

When it Comes to Building A Home in Houston, TX - the First Impression is the Last Impression.



"You can't judge a book by its cover"

All of us have heard this phrase at least once in our lives. While I agree there's some truth to this saying, it doesn't hold true in every situation, especially when it comes to construction.

One of the most crucial steps in the home building (or renovating) process is submitting a proposal to the homeowner, who will decide to either hire you or find someone else solely on that proposal.

As a homebuilding consultant in Houston, I pride myself on being well organized and always putting my best foot forward when it comes to presenting my work in front of clients. Hence, I'm often shocked at the lack of effort and professionalism seen from businesses submitting proposals to be considered for hire.

When my clients come to me, asking for help in choosing a custom home builder in Houston, using the proposals sent by various builders for ground-up construction, I immediately discard the proposals that only contain 10 to 15 line items. Such proposals give me the impression that they:

- Did not actually reach out to any subcontractor needed to complete the work required, meaning that the estimate they've quoted will probably go up after the work is done
- Did not think my clients' project was that important to pay attention to
- Do not trust that we will not share their quoted budget with other builders
- Will not pay as much attention to detail during construction as I will expect them to

Or they simply don't know how to properly communicate with a potential client.

All of the above are important to establishing a homeowner-builder relationship, as they contribute to building trust within the early stages.

Now, I'm not saying that a homebuilder in Houston, TX should include all the details in the preliminary budget; I'm aware that the preliminary budget will include a lot of assumptions (which is fine), but it needs to be identified as so. The construction budget is more refined and should include all of the details.

Things to Include in A Construction Budget for Building A Home in Houston



In my opinion, here are four of the many important elements of a good construction budget:

1. Preparing an Itemized Proposal

This means your budget should contain close to 100 individual items with a cost and label associated with each one. Each item should be identified as a service, material, labor, or labor and material.

- **Services:** these can be services rendered by a third party, such as a Sustainability Consultant
- **Material:** meaning the material will be purchased directly by the builder with a manufacturer or vendor and will be handed to the labor tradesman crew for installation
- **Labor:** the builder might choose to remove the material responsibility from a tradesman and will execute a contract solely for the labor.
- **Labor and Material:** other times, are executed as an all-inclusive (turnkey) work to one tradesman

It's important to identify the items according to these categories so that as a client, you have an idea about what your material cost is and how you can reduce it (because that is something you have control over). Allowing you to look at alternative options if material costs are too high for a particular line item.

This brings me to my next point...

2. Identifying the Specific Material Included in Each Item

This effort ensures all parties are on the same page about what they should expect with regards to the material grade assumed. It gives homeowners an opportunity to understand and raise an objection if they spot any undesired elements.

For instance, your interior doors should be identified as:

- Paint grade
- Stain grade (identify species)
- Solid core or hollow

Just as important to the material grade is also...

3. Identifying the Level of Subcontractor(s) Handling Different Tasks

This is particularly important so that there are no assumptions about the quality of work that should be expected.

For example, as a cost-saving initiative, a builder might include a tier 2 Tile Installer to save half the cost of a tier 1 Tile Installer.

Now, this might be acceptable to homeowners who know their tile patterns will be simple and straightforward, however, if the homeowner or interior designer in Houston, TX knows they would like a Herringbone pattern on their kitchen backsplash, they may choose to request a tier 1 Tile Installer for that particular area to avoid any re-work.

Last but not the least...

4. Establishing an Allowance Budget within Your Construction Budget

As the name might suggest, an allowance is usually created to accommodate last-minute changes or for materials that are yet to be identified. This provides the homeowner flexibility to make their final selections at a later time with their interior designer in Houston, TX.

Having an allowance budget also allows for reallocation and movement within the construction plan. For example, your builder may give you an estimate of:

- \$45,000 wood floor material allowance for bedrooms, closets, dining, and living room
- \$20,000 tile material allowance for bathrooms, kitchen, pantry, and porches

But then your interior designer and you mutually decide that you want wood flooring in the kitchen instead of tile. That's where the allowance budget comes into play; it gives you the flexibility of reallocating the money according to the changes.

This helps when you have a stipulation in your contract that calls for a higher builder fee when change orders are procured, as allowances are typically

charged at a set fee (%) of the final spent amount which is lower than a change order fee (%).

Final Thoughts



It goes without saying that for me, clear communication and a sophisticated proposal presentation are of utmost importance when my clients choose to bring me on board as a home building consultant in Houston.

My job is to make sure that the luxury custom home builders in Houston considered, are able to produce a budget with well-defined scopes of work and cost itemization, and that their communication skills are at par with what's expected during the construction phase.

In simple words, what you put forth at the beginning gives everyone insight into the quality of work and performance that should be expected down the line; meaning in this line of work, you can, in fact, judge a book by its cover.

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