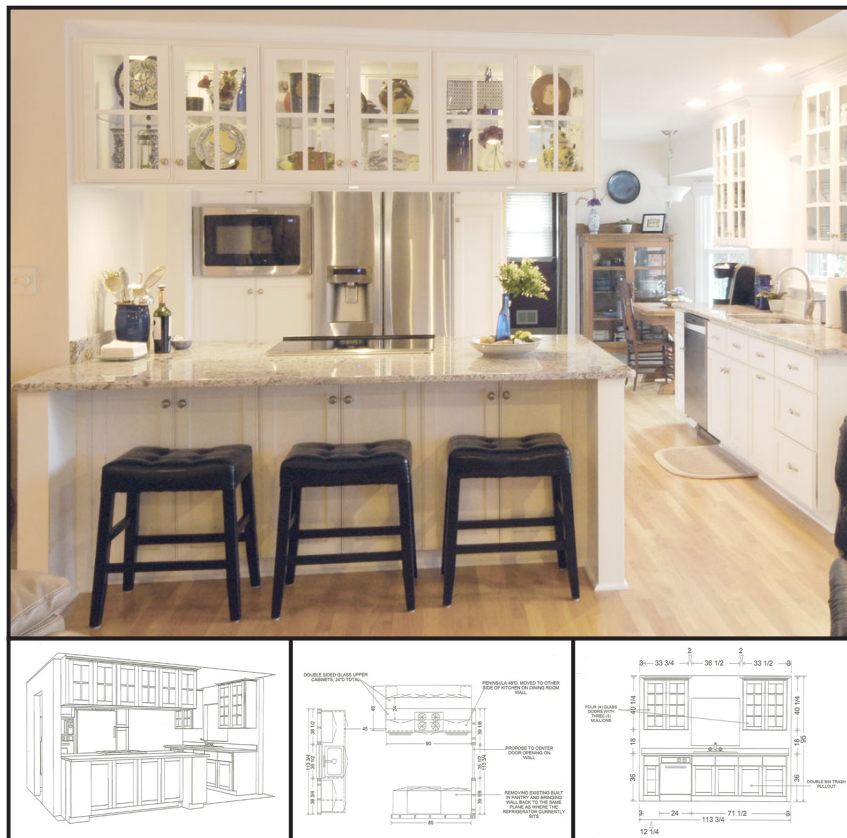
When does the inspiration hit for a remodel project?

- As your needs and wants change during years of living at your present address, or
- A recent new house purchase lacks some essential accommodations

Style, finishes and colors may have become outdated or you realize the need for a specific remodel project such as an updated kitchen with new appliances, cabinets and/or bathrooms, foyer, more closet space, a media room, in-law suite, front porch and so on.

STEP ONE – GET A VISION OF WHAT IS POSSIBLE

Are you just dabbling or focused on a vision of what is possible? After getting a general idea of how much a remodeling project will cost, it is useful to spend some time visualizing a detailed drawings that represent your dream project.



The average cost of a Kitchen Remodel project in Virginia Beach is \$27,394.00.*

- 77% hired a professional designer or residential architect
- \$375k average house value for completing this project
- \$125 average household income for those completing this project
- Median price in upper 1/3 of kitchen remodel projects in Virginia Beach was \$56K

*Reported in latest **HOUZZ Real Cost Finder** data collected by Edge Research, surfacing actual project costs from more than 100,000 homeowners across U.S.A. (see many other project costs comparisons)



SOME WAYS TO GET STARTED

1. Call a residential architect or interior designer (call a few to find one that listens to you)
2. Collect photographs of what you like (HOUZZ, other internet sites, magazines, etc.)
3. Model/draw your own plan of what you are looking for (download software or hand sketch)
4. Visit other houses that INSPIRE IDEAS (take photos)
5. Call a contractor (designing plans with a contractor is a conflict of interest to get competitive bids)
6. Shop for new furniture, fixtures or appliances (premature except to visual ideas)
7. Watch more HGTV programs (continue daydreams)

COMPARING FOR SALE PROPERTIES

It is stimulating and constructive to tour listed houses on the market to get ideas for your personal home improvement project as well as to weigh the cost of moving to a new home compared to a remodelled version of what you already have. The mental debate of whether to LOVE IT or LIST IT is a common homeowner dilemma, so common it has become the name of a HGTV program. The site proclaims:

“When a house no longer feels like home, homeowners are left with a big financial and emotional question: renovate or sell it?”

