

# HOME BUILDING Guide



# Building a Home Makes Sense

**B**uilding a home is part of the American dream, but to do it right, many things need to be considered. Many people automatically assume that buying a new or older pre-existing home is the best deal, but this may not always be the case.

Building can actually save you money — and the headaches of numerous repairs — in the long run. The key to navigating a successful build process is doing your research and finding the right contractors.

Read on for a few reasons why building a home makes the most sense in today's real estate market.

## DESIGN

The most obvious advantage of building a new home is being able to create exactly what you want. New home owners can have a say in every facet of the process or choose from a book of available floor plans from their builder.

Either way, the freedom of building a home can be liberating. It also can be overwhelming for some people. That's why having a strong network is key.

Home designers can perfectly match a home to the owner's personal style so that the home will reflect their personality and taste. That means there will be no need for expensive changes down the line.

The latest trends can be incorporated, too. These can include open floor plans, stainless steel appliances, granite countertops, hardwood floors and durable tiles, to name a few. However how you decide to lay out the home and what you choose to fill it with is



© FOTOLIA

entirely up to you.

## RESOURCES

Home builders and contractors are the experts. They provide incentives such as discounts to encourage potential new homeowners to build.

Some suppliers also will give a builder's discount so you receive cost-reduced materials for your building project.

Ask your local builders, designers and suppliers about these types of benefits. Even if they don't offer them, they

may be able to save you money in other ways that make sense for your budget and goals.

One of the biggest benefits of building your home is that your community as a whole will benefit. The process will

require local contractors, designers, vendors, suppliers and hardware stores. This means that the money you spend on your new home is providing a boost to your local economy, and that's a great investment.



# Making Smart Hires

**Y**ou may find the home building process a bit like being a boss. There are multiple balls to juggle and stringent deadlines to meet. There are various moving parts, contractors to choose and checks to sign.

Building a home also will require the hiring of many people for different jobs. Starting the home building project with smart hires is the only way to go. So how do you make sure this happens? You'll need connections, trust and some luck along the way, but orchestrating an enjoyable building experience is definitely within reach.

## CONTRACTORS

Hiring an architect or contractor is the first piece of business. Many of them handle the hiring of sub-contractors themselves, so it's important that you trust their judgment of character, integrity and work ethic.

According to the Federal Trade Commission, these are the types of contractors involved in a new home build:

- General contractor, who manages all aspects of a project, including hiring and supervising subcontractors, getting building permits and scheduling inspections.
- Specialty contractor, who installs particular products, such as cabinets and bathroom fixtures. This also can include a pool installer or solar system expert.
- Architect, who designs homes, additions and major renovations — especially ones involving structural changes.
- Designer or design-builder contractor, who provides both services.

## RESEARCH/QUESTIONS

To find the right contractors, why not start with your local network? Ask friends, neighbors or co-workers about local contractors and firms. Check out your local newspaper for ads in the daily section or classifieds section. Put out the question to your social media networks to see who your friends and family endorse.

Look for a currently licensed and established company that is insured appropriately. Ask for references and always ask to review required building permits. Remember that final cost isn't always the most important factor. In the end, you want to be comfortable asking questions and making changes with your contractor. It's important to find a hard worker who also understands your personality and goals.





# Construction Costs

**T**he National Association of Home Builders' 2015 Construction survey provides invaluable information on construction costs for anyone considering building their dream home.

