

< [Back to Content](#) | [Help?](#)



Growing Home: Considerations to Make When Adding More Space

If your house suddenly seems too small for your family, moving isn't the only option. Adding more area to your current house can be a good choice and a smart return on investment when you need more space.

As real estate markets across the country deal with sluggish sales and plunging prices, many people who, just a couple of years ago, might have decided to sell a smaller home to move to a bigger one are now choosing to remodel and add more space. And while adding square footage can be a sound financial decision, if you're considering increasing the size of your home you will still be making a major investment.



Be Realistic about Your Budget

Homeowners who are unrealistic about their budgets are one of the biggest roadblocks to successful renovations, says Greg Harth, president of Spring House, Pa.-based [Harth Builders](#). "When it comes to budget, people come to the conversation thinking about what their project will cost and what they want to spend, and those numbers are usually the same for them," he says. "Unfortunately, sometimes that just isn't realistic. So, we like to talk about the budget right away."

Big or small, home additions can pay off as long as you're conscious of your budget and your neighborhood. Photo courtesy of York Construction & Development.

Another reason it's important to start with budget is so your contractor knows what he should be talking to you about doing. "You can go through so much work and get them so excited about a project only to find out they don't have the money to do it," says Nick Barile, president of Greenwich, Conn.-based [York Construction & Development](#). "People really do have misconceptions about how much certain additions will cost because they don't always realize everything that goes into it. I recently had one person who had some really fantastic, grand ideas about what he wanted to do with his home, but it turned out he thought it was going to cost about half of the actual estimate. It sounds kind of bad to say the first thing to talk about should be budget, but it is."

Being realistic about budget doesn't just mean not going over the top, says Dave Whitehorn, co-owner of [Kitchen and Bath Unlimited](#) in Derry, N.H., which specializes in kitchen and bath remodels and additions. "Some people fail to do their homework when it comes to

allocating a realistic budget,” Whitehorn says. “The budget can certainly get away from people quickly on the higher end, but it can also be a problem on the lower end. If they don’t have a realistic budget, they’ll never get what they want.”

Finally, in the current financial climate, it is important to secure financing right away, even if you have stellar credit. Harth says that people who in the past would have been approved for home equity loans without hesitation are now being turned away. “We’re advising people from the beginning to go to the bank,” he says. “We have projects sitting, ready to go, and people with phenomenal credit scores—above 700—and dual incomes are having trouble securing financing.”

Consult with Experts on the Best Improvements

Even before meeting with a contractor, consulting with a real estate professional on your addition can be worthwhile.

“Realtors are very useful when considering an addition,” says [Kary J. Bartmasser](#), licensed Realtor® and Certified Public Accountant in Beverly Hills, Ca. “They can analyze the sold comps [comparable listings] in your area. These area comps can show how additional bedrooms or bathrooms may add to the value of your home, based on your local area. Your main objective is not to overspend for your neighborhood.”

Bartmasser says one of the biggest mistakes he sees people make is overbuilding. “Don’t build a mansion where one-stories are the norm,” he says. “You don’t want to have the most expensive house on the block.”

“Realtors are constantly expected to sell properties that have been ‘over-improved,’ ” says New Hartford, N.Y.-based Realtor® Jean Hunt. “However, if your home is on the low end of the price range for your neighborhood, go ahead and make improvements. I bought the smallest, least expensive home on my street, and I was very comfortable adding on twice—I’m still easily within the price range for my neighborhood.”

Beyond making sure your improvements will pay off when it comes time to sell, having an architect you trust on your project is wise both structurally and financially. “It’s always good to have an architect or some design professional helping homeowners through the early part of the remodeling process of gathering information and doing homework,” says Ken Hirsch, AIA, owner of [Hirsch Architects](#), Inc. in Boca Raton, Fla. “They dive into it, and depending on when they finally talk to a contractor or a design



Kitchen expansions have one of the highest return on investment ratios of any addition. Photo courtesy of Kitchen & Bath Unlimited.



professional, they may not really be ready to make practical choices. The best way is to find a professional who's really experienced in the process and let them walk the homeowners through it."

Find the Right Contractor for Your Job

With so much money and emotional investment on the line, one of the most important decisions you will make when adding on to your house is the contractor you choose. The biggest mistake homeowners make when choosing a contractor is simple, says Hunt. "Not getting competitive bids from contractors is one of the most common mistakes people make when adding on to their home," she says. "Going with the first contractor and the first bid could be your biggest mistake. You get a second opinion when you go for surgery—why not do the same for your house?"

Asking some basic questions in the interview and bidding process can weed out contractors who may not be a good fit for your style, says Whitehorn. "If you're a homeowner and you're going to do a big project, they're going to be in your house, they're going to be in your life for a long time," he says. "Find out how many different people will be in your home during the project, find out what their payment schedule is and how they handle payments and how they handle change orders. If you don't like these answers, that may be a tell-tale sign this isn't the right contractor for you."