LOVE IT OR LIST IT

LOVE IT or LIST IT helps fed-up homeowners decide. In each hour-long episode Realtor David Visentin and designer Hilary Farr compete for the homeowners’ final decision to stay or go. David’s insider perspective on the real estate market helps target listings to prospective buyers, but Hilary is determined to show homeowners that, within their budget, she can transform their worn-out house into a castle they can love. If the owners decide to list it, Hilary’s hard work adds to the home’s resale value. It’s a tough decision either way. Which choice would you make?”

COLLECTING PHOTOS OF YOUR BEST IDEAS

A great resource for finding inspirations to remodel and renovate is **HOUZZ**.

HOUZZ is a web site and online community devoted to residential architecture, interior design and decorating, landscape design and home improvement projects. The HOUZZ platform and mobile apps feature interior and exterior home photos, articles written by architects, interior designers and home design experts, product recommendations, and a user forum.



As of August 2013, the Houzz database contained more than two-million photos of residential interior, exterior and landscape photos. Homeowners browse photos by room, style and location, and bookmark photos in personal collections the site calls “ideabooks.” Users can click on an image to learn more about the designer, ask a question, and learn about products tagged in the photos. Ideabooks can be shared with other site subscribers as well as design professionals, making it an easy matter to exchange photos in the course of working with a residential architect.



CONTROLLING REMODELING COSTS

Most homeowners are concerned about affordability and nervous about the contractor delivering a good workmanship on time and on budget. Controlling construction costs as well as gaining confidence in the workmanship of the contractor are VERY IMPORTANT issues. Consulting a residential architect is the best way to answer these concerns:

1. Plans produced by the designer can be shopped by the homeowner (to get competitive bids from several reputable contractors for the best price)
2. Plans accurately describe the completed design, providing a road map to the finished product (leaving no wiggle room for a contractor to cut corners)

FIVE WAYS TO BE ASSURED OF GOOD VALUE FROM YOUR CONTRACTOR

1. employ the services of a professional designer or residential architect at the outset; make design decisions with a person experienced in the art and practice of home design
2. make as many decisions and selections as possible before bidding the plans with contractors, to take advantage competitive pricing
3. break the project into phases when the total construction costs are likely to exceed the funds available.
4. determine an expense budget from loan resources, personal funds and other resources; some improvement projects may be eligible for government grants such as for handicapped accessibility, flood protection, etc.
5. relegate pieces of the project to owner-provided elements; purchase of fixtures, appliances, furnishings; construction of decks, painting, etc.

QUESTIONS ABOUT FINANCING A REMODEL PROJECT

1. How much is your house worth if you were to put it on the market today? (Realtor question)
2. What is the range of values of houses in my neighbourhood that would be compared to yours? (Realtor question)
3. What is the equity in my property currently? (Lender question)
4. What is my credit score for borrowing funds for the remodel project? (Lender question)
5. What additional monthly amount could you handle as a house payment? (Personal question)
6. How long do you intend to live at this address? (Personal question)

The advice of a good realtor is valuable in assessing your options for financing. A realtor has resources to answer the important questions about your present house circumstances. A realtor is motivated to show you options to find a property better suited to provide what your present house lacks. A realtor is likely to be able to recommend a lender for additional financing options and may suggest a residential architect for estimating the cost of a remodeling project.

REMODEL PROJECT REGULATIONS

If owning a single-family home is the AMERICAN DREAM it is not only more expensive than it used to be but tax advantages are diminishing and the regulations governing what you can do to your own property are increasing.

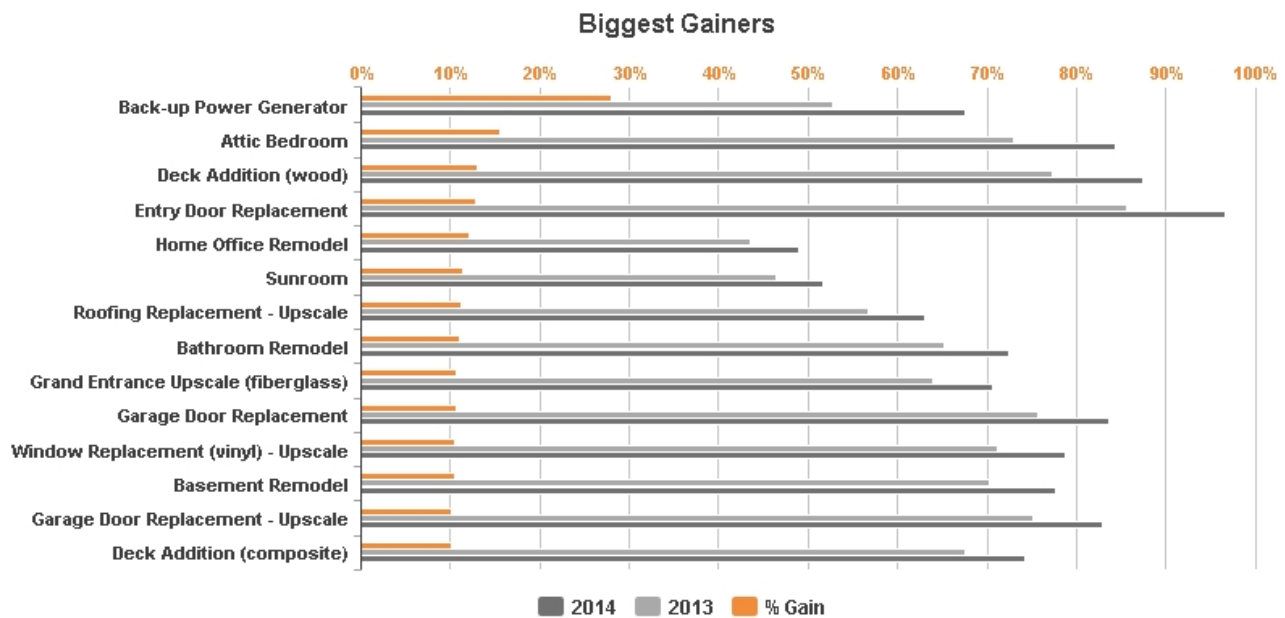
There are likely to be some structural, technical and regulatory issues to be taken into account for a remodel project. The expertise of a residential architect regarding these issues could be crucial to getting the project that you have in mind designed correctly.