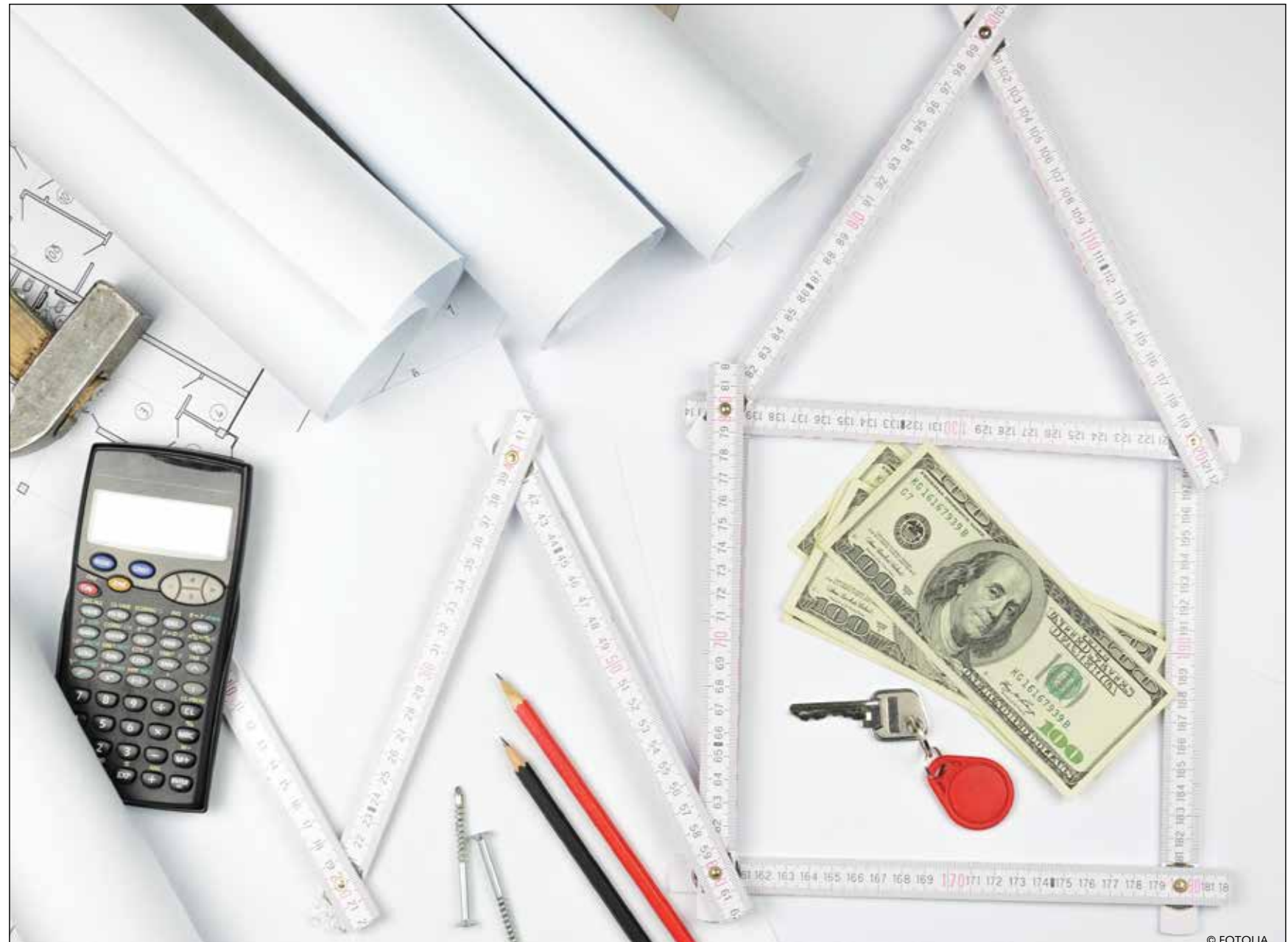
The results are broad and based on national averages of construction costs. There are many factors taken into consideration by the survey, including building practices, the cost of labor, the cost of land, and to some extent, the cost of the materials.

These costs can vary from place to place and depend on the nature of the particular home being built. Always obtain solid estimates from your contractors to have a clear understanding of your potential costs.

To compile their numbers, the National Association of Home Builders required contractors to break down the sales price of an average single-family home built by their firm into seven categories: finished lot cost, total construction cost, financing cost, overhead and general expenses, marketing costs, sales commission and profit.

Here are some findings from the 2015 national survey that may shed some light on building costs:

- The average size of the home was 2,802 square feet.
- The average lot size was 20,129 square feet — about a half an acre.
- The average lot cost per square foot was \$4.20.
- The average price of the new single-family home was \$468,318.
- The average construction cost of a single-family home was \$289,415.
- The cost of construction per square foot rose from \$80 per square foot in 2011 to \$95 per square foot in 2013 to \$103 per square foot in 2015.
- The total construction cost of a home accounted for 61.8 percent of



the sales price. The finished lot accounts for 18.2 percent.

