

# MASTERING THE BUDGET FOR YOUR HOME REMODEL



If you're thinking about remodeling your house, your first task will be to create a realistic budget.

But that involves some careful pre-planning. Go through the guidelines here, then use the worksheet to create your remodeling budget.

## CALCULATING YOUR REMODEL BUDGET

<b>Construction Labor</b> Including subcontractors. Multiply wages by estimated hours for each worker. Remember payroll taxes and workers' compensation insurance if you do the hiring.	\$
<b>Contractor Fees</b> Fees charged by contractors and subcontractors, such as electricians.	\$
<b>Construction Materials</b> Lumber, nails, paint, wallpaper, insulation, flooring, tiles, plumbing fixtures, cabinets, countertops, heating & ventilation.	\$
<b>Tools &amp; Equipment</b> All tools purchased and rented for the project, from hammers to post-hole diggers. Also includes safety equipment such as goggles, hard hats, ear muffers, etc.	\$
<b>Permit Fees</b> Contact the city planning department. Contractors may handle this for you.	\$
<b>Decorative Add-ons</b> Window treatments, light fixtures, cabinet hardware, etc.	\$
<b>Repairs Due to Remodeling</b> Repairs needed resulting from the remodeling, such as patching the wall after plumbing vents are moved or replanting lawn where equipment had been kept.	\$
<b>Cleanup</b> Trash bin rental, hauling fees, dumping fees, removal service.	\$
<b>SUBTOTAL</b>	\$
<b>Contingencies</b> Includes cost overruns as well as upgrades, changes, supply shortages, weather delays, miscommunication, etc. Budget up to 30% of subtotal.	\$
Add Contingencies to Subtotal for <b>TOTAL</b>	\$

## BEFORE YOU BUDGET

- ▶ **Imagine** the new space and make sketches. It's easier to plan something you can see.
- ▶ **Explore.** Talk to people who have done a similar renovation. Read books, magazines and Web sites, get onto renovation listservs, watch instructional videos. Take notes!
- ▶ **Think ahead.** Is the renovation intended to add value when you sell next year? Then pay special attention to assessing the value of the house and neighborhood. Add comfort or pleasure? Accommodate a growing or shrinking household? If you plan to stay for at least 10 years, almost any renovation will be worth its cost.

## THE BUDGET PROCESS

- Figure out how much money you have to spend on a remodel without straining other budgets.
- Figure your debt-to-income ratio. If you're planning to borrow, you need to know whether you can handle the extra debt.

**If you're working with an architect, designer or contractor:**

- Bring your drawings, budget and other figures to them for help with cost breakdowns.

**If you're going at it alone, the following will be your responsibility:**

- Estimate project costs for materials, labor, permit fees, and so on.
- Create a timeline to help contractors plan the project and help you budget efficiently.