

Surviving home improvement

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It's easy this time of year for a mild case of spring cleaning to develop into full-fledged home improvement.

With uncertainty in the housing market, many people have decided to improve on the home they have rather than trade up for a different one. Not only do renovations add value to your home if done properly, they also can cure that nagging need for change.

But before you go from paper towels to power tools, you need to have a clear vision of what you want for the space. You also need a clear idea of your budget. All too often, people dive into renovations only to drive themselves deep into debt with unplanned expenses and costly mistakes.

Here's a quick guide for staying on track during your next home renovation:



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Bring in the pros

Decide first if you need an architect or designer. It may depend on the scope of the project, how much time you have to devote to it and local regulations. According to Eric Messer, president of Sunrise Building and Remodeling in Briarcliff Manor, Westchester, your local building department will be able to tell you if your project requires an architect. If it does, check out the American Institute of Architects (aia.org) for referrals.

Contractors are best found through recommendations. Check with the Better Business Bureau on the ones who get high marks. If they still look good, contact them.

"Talk to as many contractors as you need to until you feel comfortable," Messer said. "Once you narrow your search down to three reputable contractors, you give them the plans and whatever specifications you have for the project." Visiting homes they've worked on also should be a must.

Solicit multiple bids

Have a trio of contractors give you line-by-line descriptions of what their portion of the project is going to cost. To avoid going over budget, as so many projects do, be sure you understand what's included in the bid and what's not.

"Once they have the proposal from their contractor, most people look at the bottom line number and assume that's their budget. That's a mistake - you need to add to that any items that were left out, like material purchases, painting, landscaping and building permit fees," Messer explained. Once you've chosen a bid, you can work out a payment schedule with the contractor. Depending on the scope of the project, you might put 10% down and make payments progressively as work is completed.

Most important, said Robyn Roth, co-author of the new book "Remodel This! A Woman's Guide to Planning and Surviving the Madness of a Home Renovation," is keeping some leverage.

"You need to make sure that you're holding enough money at the end, so that [the contractor] is motivated to come back and finish things up," Roth said.

Buy materials yourself

The best way to lower costs without sacrificing quality is to cut overhead. If you buy your own kitchen cabinets, shower doors or plumbing fixtures, you'll cut out an entire level of mark-up - a savings of anywhere from 15% to 50%. If you're doing the buying, go for quality because if the materials don't hold up, you've wasted your money.

One caveat: Let the contractor bring together any professional trades needed for the project, such as the plumber and electrician, Messer suggested. That way, he or she becomes fully responsible for the job - and the warranty.

Create a cushion

Once you've accepted a bid and have a complete budget, including costs from the contractor and anything extra, you want to build in a buffer of about 15%. Why? Because even if you're incredibly cautious, you're probably going to go over a bit. Trust me on this. If you have a cushion, you'll be able to incorporate those more expensive tiles you didn't plan for but just have to have, or add a top of the line dishwasher instead of one you found on sale.

Communication is key

If you're taking on the project as part of a duo, be upfront with your spouse or partner about costs - especially if one person is managing the project.

"It is important to communicate things that you're doing and what you're changing, especially with big things. If you're making major changes that are over and above what you were originally going to do, you should talk about it. But not every night - it's very easy for remodeling to consume a marriage," said Laura Meyer, Roth's co-author. Do what works for you, but one idea is to set aside time each week to go over the project's progress and where you are with your budget.

Jean Chatzky is the author of the best-selling book, "Make Money, Not Excuses." She hosts a daily show on "Oprah & Friends" on XM Radio and writes columns at oprah.com/jean. She also is the financial editor of NBC's "Today" show.