


Looking for the Cheapest Way to Build a House? Try These Money-Savers

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October 9, 2021



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Normally “cheap” isn’t a word we like to hear about the construction of our homes. But as Penny Hoarders, we know there are ways to build a house and save money at the same time.

And with the real estate market going crazy for existing houses, now might be the time to consider building your own house instead of buying.

You may think you’ve picked up lots of tips from all those trendy home building and remodeling shows on TV. Lots of ideas, too. But remember, each extra idea costs money. Think for a bit — do you really need a pot filler for your kitchen or reclaimed hardwood floors in every room?

Let’s look at how you can use planning and a little know-how to find the cheapest way to build a house and still get what you want.

Have an Overall Home-Building Plan

A plan and a budget are not the same thing, but a plan includes a budget, and much more. That’s where to start the home building process.

Be honest with yourself during this stage, says architect Donald Ruthroff, principal of California-headquartered Dahlin Architecture Planning and a member of the National Association of Home Builders.

“I can work towards any budget, but you have to be honest about the money you have,” Ruthroff says.

Consider all aspects of your build. Your plan should include the following:

- **Money:** How much do you plan to spend on everything for the house? Where will you get this money — savings, a construction loan, somewhere else? Ruthroff suggests adding at least 10% to your budget for contingencies and overages.
- **Land:** Do you have a piece of property in mind? What are the zoning requirements and regulations? Does it need excavation, reshaping, or other improvements?
- **Permits:** What permits do you need and how long do they take to get? Every city and municipality has different requirements, and most of them cost money. Also, understand the inspection process and what needs to happen and when. Missing an inspection can cause you to tear things out you might have already completed, adding to your costs.
- **People:** Think about who will be involved in the build. Consider the architect to draw up the plans, the contractor who will oversee everything, the subcontractors who will do the work, and all who are involved in making decisions for the build.
- **Costs to operate the home:** As you think about square footage and other details of your new home, don't forget to think about the costs of maintaining it. Size matters. There are property taxes, utilities, maintenance, insurance, and more. All of this needs to be part of your home-building plan.
- **Timeline:** How long will it take to build your house and where will you live in the meantime? According to the U.S. Census Bureau, 50% of houses built in 2020 took four to six months, and another 18% took seven to nine months. Paying for both construction and a place to live can add up.
- **Must-haves versus nice-to-haves:** What do you really need in the home? How many bedrooms and bathrooms? What extra features do you want and which do you really need?

Many home builders will handle things like land, permits, materials and people (including contractors and subcontractors) so you don't have to think of all of these things on your own. One of those builders is Cincinnati's Cristo Homes, where Michelle Fletcher is a new-home sales counselor.

Experience has given Fletcher some insights that help at this stage of the home building process. For instance: If you plan on making additions later, such as a finished basement, a laundry room or a wet bar, it's better to include rough-ins in your initial build.

"It's going to be much more expensive later to add in a bathroom if you have to jackhammer the floors and you have not done the plumbing for that," Fletcher says.

General Contractor or No General Contractor?

A general contractor is the person who will be responsible for the oversight of your home construction process on a daily basis. They are usually the ones who order materials, subcontract with tradespeople, oversee the quality of the work everyone performs, and more.

To save money on your dream home, you could serve as your own general contractor. But beware: This might seem like a good way to build on a budget, but it could end up costing you more in the end.

Before making the decision to be your own contractor, here are some questions to ask yourself:

- How much construction and project management experience do you have?
- How much time can you spend at the construction site?
- How well do you understand permits and the home construction process?
- Do you have lots of relationships with vendors and subcontractors?

Experienced contractors often know how to anticipate cost overruns and build them into their budgets. They know where to save, where to spend and how to find the subcontractors that can get the work done.

“Good luck,” Fletcher says about going it alone. She points out that professional contractors have relationships and buying power with vendors. “If you go at it yourself, you’re going to overpay for everything and it would probably take years to build a house.”

Simplify Your Dream House Design

We all have ideas about what our perfect house looks like, but if you’re looking to build on a budget you can’t have it all. Simplifying the design of your new house can help save.

- **Build a box:** The more rectangular the design, the cheaper it is to build. A one-story ranch house on a concrete slab with a simple roof is the cheapest shape for a house. Bump-outs and interesting angles increase the cost. You can always add landscaping elements later to create some curb appeal.
- **Build up instead of out:** Land is expensive, so adding a story can be cheaper than getting more land. Building up means a smaller foundation and a smaller roof.
- **Consider the roof design:** Different roofing designs and materials impact the price dramatically. A flat roof is the cheapest to build, followed by a gabled roof and then a mansard design. The types of roof coverings, such as shingles or tile, also influence the price. But price isn’t the only consideration; make sure to check building codes and insurance rates in your area. Certain roof designs may significantly reduce insurance costs, saving you money in the long run.
- **Group water areas:** Putting bathrooms, kitchens, laundry and other areas with water together reduces the plumbing materials you will need. Ruthroff reminds people to plan where things like sinks will go and then stick with the plan. Making changes once the actual building has begun can add up.

