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DEAL OF THE DAY by [Kelli B. Grant](#) – May 20, 2010

7 Tips to Cut Remodeling Bills

In a "when life gives you lemons, make lemonade" scenario, the weak economy is having an unexpected impact on home renovations. With homeowners still finding it difficult to fund a major remodeling project through home equity, they are increasingly embracing smaller projects that will make them happy right now -- instead of insisting on improvements that will add to a home's resale value in the long run.

"There's no more faith in that saying, 'A dollar in, a dollar out;' that renovations will pay off when you sell," says William Hallisky, a vice president with Meridian Design Associates, a New York-based architectural firm. Owners are putting aside worries about beige paint or stainless steel appliances to appeal to buyers and are considering small projects that will increase the livability of their space, says Hallisky. "It's more about personality, like, 'I would really like an orange refrigerator. Is that possible?'" he adds.

With the economy stumbling to its feet, spending on remodeling this year is expected to rise 5%, compared with 2009, to an annual rate of \$121.5 billion, according to an April report from the Joint Center for Housing Studies at Harvard University. That would be the first increase since 2006. If you are in the market to remodel, how should you make decisions that will leave you with more cash now (and later)? Here are some strategies to consider.

Update instead of renovate

Some rooms may not need a major remodel as much as a look that doesn't scream '70s-era construction. Replacing wallpaper with paint and removing textured "popcorn" ceilings are easy updates to do yourself, says Matt Blashaw, a licensed contractor and the host of "Money Hunters" on the DIY Network. Swapping out lighting fixtures, cabinet hardware and faucets also modernize the space for relatively little outlay.

Stick to decisions

Indecision makes for an expensive remodel, Hallisky says. Ripping apart a project to start over can cost thousands of dollars, but consumers can also lose smaller amounts for say, nonreturnable tile or the deposit on a specially ordered (and now unwanted) sink. Ask for a mock-up or other visual of how the completed project will look, and finalize decisions before any work begins.

Shop around for contractors

Get at least three bids for the job, including two referrals from friends or neighbors and one you found via the Internet or phone book, Blashaw says. **Contractors base bids in part on their work schedule -- the busier they are, the more they'll charge -- so it's important to shop around, he says. Beyond price, check that the contractor has the right**

licenses and insurance, says Ryan Evers, the business management advisor for Mr. Handyman, a home-repair and maintenance franchise. Ask for the names of customers who whom they completed similar projects. Call those people to ask about the quality of the work and their experience.

Go green

They may not be glamorous, but projects that improve energy efficiency have some of the best returns for your money, says Linda Minde, the president and co-founder of Tri-Lite Builders, Phoenix-based residential remodeling company. Homeowners can cut upfront costs through the [state appliance rebate program](#), and get extra back come tax time with a [federal tax credit worth](#) up to \$1,500. They'll also reap immediate returns in the form of lower energy bills.

Longer term, green upgrades hold value, Minde says. At resale, window replacements recoup roughly 76% of their cost (\$11,000 to \$18,000, depending on the material and region) according to Remodeling Magazine's 2009-10 Cost vs. Value report. A home-office remodel, on the other hand, recoups just 48% of its average \$28,375 price tag.

Consider low-cost alternatives

Homeowners on a budget still have plenty of options. In bathrooms, acrylic tubs, sinks and shower liners are a more affordable alternative to marble or fiberglass, Minde says. Blashaw likes granite tiles instead of slabs for kitchen counters, which offers a similar feel for \$6 to \$10 per square foot instead of \$70 to \$100.

Clean house

Basic maintenance projects can drastically improve the look and livability of your home, says Kate Hart, the founder of Hart & Associates Staging & Design in Philadelphia. Aim to complete a few simple and inexpensive upkeep projects each year, such as touching up peeling paint, replacing a cracked outlet plate or securing a squeaky floorboard. "Buyers are all about wear and tear," she says. That curb appeal pays off at sale. Buyers expect a \$2 discount for every dollar of necessary [repairs](#) that turn up in a home inspection, reports to home inspection service HouseMaster.

Refinish the basement

Done right, it adds to the square footage of your house without an actual expansion. Just make sure to add an egress window, Blashaw says. Without one to serve as an emergency exit, the basement can't be considered a livable space -- and so doesn't factor into your home's square footage upon [appraisal](#), no matter what else you've done to improve it. Installing a window can cost an extra \$2,000, but it returns \$15 to \$20 per square foot of that basement space, he says.