



4 Questions to Consider Before Adding Onto Your Home

A home addition can be costly and inconvenient. Here's how to decide if you're ready to expand.

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It's a question that crosses the minds of many homeowners who think it would be nice to move but lack the money or will to pack everything up: Why don't I just add onto my house?

But adding or expanding a room isn't much easier than moving. You have contractors to hire, important decisions to make and a lot of money to spend. Know that a portion of your home will be filled with dust, plaster, nails and other construction materials. So if you're dreaming of a home addition, here's what you should consider before moving forward. In fact, after thinking about it, you may decide you have the money and will to move after all.

Who should you hire? David Andreozzi would like you to begin with an architect, which makes sense: He is the chairman of the American Institute of Architects' Custom Residential Architects Network.

"You may not need their complete services, but I think a lot of people make the mistake of going to a builder first and not getting at least a consultation with an architect first," Andreozzi says. He adds that it's important to build something that will look and feel like part of the house - not something that's tacked on. "You want to think of the resale value. Someday when you sell the house, if 100 families go through, you want 98 or 99 people to say of the room, 'Yes, this works for me,' as opposed to it being something esoteric," he says.

Still, plenty of people go straight to a remodeling firm or a construction company, both of which often have architects on staff. Handyman businesses also build additions. Just make sure to do your research and hire someone who is bonded, licensed and insured.

How much will you spend? The cost of an addition varies widely depending on the type of room and where you live. But just to give you a sense of how much it might cost, CostHelper.com estimates that adding a bathroom or bedroom could run from \$25,000 to \$50,000. A bedroom could easily cost just as much. A large room, such as a family room, could run as high as \$100,000.

Here's another way to look at it: "For general ballparking, I would guess somewhere between \$200 to \$600 per square foot," says Bill Millholland, executive vice president at Case Design/Remodeling, Inc., based in the District of Columbia. "The size of the space also plays a huge role in the cost. The more you build, the less it costs per square foot."

Most homeowners pay for additions by refinancing their home, Millholland says. He adds that some lenders offer construction loans based on the future value of the property after the improvements have been made.

Although it's a small consideration compared with the cost of adding a room, your homeowners insurance will likely go up. So be sure to contact your insurer before you begin building. "If the new addition is destroyed or damaged before insurance coverage has been increased, you may be responsible for the cost of repairing or rebuilding the addition," says Elaine Montgomery-Baisden, vice president of personal insurance at Travelers.

And if you have a homeowners association governing what you can do to your home, be sure to give them a heads up. In 2012, Jason Fisher, a Myrtle Beach, South Carolina, resident who runs a life insurance agency, added a fourth bedroom onto his house.

The room cost \$6,000 to build, a small sum for a bedroom, but he didn't think to contact his homeowners association. "Big mistake," he says.

In fact, the HOA wanted Fisher to tear down the addition because it claimed the room, built in the style of a sunroom, wasn't up to code. Fisher had the county's approval, however, and that saved him. "They couldn't argue that," he says, but the HOA fined him around \$750.

Are there ways to bring the costs down? You'll do yourself a lot of favors by adding a room within the existing footprint of your house. Scott Fridrych, director of residential construction at Mack Investments, a provider of single-family investment properties in Tinley Park, Illinois, says homeowners who add a room in the basement can save anywhere from 25 to 50 percent of the cost of adding a room to the first or second floor of a home.

You might also consider adding a room outside your house. Todd Stein, vice president of a communications company and a father of two in Sacramento, California, says he wanted to build an addition so his 10-year-old daughter could have a bedroom. She has been sharing her room with her six-year-old brother.

Stein lined up a home equity loan for \$50,000, but after researching what it would cost to add a bedroom, he decided to give up his home office and build a stand-alone office and pool room in his backyard.

He purchased a \$15,000 prefabricated office from a company called Modern Shed, headquartered in Seattle. "It looks amazing. They put it up in two days," Stein says. "I still haven't wired it up for electricity because I'm waiting to get some landscaping work finished – another use of our [refinancing] dollars."

Stein reasoned that with the money he saved building a room outside the house, he could stretch his equity loan and get his kitchen remodeled for \$20,000, which he is now doing.

What inconveniences should you prepare for? Adding a room can be a noisy experience (something to consider if you work from home), and you'll want to plan for any contingency. If you're expanding your kitchen, think about how you'll prepare meals or if you'll be eating out a lot. You might want or need to kennel your pets if the construction noise is too much for them.

"The analogy we use is that it can be like camping out. Depending on the project, you're going to be inconvenienced, but you really shouldn't have to suffer," Millholland says. "A professional firm will do everything practical to control dust and limit the disruption to your routine."

For clients whose kitchens are being expanded or remodeled, Millholland says his firm often sets up a temporary kitchen, moving appliances to another part of the house, although he concedes, "you do usually lose access to the dishwasher."

This isn't the time to be bashful and hope the inconveniences aren't too much of an issue, according to Millholland, who offers this parting advice: "If you're concerned about these types of issues, ask the remodeler what they will be doing to keep you up and running before you sign a contract."

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