

# to build or to buy



*This house in the Rice University area needed major renovation.*



*Nyquist's redesign of the house included a bank of paned windows to flood the interior with light.*

**Editor's Note:** This is the first in a series of columns by Brent Nyquist, a practicing architect in Houston who designs plans for both new homes and remodeling projects.

## how to decide if a construction project is right for you

story and photography  
by brent nyquist

Your house is too small or maybe your family has grown too big—that much is clear. If you find yourself dreaming of a larger, newer or more accommodating house, then it's time to consider your options for the next step.

Buying an existing house is usually the simplest, quickest and least expensive option. You can see what you're getting before you sign any checks, and you will probably spend less. You may have to make some compromises, but you won't have the stress of a construction project.

On the other hand, you may not be able to find an existing house that meets your family's unique needs for location, function and beauty. If you love your neighborhood, your commute and your lot, ask yourself: Can I add to or remodel my house or should I tear it down and start over? Is a construction project worth the investment of my time and money? These are common quandaries for homeowners.

Before contacting a designer or architect, here are a few steps you can



*The paned windows inside the remodeled house.*

take to help answer these questions.

#### THE DEED IS DONE

Before you can determine the feasibility of any construction, you need to review your lot's survey and deed restrictions. Each time a house is purchased or refinanced, the bank and title company require a survey, and every homeowner should have a copy in their closing documents. Look for building lines and utility easements that might restrict your ability to expand the footprint of your house. Deed restrictions should be available through your neighborhood property owner's association and should be carefully reviewed for building setback requirements, height and size limitations and even required construction materials.

#### FOR WHAT IT'S WORTH

Once your deed has been checked, your next step should be to contact a realtor who is active in the immediate neighborhood. You will want to establish the approximate present value of your house and the potential future value of your house if you undertake your remodel or addition project. This is the same step your bank will go through in appraising your project, and it should help you establish how much money you can prudently spend on your home. As part of this process, you should also begin a dialog with your banker to explore your financing options, typically either a conventional construction loan or a home equity line of credit.

#### PRICING NEW CONSTRUCTION VS. REMODELING

Home construction is expensive, and addition/remodeling projects are often much more expensive than comparable square footage in new construction. To determine your project's potential cost, you should clearly define your project by making a list of what you want to include. Then begin interviewing contractors by describing your project and your requirements. A good builder will listen to your description of the project and give you a range of potential costs based on similar projects they have completed. A common mistake homeowners make at this point is to focus on the lowest number they hear. A better approach is to use the higher budget estimates for planning your project, as most estimates will err on the low side.

Costs for new construction are typically measured in dollars per square foot. Current custom home construction prices in Houston range from \$130 to more than \$300 per square foot.

Due to the complexity and diversity of existing conditions that can be affected by construction, remodeling projects are best priced by the project rather than by cost per square foot. For example, a master suite addition might cost in excess of \$100,000 but also include a new roof for the house, a new air conditioning system, as well as the

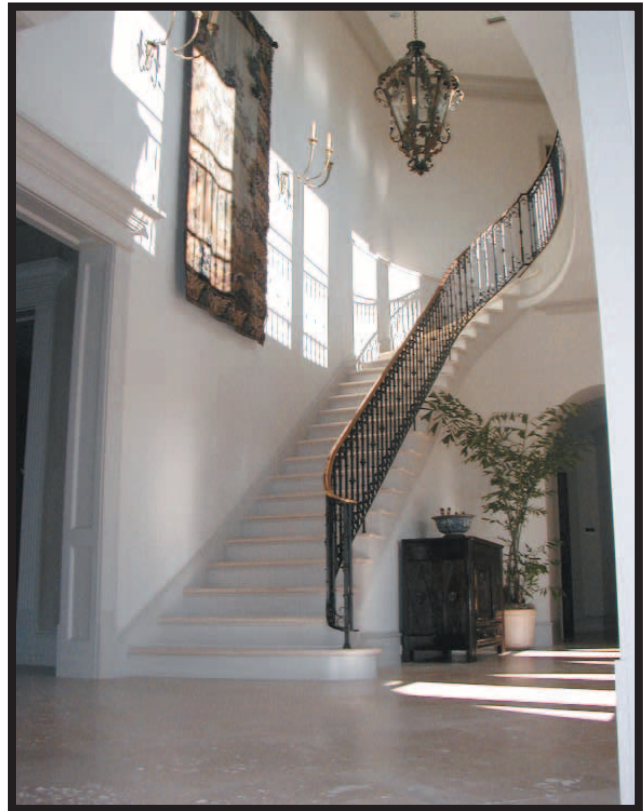
*New construction is a good option if your existing house can't meet your needs and your lot value is much greater than your existing house's value.*

costs of relocating the electrical and gas meters. For smaller projects, Remodeling Online's annual Cost vs. Value Report at <http://www.remodeling.hw.net> will give you an idea of project costs and a homeowner's potential return on their investment dollars.

#### CRUNCHING THE NUMBERS

Once a construction budget is established, compare the total costs of your home, both your original purchase price and the estimated construction costs, against all other properties available in your neighborhood. If you can find another property that meets your needs for less money, then sell your home and move. Many homeowners are startled by the present costs of home construction and are unprepared for what it will cost to complete a project. It is not uncommon for a home remodel to cost more than what you paid for a house initially. It may take several years for you to recoup your investment dollars in a remodeling project. For this reason, a major remodeling project should only be undertaken if you expect to live in the house for five or more years.

Unfortunately some neighborhoods are victims of their own success. When rising lot values eclipse the value of the houses on the property, houses are often sold for lot value only, and newer, larger houses are built in their places. In this case, an addition or remodeling project may not be a good investment because the house will still



*The spacious foyer of a new house by Nyquist.*



*This new house was designed with high ceilings and arches to allow plenty of natural light.*

resell for the lot value only, and your additional investment may be lost.

How about tearing down and starting over? This is the option your architect and contractor will love but one your bank may frown upon unless you have paid off your mortgage. If you pursue this option, make sure to do your market research and get a clear picture of your new home's total value. ■

*Brent Nyquist is a registered architect and interior designer with the firm Atticus Architecture, Inc. The course he teaches at Rice University School of Continuing Studies, "Your Dream Home: A guide to the design, building & remodeling process," runs March 23 through April 27 this spring. For enrollment information, contact Rice Continuing Studies at [www.scs.rice.edu](http://www.scs.rice.edu), call 713.348.4803 or contact Nyquist at [mail@atticusarch.com](mailto:mail@atticusarch.com).*