

## My Florida Home Book 1.2: Finding a Home for You<sup>1</sup>

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### What Are Your Housing Needs?

To make a realistic house selection, you must first determine how much you can truly spend for housing expenses. Once you know this, you can focus your search on homes that are in your price range. If resources are limited, you may not be able to have all the great features that you have dreamt of in your prospective new home. So how do you prioritize?

#### Housing Needs Checklist

To use your fund effectively and to maintain your homeownership successfully, you must carefully define your housing needs and to prioritize the needs. How many bedrooms and bathrooms do you need? Do you need a garage or carport? Will a one-car garage be large enough? Instead, do you need space for two cars, or maybe a workshop? What kitchen amenities do you require? How important are certain overall features to you and/or your family?

The Housing Needs Checklist in Table 1 will assist you as you think about particular needs and the importance of certain features. You can include more

features and rate them as well. You may want to make several copies of the checklist so each member of the family can be involved in the decision process. Rate the features as:

**Must Have:** This feature is essential and I would not consider a house without it.

**Prefer to Have:** This feature is not very essential but I prefer a house with this feature to a similar house without it.

**Does Not Matter:** Not an important factor; not a deal-breaker.

**Do Not Want:** I do not want a house with this feature.

Each person should read the list of possible needs and consider how essential each item is to him/her. Before you mark a feature as “Must Have,” ask yourself why. Be certain your reason is compatible with your current lifestyle. For example, if your job keeps you away from home often, you may not have time to maintain a large yard. It is worth your time and effort to think about what you really versus what you would like.

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## Your Home Location

Housing needs and priorities may vary by household. However, time and time again we are reminded of the three most important things in the world of real estate: location, location, location!

Location of a home can have various meanings. It can be urbanity (rural or urban location), neighborhood features, characteristics and quality, the relationship of your home to the neighborhood, and the distance to your work, school, shopping, and other amenities. Many people believe home location represents social and economic status, as in the old phrase, “Where you live is who you are.”

Location of your home does have a tremendous impact on your home value. The same house may sell for thousands more or thousands less within the same city, depending upon the address. The location is not as critical in smaller communities or in rural areas as it is in larger communities or in urban areas. However, environmental factors in either setting may affect resale value.

Since there is quite a bit at stake, you need to consider the location very seriously. Do you have any particular neighborhood or location in mind for your home? What is your motivation for choosing that location?

When you shop for your home location, try to visit the neighborhood several times at different times of day and days of the week: morning, day, night, during the week, and on the weekend. If you visit the neighborhood between 8:00 AM and 5:00 PM on a weekday when most people are at work and their children in school, you will not get a true sense of what the neighborhood is really like. Safety is another factor to consider with location. When you shop for your home location, check with the local police department about the crime activities in your prospective neighborhoods or areas.

## Buying an Existing Home vs. Building a New Home

Once you make the decision to be a homeowner, the next decision that you need to make is whether to buy an existing home or to build a new home. Many

factors may play into your decision to buy an existing home, or to build a new one—budget, preference, or other personal situation, or even the housing market in general. For example, if you do not find a home that meets your particular housing needs, you might decide to build rather than go with an existing home. Timing is another important factor. How much time do you have before you must move?

Unsure which to choose? To buy or to build, that is a very good question. Let's talk about the pros and cons of each option.

### Advantages and Disadvantages of Buying an Existing Home

Beginning with the advantages and disadvantages of buying an existing home, it is generally less expensive and faster to purchase an existing home than to build a new one. However, you need to have the home thoroughly inspected by a qualified, licensed professional to avoid unexpected maintenance and repair costs.

### Advantages of Buying an Existing Home

- **Less expensive and faster process:** The very first advantage of buying an existing home, either a newly constructed one or an older one, is that you can often save time, effort, and money. The concept is similar to purchasing ready-made clothes rather than having a personal tailor craft each of your garments specific to your measurements. By purchasing an existing home, you do not need to worry about the long and complicated building process, nor about the expense of delays in construction.
- **Benefits of an established neighborhood:** If you buy a home in an established neighborhood, you will also have additional advantages. First, you can see the atmosphere and the people who live there before you actually buy the home. Second, you may have better access to community services, shopping, schools, and other amenities than in new areas that are recently developed or still in development phase.
- **Savings on fixtures and furnishings:** Many times, some fixtures and furnishings, such as appliances, draperies and rods, window shades,

and storage devices, are often already in place and sold with the house.