- Builder profits were 9.0 percent.
- Overhead and general expenses, which were at an all-time low of 4.3 percent in 2013, rebounded to a more historically typical 5.6 percent.

• The share of construction costs going to “excavation, foundation, concrete, retaining walls and backfill” jumped to 11.3 percent.

- Of the eight major stages of construction, interior finishes at 29.6 percent accounted for the largest share of

construction costs, followed by framing (18.0 percent), exterior finishes (15.0 percent), major system rough-ins (13.1 percent), foundations (11.6 percent), site work (5.6 percent), final steps (6.8 percent) and other costs (0.5 percent).



# Consider Your Land

Just as important as the decisions you make in designing and building your dream home is where you're going to put it. The home site is very important for multiple reasons.

Real estate taxes vary by location. You may end up paying much more if you live in a neighborhood next to a school or business district.

You also should consider the cost of maintenance on a piece of land. Looking to buy three acres or more? That's a lot of land to mow and keep under control, so make a choice that fits with your family needs and resources.

## WHERE TO FIND GREAT LAND

Some people may already own a prized piece of land due to inheritance. Others need to purchase a choice lot or acreage for their new home build.

There are several ways to buy land. A land seeker can find it on their own or use a Realtor. They might ask their builder about available and good property or select a house and land package through a builder.

The location and quality of the land can affect the cost of building and the possible design of the house. Making a good choice of land will depend on a number of factors.

**Budget:** The budget allotted for land is the first priority. It doesn't matter if it meets all of the other requirements if it is not affordable. Nobody wants

to start their home build underwater financially.

**Location, location, location:** The location is of utmost importance. A beautiful house in a bad neighborhood is bad news. Check out the local schools and other vital areas, as well, before signing on the dotted line.

**Accessibility:** In extremely rural or undeveloped areas, make sure there is access to vital services such as electrici-

ty, water, gas and sewage, or at least know the cost to attain it.

**Special specifications:** Find out if the lot is part of a larger development. Ask if there are any additional plans for the area in terms of commercial or industrial activities.

## LEGAL REQUIREMENTS

Always know what you're buying. According to the United States Department of Commerce, the actual type of

soil, height of the water table and any trees and rocks contained in the soil can affect the price of building and the layout or design of the house. A contractor or architect can give much-needed insight into possible issues, so be sure to bring up any questions you have.

It is always a smart idea to cover your legal bases when purchasing land for a new home build. Get local legal

advice on protecting your interests while negotiating the terms of an offer or contract. You will likely require the services of a licensed surveyor to clarify the boundaries of the land based on city records and an actual survey of the land.

Any land history might be useful when it comes to making your decision, so find out as much information as possible when settling on your plot.



© FOTOLIA



# The Perfect Interior Layout

**B**uilding a home allows you to select or design a custom interior layout. This gives you free reign on every single detail of how your home looks and feels. If this level of control sounds fun to you, building a home is definitely the way to go.

## OPEN OR CLOSED CONCEPT?

The first decision you have to make when designing your layout is open or closed. The latest trends favor open floor plans because larger kitchens and living rooms can let in a lot of light and bring families together with more entertaining space.

However, there are other homeowners who love cozy, compartmentalized rooms with defined purposes. Of course, there is a way to incorporate both into your design. Consider an open kitchen and family room, but a separate formal dining room and living room. This will give you the best of both worlds.

Open versus closed is a personal design choice, and there is no right or wrong approach. What matters is being able to visualize yourself in the space.

## HOW MANY LEVELS?

Another main part of home design is the number of levels. Again, there are several factors to consider. The new trend of aging at home is gaining popularity for elderly homeowners. Instead of spending time in nursing homes, they prefer to alter their home design in ways that allow them to spend their final years at home.



It is never too early to think ahead, and single-level homes make the most sense for this purpose. Why? Because they eliminate stairs that can present an increased risk of falls. Sticking with a single level

can be a wise decision that actually helps in resale value to certain buyers.

