

FIX IT UP!

Bruce Turner

Can You Bustproof Your Budget?

In our last column, we discussed the ongoing phenomenon of “investment remodeling” in the Bay Area – the fact that bathroom and kitchen remodels, roof and window replacements and even new decks often increase the value of your home by far more than you spend on them. It’s unique to our area – nowhere else in America do these projects return up to 150% on your remodeling dollar the way they do here.

The issue, of course, is that you still have to spend that remodeling dollar. In fact, you have to spend a whole lot of them, because the average cost of almost any project is also higher here than anywhere else. When you plan a remodeling budget, there are four distinct numbers to deal with – what you want to spend, what you think you’ll spend, what you’re willing to spend if you have to, and what it actually costs.

Most people begin the process with a number in mind – and when I tell them what the project is going to cost, 90% of them come down with an immediate case of sticker shock. They’re not alone. Even after 22 years of preparing estimates for people, I’m almost always surprised by the final number.

Getting to that actual cost number is a function of your decisions and expectations. It’s like going into a restaurant with a budget for lunch. You may plan to spend \$15 for a double cheeseburger and a milkshake. But when you open the menu, you decide that the lamb chops look really good, so you raise your budget and order them. And maybe the chops don’t fill you up as much as the burger and shake would have, so you get a piece of cheesecake for dessert. And suddenly your \$15 lunch is costing you \$30.

The same thing happens with remodeling. People will come in with a hard-and-fast limit on a bathroom project and then decide they really want to upgrade that countertop from tile to granite, or replace that old window, and the numbers start to climb. (Bathrooms are notorious budget-busters because the contractor never knows how much dry rot repair is needed until he opens the wall.) If somebody comes to me with an absolute number, I may not even suggest those upgrades, but often there’s some flexibility.

That’s one approach. Another is to make a wish list of what you want. When my customers do that, I’ll give them a SWAG (Scientific Wild-A-- Guess) about what it will cost, and if the number is too high, they’ll start making compromises on the scope of the project, or the materials and finishes, to reduce costs.

(Some folks just tell me what they want and that they don’t care what it costs, but if you’re in that category, you don’t need my advice.)

So how do you not overspend? Plan ahead. You know you shouldn’t go to the grocery store when you’re hungry, because you buy more than you intended, so you prepare by eating before you go.

The same forethought applies to keeping your remodeling budget intact. Carve your number in concrete and stick to it. Give careful thought to what you want done. Make a list. Prioritize, from the most important to the least important. Find out what the full list will cost, and then start trimming up from the bottom.

These techniques are tools. Use them like you use the tools in your toolbox, and your budget will come out the way you want it to.

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