REMODEL COST COMPARED TO RESALE VALUE

The **Cost vs. Value Report** is a website providing a real data snapshot of the national housing remodel market, generalized by type of project, region of the country and in some cases metropolitan areas.

Resale value is one factor among many that a homeowner should take into account when making the decision to remodel. It is helpful to see the trends in the resale value of different types of remodel projects. This graph is indicative of the information available on the website. It shows that the resale value of remodel projects is generally improving in the 2014, that the national average cost-value ratio is up more than 9%, with 15 projects improving between 10% and 28% compared to the same type of projects in 2013.



For an individual project, the good course of action is to get your project designed to the point where a good estimate of the cost of construction can be estimated. Your realtor is a good resource for determining the range of house values in your current neighborhood. This is an important criteria for making the decision as to how much to spend on the contemplated remodel project. In addition there are important intangibles to be weighed against the alternative of moving from your present home location.



ATTACHMENTS TO PRESENT NEIGHBORHOOD

1. closeness to neighbors
2. children's school relationships
3. existing yard amenities, pool, landscape, views, etc.
4. convenience to shopping, work, public transit
5. public services and recreational facilities

Weighing the expenses of a remodel project for you present home compared to moving into a new house is a personal as well as a financial choice. Among the soft expenses of purchasing a new house are appraisal fee, loan application fees, credit report expense, realtor and attorney fees, home inspection fee, title fees and insurance, prepaid taxes, flood insurance, homeowners insurance, a survey, utility deposits for water, cable TV, trash removal, recordation fee, etc. All in all realtors typically estimate the transaction costs of purchasing a new home at 10% of the loan amount, not including the moving expenses or the cost of making your house purchase immediately liveable (reclenaning, repairs, curtains, appliances, furniture, etc.). It represents a considerable sum that could be spent on the remodel project of the present home.

THE LOVE IT or LIST IT SYNDROME

In the Remodel magazine Cost vs. Value 2013 research shows all projects improved 10% on average, midrange projects improved 10.6% versus 8.8% for upscale versions. (Many projects in the Cost vs. Value Report have two versions, “midrange” and “upscale,” with lower and higher costs, respectively, based on scope of work, complexity, and quality of finishes.) One exception is Two-Story Addition, which improved 9.9% due to a large increase (11.9%) in resale value compared with a small (1.9%) cost increase.

Source: <http://www.remodeling.hw.net/cost-vs-value/2014/trends>

The upscale Bathroom Addition Project ranked just ahead of other midrange projects, suggesting that the market is willing to pay for more square footage and higher-end appointments in the bathroom. In general, kitchen projects outperformed bathroom projects, regardless of cost. One indication is the Major Kitchen Remodel: Despite its hefty \$54,909 price tag, its cost-value ratio of 74.2% ranks just above Bathroom Remodel, which is about one-third the cost.



BUILD LOCAL – THINK GLOBAL

A remodel project has a global impact as well as a personal impact. If you foresee yourself living in the remodeled house for five years or longer the enjoyment derived from opting to remodel rather than move is both personal and global. The personal attachment to place is solidified with a remodel project and the environmental preservation achieved from reusing the “bones” of an existing house structure is satisfying on another level. The idea of saving some trees that would otherwise be eliminated from the planet by the construction of a new house is being environmentally responsible.