That being said, there is nothing grander than to walk into a multi-level home with a sprawling staircase spiraling

up to a second floor of additional bedrooms and bathrooms. Having more than one floor allows you to separate the home into distinct sections.

The lower level could con-

tain the major spaces such as living rooms, kitchen and even master bedroom, while the second and third floors can be devoted to kids' living spaces or entertainment rooms. The choice is yours.



# Basement or Crawlspace?

**W**hen protecting ourselves from potentially dangerous storms, we probably all would prefer to hunker down in a basement compared to a crawlspace. When building a new home, it's important to choose which one fits your needs.

You may, for example, plan on installing an underground storm shelter for this purpose. In that case, the extra space and expense of maintaining a basement may not make the most sense for you. Whatever you decide, it's definitely easier to add a basement or crawlspace during the building process rather than incorporating one later.

Give it some thought and consider the differences below.

## BASEMENTS

A newly built house with a basement utilizes the space of the land the best. In many areas and cities, there is diminishing building space. Instead of adding extra rooms that take up more of your land, you may be able to strategically add living space in a basement to take care of this issue.

Basements add a lot of additional storage and versatility for homeowners. They can incorporate space for a large extended family as well as growing families. They also can become a large guest suite that includes a kitchen and utility room or a large recreational room that can start with a children's playroom and change into a game room later.

When built right, a finished basement can be waterproof for decades to come, giving



you ample space for storage and protection from dangerous storms. It also can be one of the smartest investments you make.

In the latest annual Cost vs. Value Report from Remodeling magazine, the average basement remodel cost a little more than \$61,000 in 2015, with a 70 percent payback. This made it one of the smartest, most practical renova-

tions. Adding a basement during the building process will cost even less and still carry the same average return in value at resale.

## CRAWL SPACE

The average crawl space can range from 16 inches off the ground to around 4 feet. This is critical space under your home for accessing pipes, wires and ductwork. If you

decide to skip the basement addition and just go with a crawlspace, it's important to make sure you have comfortable, convenient access to your crawlspace to make routine checks of these crucial home features.

Many people prefer crawlspaces to basements because they require less maintenance and take away any risk of flooding. You are able to also

put down moisture paper throughout the crawlspace to keep your area free from mold or fungal growth.

Depending on how raised your choose to make your foundation, you may be looking at increased costs up front during the building process. Your local contractor will have options for you when it comes to adding this feature to your home.

# Consider Solar Panels

**E**specially in sunny states such as California and Florida, solar contractors are completing an unprecedented number of projects on residential homes. The benefits of equipping your home with solar panels and systems are vast, including their positive impact on the environment and your overall heating and air savings.

Installing a solar system on your home may be more affordable than you think. Material costs have dropped as technology has caught up with the idea. Also, many contractors offer do-it-yourself services that allow a homeowner to take care of the heavy lifting, such as digging trenches. In return, customers can expect a smaller bill for the total project.

Reach out to your local solar contractor today to learn your options. Most systems pay for themselves in a matter of years when you consider the savings they bring to your electric bill.

## STATISTICS

The Solar Energy Industries Association reports that the costs of installing solar on a home has dropped by 40 percent since 2010. This is welcome news for homeowners looking to install solar without breaking the bank.

Homeowners are taking advantage of the price drops. Through the first six months of 2015, a new solar project was installed every two minutes in homes and businesses, according to SEIA.

This drop in costs is good for customers and workers. That's because as more homeowners have the means to



afford solar technology, more jobs will be needed to fill the demand. The solar power industry is one with great potential for everyone involved.

## COSTS

When trying to determine if

installing solar panels is a good fit for you, consider the price of installation and maintenance versus the overall savings you will receive on your energy bills. Talk with your local solar contractor about how to estimate the savings and incorporate that

number into your calculation.

These costs will vary per location and will depend on the different aspects of the system and available sunlight. That's why a local expert should be your go-to resource for this scale of project.

Local, state and federal pro-

grams and incentives can help make a solar system more affordable, and the cost reductions don't look to be slowing anytime soon. According to the government energy website, federal tax credits are available for solar energy systems through 2021.