Whitehorn also cautions against relying too heavily on references. "References can be helpful, but keep in mind that most contractors will have a list of their favorite customers they use as references," he says. "So, I wouldn't overrate the importance of that."

Beyond liking a contractor's work, feeling confident about their business practices and agreeing on budget, there's one more factor homeowners shouldn't overlook, says Colin O'Neill, co-owner with Whitehorn of Kitchen and Bath Unlimited. "You're speaking to somebody who you're thinking about giving tens of thousands of dollars to make drastic changes to your home," he says. "You really need to be able to trust them on a personal level."

Carefully Consider Why You Want More Space

Carefully considering why you want or need more space is essential in deciding how to go about your addition. You might be surprised that what you thought you wanted isn't actually the best answer to your problem, says Harth.

"We really take a look at the house as a whole and how the space is used," he says. Harth says he worked with a family recently who contacted him about adding square footage to their home for a



Adding a second story is a popular way to boost a home's square footage, and it generally offers a strong return on investment, as well. Photo courtesy of Harth Builders. Photo by RVO Photography.



Choosing a Remodeling Professional

When you're putting so much money and trust into another person's hands, it's essential to know you're hiring a qualified professional. Beyond doing due diligence by checking for complaints on the Better Business Bureau web site and other similar sites, it's smart to choose a professional certified by the [National Association of the Remodeling Industry](#), says Harth, who notes that in places like his home state of Pennsylvania,

playroom. “They said they were tired of constantly stepping over the kids’ toys,” Harth says. “But once I really got in and looked around, I realized a better solution to their space problem would be adding a master bedroom suite and turning the old bedroom into a playroom.”

One reason this was a better solution was because the return on investment (ROI) of master bedroom suites is better than that of playrooms. And even if you plan on staying in your home for many years, it’s still wise to consider how appealing your addition will be to future buyers.

So, what are the most “profitable” additions? Bartmasser says adding bathrooms and expanding kitchens are perennial winners. Harth agrees that kitchen expansions or additions have a very high ROI, and he adds that he’s seeing a lot of requests for second-story additions and master bedroom suites, as well, and those also pay off when it comes time to sell. In fact, according to *Remodel Magazine*’s most recent [Cost vs. Value report](#), second story additions recoup more than 80 percent of their cost in most parts of the country.

And again, it’s important to consider not just the “average” return on investment but also what’s right for your area and your immediate neighborhood. Don’t do too much, says Barile, or you may find diminishing returns on your investment. “It’s so important to consider the other homes around and what’s typical for the area,” he says. “You don’t want to create a Renoir in a neighborhood of art prints.”

Be a Good Client

Adding onto your home can be an exciting time but also a time marked by stress and money pressures. While your contractor, architect and designers are there to work for you, it’s imperative that you understand what it means to be a good client, says O’Neill.

“Choose a contractor you really trust,” he says. “What happens a lot of times is people will make that choice based on the wrong criteria, like putting too much—or not enough—emphasis on price, then they try to micromanage the person rather than letting them do

licensing is not required for contractors. “You need a license to do someone’s nails, but not to work on their house,” he says. “By choosing a local professional who’s a NARI contractor, you know you’re getting someone reputable.”

Here are a few warning signs from [NARI](#) that you may be dealing with a remodeler who is less than reputable:

- You can't verify the name, address, telephone number or credentials of the remodeler.
- The company or salesperson says your home will be used for advertising purposes so you will be given a "special, low rate."
- The builder/remodeler tells you a special price is available only if you sign the contract "today."
- No references are furnished.
- Information you receive from the contractor is out-of-date or no longer valid.
- You are unable to verify the license or insurance information.
- You are asked to pay for the entire job in advance or to pay in cash to a salesperson instead of by check or money order to the company itself.
- The company cannot be found in the telephone book and is not listed with the local Better Business Bureau or with a local trade association, such as NARI.

their job and then holding them accountable for the results. Take the time, hire the right person, trust them to give you the end result, and you'll have success."

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NAI.

- The contractor does not offer, inform or extend notice of your right to cancel the contract within three days. Notification in writing of your Right of Rescission is required by law. This grace period allows you to change your mind and declare the contract null and void without penalty (if the agreement was solicited at some place other than the contractor's place of business or appropriate trade premises-in your home, for instance).

In addition, be cautious when:

- You are given vague or reluctant answers.
- The contractor exhibits poor communication skills or descriptive abilities.
- The contractor is not accessible.
- Your questions are not answered to your satisfaction.
- The contractor is impatient and does not listen.
- Only the work is addressed instead of your needs as the homeowner.
- There is no book of previous projects presented.