### Disadvantages of Buying an Existing Home

**Difficulty in finding that “perfect” home:** It may not be easy to find an existing home that satisfies your housing needs and expectations. You may need to make trade-offs among your needs based on the priorities.

**Potential maintenance and repair problems:** In general, the older a home is, the more existing or potential problems it may have. However, the condition of a house heavily depends on how well it was managed and cared for. Moreover, it does not mean that recently built homes are free of any problems either. Do not make assumptions based merely on the age of any building and check features carefully when you look around existing homes. Sometimes, making repairs of problems that you have overlooked may cost you more than you can afford. Please see the section, *Tips on Shopping for an Existing Home*, later in this publication for things to look for in existing homes.

### Advantages and Disadvantages of Building a New Home

If you cannot find a home that meets your housing needs from existing homes on market, to design and build your own home could be another option. However, there are some inconveniences that you need to experience when you build a new home. Let's think about advantages and disadvantages of building a new home of your own.

#### Advantages of Building a New Home

- **Better fit for your housing needs:** You can decide what to have and what not to have.
- **Newer and better structure:** A new building structure usually incorporates evolved construction technologies that allow you to worry less about the structure.
- **Better systems and features:** Some features are not easy to change, including heating and air-conditioning systems and insulation. Many households may not update these features for a life of the house. A new home is often better

insulated and has more energy-efficient features than older homes. Newer electrical wiring and plumbing systems, too, will require less maintenance.

#### Disadvantages of Building a New Home

- **Complicated building process:** As mentioned before, a new home building is very complicated and sometimes overwhelming if you are not familiar with the home building process. You will have to make numerous decisions that you would not need to make if you buy an existing home. In addition, there are too many external factors that affect your home building and may be changing while your new home is still under construction: climate, price and availability of construction materials, and so on.
- **Longer process time:** Building a home requires more time. It takes more time to organize and many months to build. Unless you have time to invest, you may not want to wait for a home to be built.
- **More expensive:** Building a home will be more costly than buying an existing home because the cost of construction rises annually. Also, as state and local building codes change, a new home construction must meet current building codes and in most cases it costs more.
- **Unpredictable neighborhood:** If you build your home in a new area that is not fully developed yet, it may be risky because you won't have an established neighborhood. If you have empty homes or lots next to yours, you won't know who will be moving in next to you.
- **Unpredictable property value:** Because a new home does not have any history of property value, you won't know how your home might appreciate in value. If you are building in an area that has yet to be fully developed, future development may affect your property value positively or negatively.

## Buying an Existing Home to Remodel

Buying an older house to remodel can have a number of pitfalls. The biggest one is overspending for the neighborhood or location. The value of adding on and major remodeling can be uncertain. Increasing the value of a house more than 15% over the top value in the neighborhood is seldom a good financial investment. If you buy a house in a neighborhood where the average home sells for \$50,000 and then add a \$24,000 addition, you are highly unlikely to sell your house to a family looking for a \$75,000 house. Such buyers would instead be looking in neighborhoods where the average home sells for \$75,000. Another guideline to follow is that the cost of any improvement should be less than 60% of the cost of building a new home of equal size and quality after the addition.

Except for maintenance and basic improvements to keep the house in good condition, improvements and remodeling should be only for your own family's comfort and satisfaction. The financial return will usually yield no more than 75% of your investment. Remodeling a home can also be a nightmare if the owner has limited knowledge and skills in remodeling techniques and practices and/or working with contractors.

### Floor Plan

The actual layout of the house and organization of spaces affect how your family lives in the house and how the members relate to one another. Whether you are buying an existing home or building a new one, it's wise to sketch a floor plan and analyze it. When you draw up a floor plan, consider what types of rooms and spaces you need, indoor and outdoor, and their numbers, sizes, and locations.

### Number and Sizes of Rooms/Spaces

As you have already identified using the Housing Needs Checklist, write the list of room types and spaces that you need. Then, write how many of each room and space that you need to serve your household's needs. How many bedrooms or bathrooms do you need? How many closets or

storage spaces do you need, indoor and outdoor? Do you need a dining room or an eat-in kitchen, or both?

After you identify the types and quantities of the rooms and spaces, think about sizes. Consider both total home size and size of each room or space. The sizes depend on the number of your household members and their activities in each space.