- **Don't customize:** Going with available and standard items like prefabricated cabinets and bathroom vanities can save lots of money. Same with windows. Custom details are much more expensive than standard-sized ones.

Don't get so caught up in the dream that you lose track of what all your "wants" are costing.

As part of your design process, Ruthroff suggests collecting images of whatever catches your eye. "The more you have an idea of what your likes and dislikes are, the better off the process goes, and that in turn saves you money."

Prioritize Structural Items

Building with basics with plans to upgrade things like finishes later can save some money when you build a house.

Some interior tips:

- **Skip expensive fixtures and finishes:** Ruthroff says it's easy to get caught up in brand names or think you need the best of everything. Finding something you like and then asking your designer or contractor if there is a less expensive alternative can save some serious money. Down the road, you can always add upgrades, but you might be surprised that you don't really miss them.
- **Paint uniformly:** Fletcher advises clients that it's cheaper to paint an entire house one color in the beginning then do some DIY customization later.
- **Resist trends:** Some trendy things we see on home-improvement shows are needs versus wants. Things like pot fillers and giant soaker tubs may be tempting but not necessarily worth it.

"I would have a discussion if we're on a budget about how often you're going to use that (item)," Ruthroff says. "Maybe you would rather have a few more square feet in the adjacent bedroom or a bit bigger closet. If we take that tub out, I can take that square footage and use it in a closet that you're going to use every day."

A designer or contractor can help you decide when to splurge and when to save in interior design.

Flooring is one place where it could be good to spend a bit more, Ruthroff says.

"In my own house, we spent the money to get engineered hardwood because we have a large dog," he says. "The floors have stood up. I'm so glad we spent the money there."

Another possible place to splurge, he says, is kitchen countertops because you see and touch them every day.

Appliances can be an area to save, he suggests. “Pick carefully for how you will use them. Do you really need the (high-end) range?”

Understand the Cost of Building Materials

There are many ways to build a house and many materials you can use during the home building process. Choosing the right materials can cut costs.

Home builders like Cristo have already done the number-crunching for you. Here are some examples of materials that can save dollars:

- **Framing:** Wood framing can be less expensive than concrete block, but in some places block might be cheaper to insure. Prefabricated wall panels custom-built in a factory and shipped can reduce both framing and labor costs. The same goes for precast concrete which is poured into molds, cured indoors and then shipped to the construction site. It's usually cheaper than onsite pouring, and is not weather dependent.
- **Consider energy efficiency:** Some upgrades might cost more upfront, but will save money in the future. These are things like insulation, high-efficiency windows, and energy-efficient appliances. Look at these things as an investment rather than a one-time purchase.
- **Exterior elements:** Vinyl siding is usually cheaper than concrete or brick. Stone veneer or stone cladding, which uses just a thin layer of stone, is more cost-effective than using full stones.
- **Walls:** Instead of drywall, you could consider using concrete sheets, which are a mixture of concrete and cellulose fibers pressed into boards. Also, look at corrugated metal or bamboo.

It's important to know what is allowed and what is not. In many places, municipalities and building codes limit what materials you can and cannot use.

Also, look for rebates and tax savings on some materials. These often cost more upfront, but benefit you later.

Homebuilding companies like Cristo have done a lot of the penny-pinching already. They have relationships with suppliers and others that will save you money because of volume discounts.

They also often have design options and packages to pick from that combine many cost-saving approaches. Reducing the types of floor plans and finishes can also help you find the cheapest way to build a house.

Avoid These Two Home-Building Mistakes

Whether you go it on your own or you're working with a builder, it's easy to make mistakes when you build a house.

Rookie Mistake #1: Too Many Changes

No matter how much planning you do, things will change along the way and you will make mistakes. That's part of taking on a huge project like building a house. But, Ruthhoff warns, it's important not to second-guess every decision you make.

The number of decisions you'll make while building a house can seem overwhelming, but making changes can lead to slowdowns that cost money.

Rookie Mistake #2: Overdoing It

Make sure your home stays within the range of others around you. "People over-spec," Fletchers says, referring to the habit of adding to the cost of a house without adding to its value.

You might have the most expensive house in the neighborhood because you've opted for pricey finishes and custom lighting but, "unfortunately, the appraiser doesn't give value for a lot of those things."

Keeping your eye on the prize is also important. This is your house and in the end, it will be filled with what you want, while hopefully saving money.

Fletcher has advice for home builders who fret about "having the best."

"The best comes with a perspective," she says. "You have to step back and say, 'Is that really what you need?' It's OK to want a showpiece as long as it fits in your budget."

Tiffani Sherman is a Florida-based freelance reporter with more than 25 years of experience writing about finance, health, travel and other topics.
