



## **Home Renovations – Avoiding the Pitfalls**

With the downturn in the economy many homeowners are turning to Do It Yourself (DIY) methods as opposed to hiring a professional. Portions of the following information have been taken from the Central Mortgage and Housing Corporation (CMHC) website. Hopefully you and your clients will find it helpful when considering home renovations and/or repairs.

### **Do:**

- **Put a plan together.** Think of future uses, as well as the present one you have in mind.
- **Set a budget.** Remember Murphy's Law: everything will cost more than you expected.
- **Research** the facts to avoid pit falls and expensive shortcomings.
- **Check with the experts.** Regulations change - for example, new electrical codes, and building codes are always being introduced and updated.
- **Don't be afraid** to call in the experts, especially when working on electric, gas, oil, and/or plumbing.
- **Get permits.** Don't be afraid to get a permit. This will ensure your project is up to standards.
- **Get references.** When hiring a contractor, it is always good to ask for a reference. In fact get more than one.
- **Get it in writing!!** An estimate should be in writing and include a job description, full price, terms of payment, schedule of work, and start and completion dates. **An estimate is no substitute for a written contract.**
- **Always read the installation manual.** This can be a hard one!
- **Check** the websites for National Research Council Canada (NRC) for rebate guidelines and Canada Housing and Mortgage Corporation (CMHC) for many useful topics related to home ownership and renovations.

### **Don't:**

Automatically select the lowest bid if using a contractor. Remember the old adage: "You get what you pay for". Get written estimates from at least two, or preferably three, renovators recommended to you by friends and colleagues. Word of Mouth is a contractor's best advertisement. Remember an estimate is an *estimate!*

### **Beware of Contractors Who:**

- Quote a price without seeing the job
- Demand a large down payment to buy materials. Reputable renovators maintain charge accounts with suppliers.
- Refuse to provide a written contract that specifies exactly what they will do.
- Come to the door offering a "special price" because they happen to be working in the area.
- Promise a discount in exchange for using your home to "advertise" their work – the same offer will have been made to everyone.
- Can't give you an actual business address, only a post office box, telephone number, or the address of an answering service.

## **Payback Range of Typical Renovations:**

Bathroom renovations	75 – 100%
Kitchen renovation	75 – 100%
Interior painting	50 – 100%
Exterior painting	50 – 100%
Roof shingle replacement	50 – 80%
Furnace/heating system	50 – 80%
Basement renovation	50 – 75%
Recreation room addition	50 – 75%
Installing a fireplace	50 – 75%
Flooring	50 – 75%
Constructing a garage	50 – 75%
Window/door replacement	50 – 75%
Building a deck	50 – 75%
Central Air Conditioning	25 – 75%

## **The Home Renovation Tax Credit**

Canada's Economic Action Plan, The Home Renovation Tax Credit, will provide a one-year, temporary 15% income tax credit on eligible home renovation expenditures for work performed, or goods acquired, between January 27, 2009 and February 1, 2010. The credit may be claimed on eligible expenses exceeding \$1,000.00 but no more than \$10,000.00 for a total credit of up to \$1,350.00. For further information please refer to the CMHC website:

[http://www.cmhc-schl.gc.ca/en/co/renoho/renoho\\_004.cfm](http://www.cmhc-schl.gc.ca/en/co/renoho/renoho_004.cfm).

## **Energy Efficiency Audit**

Conducting an Energy Efficiency Audit before you start will can also make your project eligible for rebates and in addition, make your house more energy efficient and save you money in years to come with reduced energy costs. Consult with the National Research Council Canada website: <http://oee.nrcan.gc.ca/> for more information about the program and locating Energy Advisers that serve your area.

Whether you do it all yourself, or hire a professional, when the project is complete enjoy the satisfaction of knowing that your home renovation or repair was done properly and is safe for your family. Consider an added benefit – the fact that the house will have appreciated in value!

Provided courtesy of  
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