Here are some additional considerations to decide numbers and sizes of rooms and spaces:

#### Kitchen

- Appliances and equipments
- Work spaces. Do you need an island?
- Cabinets, pantry or other storage spaces

#### Storage spaces

- Walk-in closets
- Storage for seasonal items or items that you rarely use but need to keep
- Storage for gardening equipments and tools

#### Furniture placement, use, and rearrangement options

- Furniture that you already have or plan to have in each room
- Enough space to use the furniture and still be able to move around it freely
- Possible rearrangement options when needed

#### Layout of Rooms/Spaces

After you figure out the numbers and sizes necessary, think about layout of the rooms relative to each other. Consider which rooms/spaces needs to be close to each other, as well as which rooms/spaces needs to be further apart. Consider, too, the relationships between outdoor and indoor spaces. Do you require direct access to your garden from the kitchen? If you need an attached garage, where do you want to have it? You can draw a rough, hand-sketched diagram to plan the layout.

## Tips on Shopping for an Existing Home

Some important features will require your close attention in order to avoid unexpected and possibly extreme repair costs after you sign the contract. Most of all, verify the construction quality. It is very easy to confuse the quality of home structure with maintenance problems. A house may be in need of a face-lift, but still be relatively sound in terms of the structure.

The following is a list of some of the features that you need to check for very carefully.

### Structural defects

Inside, check the floors to see if they are level. Uneven floors could be a sign of settling due to age, problems with supporting joists, or soil quality issues. Do the marble test—a marble should not roll when placed on a hard-surfaced floor.

### Signs of water damage

Look for unevenly painted ceilings or walls, mildew odors, evidence of re-plastering or re-tiling. These could be signs of former water damage or ongoing leaks.

### Lack of water pressure

Check the flushing action of toilets and turn on both hot and cold faucets at the same time. A change in pressure may indicate poor plumbing.

### Faulty plumbing

Find out the age of pipes and what kind they are (copper or PVC). Older pipes may corrode or have significant build-up over years of use. Determine the source of water—private well or municipal water supply. If a well, ask for records of when it was last tested. If a septic system is used, find out when it was last inspected and be wary if there any odors coming from it or if the ground around it is soggy or spongy

### Electrical service

Be sure the electrical service will handle everyday household needs as well as appliances. It is wise to have a professional inspector or electrician look into this for you.

### Other electrical problems

Look for obvious signs of malfunctions, such as flickering lights, outlets, and switches that don't work properly. Also, take note of the number of outlets available in each room.

### Energy efficiency features

The cost of operating the home is an important factor in making the purchase. Take the time to find out last year's air conditioning and heating bills, determine if the system is adequate for the size of home, and find out how old it is, as well as how it rates in terms of energy efficiency.

Check the home's insulation. Required by Florida Building Code, Florida homes built in 2001 or later should have insulation with a minimum value of R-11 in the walls, R-19 in the attic. The higher R-value means greater insulation effect. This R-value varies by insulation materials and the thickness of the installation. You can verify the R-value of insulation in each location yourself, or you may hire an insulation contractor to inspect and advise if the insulation of the house is adequate and properly installed.

### Termites

Find out if annual termite inspections have taken place and request the results of the last inspection.

**Table 1.** Housing Needs Checklist

<b>Location/Neighborhood</b>	<b>Must Have</b>	<b>Prefer to Have</b>	<b>Does Not Matter</b>	<b>Do Not Want</b>
Convenient to school				
Convenient to work				
Friendly neighbors				
Safe neighborhood				
Quiet street				
Nice curb appeal				
<b>Outdoor Space</b>	<b>Must Have</b>	<b>Prefer to Have</b>	<b>Does Not Matter</b>	<b>Do Not Want</b>
Large private lot				
Sidewalks				
Fenced yard				
Garden				
<b>Indoor Space</b>	<b>Must Have</b>	<b>Prefer to Have</b>	<b>Does Not Matter</b>	<b>Do Not Want</b>
More than two bedrooms				
More than three bedrooms				
Space for children				
Space for entertaining				
Indoor space for hobbies				
More than one bathroom				
Space for washer/dryer				
Dishwasher				
Fireplace				
Attached garage				
<b>Other</b>	<b>Must Have</b>	<b>Prefer to Have</b>	<b>Does Not Matter</b>	<b>Do Not Want</b>
Privacy				
Quality construction				
Low maintenance needs				
Low utility costs				
Warranties				
<b>Additional Features</b> (List your own features.)	<b>Must Have</b>	<b>Prefer to Have</b>	<b>Does Not Matter</b>	<b>Do Not Want</b>