

# REAL ESTATE

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## Should I remodel or move?

It is a new year, a time when many of us make resolutions and set goals for the year ahead.

Some of you may have goals to make more money, lose weight or spend more time with your families in the coming year. I will leave it to other columnists to provide advice and help in those pursuits.

This also is the time of year when many of us look around our homes and see things we would like to change.

Maybe it was feeling winter's cold breezes coming through our windows and doors. Or you have decided that you are not going to cook one more Christmas dinner in that outdated, small kitchen. Or maybe it was the joy of having all of the kids home during Christmas break that makes you wish for more room so that you can get rid of them occasionally.

Whatever the reason, at this time of year many of us think about either remodeling or moving.

Now you probably think that as a Realtor, I am going to advise you to move. Having recently witnessed my husband Jim climb-

ing on scaffolding as he repainted our great room, I am very familiar with the benefits, potential pitfalls and the worries of remodeling. Whether you choose to move or remodel is a personal decision that you must make based on your family's financial situation and physical needs.

Some factors you should consider include:

**Location:** No matter what remodeling project you undertake, your home will still be in the same location. Remodeling will not put you in a different school district or make your home closer to family or your job. If you are happy with your current location, remodeling may work for you.

**Size and style:** Increasing the size of your home is a very expensive remodeling project and not practical for many of us.

If you need more bedrooms or baths, or additional rooms, you may want to move to a new home. Plus, remodeling generally will not change the basic style of your home.

So if you live in an older style home and wish you lived in a modern home, or if you are tired of climbing steps to the second

level, it may be time to move on.

**Value:** Remember, someday you will want to move, so make sure your remodeling plans will not place the value of your home higher than what the neighborhood will support. It doesn't matter how nice your home is, potential buyers generally will not pay more than market value.

If you decide to remodel, what projects will offer you the best return on your investment? Remember that remodeling is not just about economic return; it is about making your home a nicer place for your family. Plus, the work you do will no longer be new when you decide it is time to sell.

So you will never get a 100 percent return on your investment. Some projects, however, will benefit the value of your home more than others.

A recent survey conducted by the National Association of Realtors provides information to consider when remodeling.

Nationally, improvements that boost curb appeal were found to provide the biggest paybacks on the homeowners' investments. New siding leads the way with a

return of 80 to 87 percent of the original investment, depending on the type of siding. This was followed by a new deck, which returned an average of 81.8 percent of the investment. This was followed by new windows that produced a return on investment of 76 to 79 percent, depending on the type of windows.

One of the more popular remodeling projects, a remodeled kitchen, nationally offers homeowners an average return of 76 percent.

Here in the St. Louis region, a kitchen project comes in a bit lower at an average of 74.3 percent return.

In our market, if you are considering finishing off that basement for extra room, you can expect a return on your investment of just 59.6 percent, while an upscale bathroom remodel will generate a return of 70.3 percent.

One more thing to consider when remodeling is individual tastes.

All of us have our own tastes and decorating styles. Plus, today's latest trends may be out of date in a few years. So when deciding



### YOUR PLACE TO CALL HOME

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to remodel, consider traditional styles and colors, and stay away from unique ideas. You will be glad you did when it comes time to sell.

Your Realtor can help you determine the value of your home and which remodeling project will add to that value without pricing yourself out of the neighborhood. Realtors are dedicated to helping you enjoy your home and prosper in your investment.

For more information on why 2009 is the right time for real estate, call your Realtor today and visit [www.RightTimeForRealEstate.com](http://www.RightTimeForRealEstate.com).

## Housing stimulus package needed to turn around economy

The statistics are startling: more than half a million jobs were lost in November, with nearly 1.9 million jobs lost year-to-date.

One of the hardest-hit segments is the housing industry and related businesses, where it is estimated that 3 million Americans have lost their jobs in the past few years.

An economic stimulus package currently being proposed to Congress could help reverse this trend and restore our country to financial stability.

The centerpiece of the package focuses on the housing market, which is an integral part of the American economy — accounting for 15 cents of every dollar spent in our country during a typical year.

Fix Housing First, a coalition of more than 600 organizations led by the National

Association of Home Builders, is urging Congress to take quick and decisive action to stimulate the housing market and stop the decline in home values, which will ultimately create more jobs and help lift the American economy.

According to the coalition, this can be done through a significant tax credit and implementation of an interest rate buydown for 30-year fixed-rate mortgages.

### The tax credit

In July, President Bush signed into law the Housing and Economic Recovery Act of 2008, which authorized a \$7,500 tax credit for qualified first-time home buyers purchasing homes on or after April 9, 2008, and before July 1, 2009.

However, due to a wave of financial disruptions during September and October, the economy has worsened, credit has tightened further, and the spillover to the general economy has been much deeper than previously anticipated. This means that a more robust economic stimulus package is necessary to get the economy moving again.

Specifically, a more significant credit is needed to enable families to buy homes and help strengthen the economy of their local community and the nation. In the plan that the coalition is recommending, the credit amount would be substantially increased to 10 percent of the price of the home, up to \$22,000. Unlike the current credit, it would not be limited to first-time buyers, and the home owner would

not be required to repay the credit.

### The mortgage interest buydown

The coalition also is recommending a mortgage interest rate buydown, which would help get buyers back into the market and further stimulate the economy.

Interest rates recommended by the coalition range from 3.99 to 2.99 percent for homes purchased by the end of December 2009.

The coalition also supports continued intensive efforts to prevent foreclosures and keep people in their homes.

The combination of these stimulus actions would increase demand for housing,



### HBA COMMENTARY

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help stabilize home values, reduce foreclosures, restore and save tens of thousands of jobs and turn the housing market and economy back in the right direction.

Visit [www.fixhousingfirst.com](http://www.fixhousingfirst.com) for more information.