Take Your Home Outside

An open-air "room" adds inexpensive living space that may come in handy at resale. And it needn't have a price tag as big as the great outdoors.

Money

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June 21 2007: 6:57 PM EDT
Source: http://money.cnn.com/2007/05/17/real_estate/livingoutdoors_juneissue.moneymag/index.htm?postversion=2007062118

NEW YORK (Money Magazine) -- Pam and Mark Elmore weren't in the market for a home last summer. But when the Bend, Ore. couple happened to stop by a newly built house with a 1,000-square-foot patio, a fully equipped outdoor kitchen—fridge and range included—and a fire pit, they immediately realized they had to have it.

Now the Elmores cook dinner outside about four nights a week. "It opened up a whole new space in our house," says Pam. "We are constantly entertaining out here."

PHOTO: ERIC ROTH/THE NEW OUTDOOR KITCHEN

Good-bye, flipping houses. Hello, flipping burgers.

Americans, it seems, are rediscovering the pleasures of their own backyards. For many what was once a place for casual barbecues with friends has now become a full-fledged room with all the amenities of the indoors: gourmet appliances, light fixtures, cushioned furniture and even flat-screen televisions.

In colder parts of the country, homeowners are putting in heat lamps and fireplaces so they can lounge outside almost any time of year.

"The whole standard for outdoor space has changed," says Stephen Melman, director of economic services for the National Association of Home Builders. A recent NAHB survey of builders and other industry professionals found that outdoor fireplaces are fast becoming standard in upscale homes, and almost two-thirds of architects surveyed by the American Institute of Architects last year reported an increase in demand for outdoor kitchens, patios and decks.

The most compelling reason to build an outdoor room is the pure pleasure of it. But you can reap practical benefits too: It's a relatively inexpensive way to expand your living space.

"The outdoors is basically a second living room for many of our clients," says Stefan Thuilot, a landscape architect in Berkeley.

In many regions Mother Nature will heat and cool the space so it won't increase your utility bills.

Property tax assessors typically base their valuations on "livable" (that is, indoor) square footage, so outdoor additions shouldn't raise your tax bill.

And though you probably won't recoup your full investment when you sell, you may get back a good chunk. "In the upper end of the market, houses that have outdoor rooms sell faster and at the higher end of the price range," says Teri Herrera, a real estate broker in Bellevue, Wash.

But a back-deck remodel can easily morph into a six-figure extravaganza. You could spend $500 for a basic stainless steel grill—or $100,000 or more for a kitchen with granite countertops and luxury appliances; a fireplace can cost anywhere from a couple thousand bucks to $50,000 for a custom-built stone version.

But spending too much on a souped-up backyard isn't smart, especially in a weak housing market. Before you order an open-air home theater and invite your friends over for the barbecue of the century, you need to figure out what makes sense in your yard and match your dreams to your budget.

Lay the Groundwork

There's no lack of magazines to give you inspiration, but also put some thought into the following practical concerns:

What you'll do outside. If you're aiming to entertain, you'll want enough space for a large table or sitting area; if you'd like to curl up with a book on chilly evenings, a fireplace might be the centerpiece of your design. If you're in a rainy region, you'll get more use out of an area that can be covered with a solid awning.

Once you have ideas, "audition" different parts of your yard with a portable grill and basic patio furniture, says Deborah Krasner, an outdoor-kitchen designer and author of *The New Outdoor Kitchen*. This will help you discover what parts of your yard have the best views or the least noise.

When Olga and Ken Hayes of Manchester-by-the-Sea, Mass. began designing their 1,000-square-foot backyard deck and garden sitting area, they thought about the movement of the sun.

"We put the living room and water garden on the eastern side so I could enjoy the morning light on the garden on a summer day," says Olga. "In the afternoons there's light on the western-side patio where we do our entertaining."

Your local rules. Depending on where you live and the scope of your project, you may need approval from the city, says Julie Moir Messervy, co-author of *Outside the Not So Big House*.

Many neighborhoods ban fences and pergolas, or covered awning structures, and others dictate what materials can be used. You may also need approval from your homeowners association to make drastic changes to your property.

Your neighbors' yards. Peek over nearby back fences to make sure your plan isn't off the charts. "If you overspend for your area, you'll be hard-pressed to get that back in a resale," says John Bredemeyer, an appraiser in Omaha.

What you'll spend, what you'll get. If you don't have the cash to fund the project, get a fixed-rate home-equity loan (about 8 percent today). It's a better deal than a variable home-equity line of credit, which currently has an average rate of 8.7 percent.

But don't take on tons of new debt for a project that won't necessarily recoup its costs at resale, says Burlingame, Calif. financial planner Barbara Steinmetz, especially if you're not going to be around long enough to enjoy it. Says Krasner, "If you're not sure you'll be there for five years, put in a nice patio and buy a grill you can take with you when you leave."

How to Do It Right

Chances are, your wish list and your wallet aren't exactly in sync. To cut the budget down to size, keep these tips in mind.

Hire the right help. For anything more extensive than a simple deck, you'll likely need an expert to help you map out the plan. The typical plan takes about 20 hours, although this will vary. For an elaborate project it's often worth paying a 15 percent to 20 percent fee for a "design and build" firm that can do everything from sketching out your plans to subcontracting out plumbing and electrical work.

Do it in stages. Unlike most indoor projects, outdoor rooms can be built over the course of many summers. This gives you more time to save for the big-ticket items and makes it more feasible for you to do some of the work yourself.

Consider trade-offs. Instead of spending $10,000 for a custom-built fireplace, pay $200 for a portable fire pit or chiminea. If you like the look of an outdoor kitchen but aren't prepared to spend $20,000 on a full setup, opt for a high-quality grill set in cultured stone, says Kevin Schaffer, a landscape designer and president of Artisan Outdoor Living in Bend, Ore.

Flagstone is often considered the must-have material for patios, but at about $30 a square foot, it can be a budget breaker. An elegant-looking alternative is stamped concrete, says Schaffer, which costs about $13 a square foot.

When Bill and Jackie Fritsch of Broomall, Pa. put in an outdoor kitchen and sitting room, they splurged for a $13,000 grill and $13,000 hot tub. The television, on the other hand, is "the cheapest flat screen I could find," Bill says. And it's getting plenty of use.

"For five years we never went out back at all," says Bill. "Now the patio furniture stays out until a week after New Year's." ■