

# FORSYTHE FLASH



Appraisal Insights for the Real Estate Professional

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## A Quick Guide to Home Improvements

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Perhaps this is your first home, maybe you have lived in your house for years, or you have acquired an investment property, but you are thinking about home improvements. Whatever is foremost, the worn carpeting, the circa 1970 kitchen, or the roof that looks like it is about to spring a leak, it is important to know how to spend your money wisely to maximize both your enjoyment and your profit. The relationship between your capital output and the impact on your home's value and livability best indicates which home improvement projects are worthwhile.

Number one on your list should always be those repairs or renovations that will shore up the physical soundness of your home. If you have a leaky roof, broken window, or unsafe stairway, these items should be attended to first. While they may not enhance the value of your home, they will prevent any potential excessive depreciation or risk to your loved ones. The leaky roof could cause costly water damage, the broken window leaves part of your home open to the elements and burglary, and the unsafe stairwell is prone to injury and liability. In addition, should you need to sell your home, it is important that none of these conditions exist, as the decrease in your home's value may exceed the cost to cure the problems, due to the typical buyer's resistance to purchasing such a house.

Next on your list should be the improvements that cost the least, but most enhance the appearance and livability of your home. The most common include a fresh coat of paint and some new flooring. These new materials should be neutral in color and texture and have universal appeal. Such improvements generally will yield almost all of the cost in increased value, not to mention the enhancement to your enjoyment of your home.

After you have checked the above items off the list you are down to the most expensive repairs and renovations. When deciding to tackle the dated kitchen and bathroom, the two most expensive portions to renovate, you should remember that you can expect to recoup only a half to three-quarters of your investment, possibly more or less depending on your neighborhood. Also, the more time that elapses after the renovation is complete, the more your costs will be recouped. Expensive renovations should be reserved for the homeowner that plans to stay in the same house for at least a few years, and increased enjoyment of your living space should be a variable in your calculations.

Though the above guidelines will help to set priorities for home improvements, there are a few improvements that are expensive, but still yield a high return. If your home does not have it, the addition of a fireplace, central air, a deck, or a garage, will generally return over eighty percent. Before taking on such costly endeavors, it is always a good idea to consult a real estate professional, since demand for certain amenities and renovations and their resultant investment returns may vary by market. Once you have gathered all the information, you will be able to make the home improvement decision that will make both your family and your pocketbook comfortable.

## Frequently Asked Questions:

**Q: What do "legal nonconforming" and "grandfathered" mean?**

**A:** Legal nonconforming refers to a continued, allowable use of land or improvements that was legal at the time, but that no longer conforms to current county or city code. A common reason for a legal nonconforming use is rezoning. Grandfathered refers to the right to continued legal nonconforming use.

## Mortgage Rates As of February 16

30 Year Fixed: **6.28%**

15 Year Fixed: **5.91%**

1- Year ARM: **5.36%**

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