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Extending Your Home to Make Room for an Expanding Business



Image via Pexels

By **Stephanie Haywood**

A business owner may find themselves in need of more space as the business grows. Rather than looking for a new location, they can choose to extend their home to accommodate the business.

This has a few advantages:

- The owner will already be familiar with the area and neighborhood.
- It can be less expensive than moving to a new location.
- The owner won't have to go through the hassle of finding a new place and then moving all their equipment and furniture.

One of the advantages of extending your home is that you can add a home office. This will give you a dedicated space to work in and keep all your business supplies. If you don't have an extra room to use as an office, you can convert part of another room, such as a spare bedroom or den.

Before setting up your home-based business, there are a few things you need to check on. Firstly, check with your local planning and zoning (P&Z) department to see if there are any restrictions on extending your home. If you decide to convert a space room into an office without any major structural modification, you will not

need an approval from local P&Z department.

However, if your planned home business needs more than just adding a door or removing a closet for more work space, you more likely need to apply for a permit with your local P&Z department.

If you plan an extensive modification, you can either “do it yourself” or hire a general contractor. To “do it yourself”, you need to hire an architect to help draw the planned modification and submit the drawing to the city P&Z planner (city where you live) for approval. Most architects will take care of the submission for you for little extra fees.

It depends on the extent of your modification and the workload of your city P&Z, it may take a couple weeks to a couple months or even longer for your planned modification drawing to be approved. In some situations, your drawing would need to be revised to be approved – this often happens when your architect does not know or keep track with the city codes, so it pays to hire an architect who has done work with your city P&Z.

Once your drawing is approved, you need to hire contractors – electrical, plumbing, etc, and oversee their work progress.

You need to be aware of the required steps of your city P&Z department. You are more likely required to invite the inspector to come and check the work before you can progress to the next phase.

Because there are many steps involved in the construction process, most people choose to hire a general contractor to help them from the beginning rather than do it themselves. Some general contractors work closely with architects that they can recommend. For an extra fee (most general contractors will charge 10%-15% of the total project cost), an experienced & ethical contractor will help your sail through a process smoothly. They work with the architect, the city P&Z, and take care of hiring/firing subcontractors.

If this is your first major modification/renovation, it’s recommended that you find a reputable general contractor to help you. It will save you a lot of time.

Once you finish the modification of the space and if the modification adds extra square footage to your home, you need to contact homeowner's insurance to update them with the additional square footage. Your monthly premiums will increase, but if something happens, your room/space addition is covered.

Furthermore, your homeowner's insurance company needs to be aware of your planned business operation so that it covers any potential liability issues that could arise from running a business from home.

Lastly, consult with an accountant or tax lawyer to make sure that you are taking advantage of all the tax deductions available to businesses.

You may want to consider improve your business knowledge before actually running a business. Yes, you may have been doing this type of work for your current employer for more than a decade. But running a business as an owner is very different from being an employee. It's much more demanding. No wonder the failure rate of small businesses is approximate 50% by the end of fifth year. You can read more about their statistics in this article.

Many people choose to go back to school (a local community college is a great place to start) to get a business degree before they actually quit their job and start their own business. This can be a great way to get the education you need to take your business to the next level. There are a few things you should keep in mind if you are considering this option: time commitment, full-time vs. part-time, and researching different programs. Go here to find a business degree that can help improve your skills and knowledge and also take your business up another notch.

When upsizing a home to accommodate a growing business, it is important to investigate the process and all the required steps involved. You may want to join a local entrepreneur group or talk to business owners who have been in the business for more than five years. Their failures (if they are willing to share with you) and advice are valuable lessons that definitely help you either avoid unnecessary loss of time and money and/or make you become a great business owner. Good luck on your future endeavors.

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