

## Notes to Owner-Builder Calculator

### **Introduction:**

The basic idea of the calculator is to help the owner-builder understand all costs in a homebuilding project and to calculate the cost if he/she acts as the general contractor. Many owner-builders mistakenly believe that if they contract their own house they can only save the profit or 8-10% of the project cost. However, a closer look reveals other costs besides profit. Some of the other costs besides profit are: overhead and general expenses; marketing; sales commission; financing; and profit. If you add these costs they total over 20%. On a \$150,000 house this amounts to over \$30,000! **This amount can be saved without even lifting a hammer!**

What will the project cost if the owner-builder also decides to do some of the subcontractor's trades? This is the real value of the Owner-builder calculator. First, it will help you to calculate the cost of the home as if it were built by a local contractor. Then, costs are broken down by trade. Trade costs are then split to show the cost of materials and labor for each trade. This shows where every dollar is spent and where best to allocate your resources. A Trades Matrix is provided to show the best owner-builders' trades. These notes will also elaborate on the best trades for the owner builder and why.

### **Example:**

John H. wants to contract his new house. He is not sure of the cost, but hopes to save because of his preparations. Over the past few years he has stored various building supplies purchase at high discount. His plumbing will be done by his brother for free. He has traded a local cabinet maker labor. John plans on providing the labor for the roofing, finish carpentry, and wiring. How much will John's home cost? How much is he likely to save over having the home contracted by a local contractor? These calculations are easy to make with the Owner-Builder calculator.

Directions/explanations:

Blue	Required input
Yellow	Boxes or graph bars indicate Owner-Builder project
Green	Boxes or graph bars indicate contractor built project
Purple	Boxes or graph bars indicate savings or deficit

### **Table 1. Cost breakdown of a single family home 1-8**

Table 1 shows the cost associated with a typical single family residential project.

### **Line #**

18. This is the cost of the land in a typical contractor or developer project. This is an improved lot cost. Improved lot means that it is ready to build with electricity, gas and phone service is stubbed in. Sidewalks and also roads are in place. Typically the land cost in any project