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FROM VISION TO REALITY

MASTERING CUSTOM HOME QUOTES WITH PROFESSIONAL GUIDANCE

Story by Meryl Siegman



Hobbs Inc.

Building a custom home is an exhilarating yet challenging endeavor, particularly for first-timers. With so many details to consider, it can be overwhelming to know where to start. But don't worry, we've got you covered! We reached out to two of the Northeast's top builders for their expert advice.

Scott Hobbs is the son of Mike Hobbs, the former president and owner of Hobbs Inc. Scott followed in his father's footsteps by becoming the owner of the New Canaan, CT-based company along with his brother, Ian. He also serves as a project executive, with over three decades of experience under his belt. The company has been creating custom, high-end residential homes in the tri-state area for over 70 years, setting new standards in luxury living.



Peter Sciarretta



Scott Hobbs

Peter Sciarretta, the CEO of Hemingway Fine Homes in Greenwich,



CT, is the son of Founder and President Sal Sciarretta. During his 30-year tenure at the company, he has grown it into an award-winning, high-end residential construction company, overseeing the planning, design, and development of homes throughout Connecticut. As he likes to say, "We don't leave until the job is done. End of story. The buck stops with me."

We sat down with Scott and Peter to get the scoop on the bidding process.

Design + Decor: Is there a difference in the estimating/budgeting process among production, semi-custom, and custom builders?

Scott: It is important to understand the different products that these three categories provide. Production building appeals to the mass market in which price is very important. Custom builders offer a specific product to a specific client who has not been able to find anything on the market to meet their needs. Semi-custom is closer to production: Some items are customizable, but it might be limited to three different packages that specify appliances.

Peter: Production building is offered to the open market, has limited design options and is price sensitive. Hemingway is a high-end custom builder. We create unique budgets for unique homes. In our presentation, the goals and objectives are laid out deliberately and methodically to add value and advance the project from bidding to construction. When getting a package to our client, time is always of the essence. So instead of solely waiting in queue for our contractors, suppliers, and vendors to provide us with quotes,



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Hemingway Fine Homes

we employ construction estimating software that provides expert takeoffs. It is a very effective and responsible way to estimate the project and submit the bid package on time. We leverage our excellent relationships with suppliers to get value-added pricing and we highlight which costs are estimates and present the buyout, often with a lower cost value, after the bid is submitted. Production building is less complicated. The construction, level of details, and finishes are repeated. The builder has an exact duplicate of the house they have built, and the real costs are known. Semi-custom is closer to production, because choices are limited, and their costs are already fixed.

What are the key elements of a custom quote?

Scott: It is vitally important for clients to understand the fee structure and what it covers. They should find out which individuals in the builder's company will be assigned to their project. With custom homes, there is a lot of paperwork and documentation, so they should be familiar with who is doing that work and



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how they are being paid. The answers to those questions will not only affect price but also the schedule and quality of work.

Clients should also pay attention to allowances, those budget categories in which the design has not been finalized and the builder can provide only an educated guess to which he is not bound. And finally, they should make note of the list of exclusions from the bid.

Peter: I'd start with timing. The builder must provide authentic dates for the commencement of construction and its completion date. Second is the cost analysis detail. The construction cost must be transparent and fully broken out. It is then layered with a backup page that organizes the areas of construction into different categories, such as the Kitchen, Study, Primary Bedroom, and Landscape Development separate from the home. That way, clients can see their costs broken down with real and relatable data. Finally, the builder should provide a list of VE (value engineering) options. That means taking the architect's plan and advising the clients about other equal alternatives that would preserve the architectural integrity of the project but lower the cost.

How many quotes should a customer get?

Scott: I don't think a quote is the right way to go in the custom home building world. Instead, clients should get recommendations for reputable builders, and then interview them to understand their processes and who will be assigned to their job. They should then solicit fee-based proposals for direct costs that the contractor controls; they should be able to get competitive bids from multiple vendors for each trade. Competitively bidding custom projects at the builder level is very expensive even for the owner and can lead to poor outcomes.

Peter: I recommend interviewing four builders, narrowing the choices down to three bidders with one rising to the top based on value, performance, and quality of construction. When receiving a Hemingway bid, it's like getting three in one. That's because we bid the project out to three subcontractors, suppliers, and vendors, looking for the best quality and lowest cost for each trade item. We are very transparent and show clients the backup on which we built our bid upon.

What are some red flags in a quote that a client should look out for?

Scott: Discrepancies among budgets from different contractors. If a number is significantly different than the others, it is important to understand why. Usually it's due to greatly varied concepts of what work is required to meet the clients' perceived needs.

Peter: One red flag is the enumeration of something that isn't specified in writing. A perfect example is "we included 65 recessed lights". A recessed light can be a blue non-dimming large, flanged stock fixture versus an architectural fixture. The way a builder figures allowances is another red flag. Unless agreed to and submitted to all bidders equally, there is no real measurement from one bid to another. Also, beware of non-transparent accounting. The cost shown for a trade item, such as wood flooring, should be the actual cost of the work with the GC fees added separately. Not a "lump sum number with everything included".

Tell us how you mastered the art of custom home quoting.

Scott: We are top quality builders and do not sacrifice quality. While some builders might bid a project once every three to five years, Hobbs prices dozens of projects annually. We want customers to make informed decisions. It is our goal and objective to add value to the project, cost and timing.



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Peter: Three generations of construction experience along with high technology software. Hemingway does not substitute inferior lower cost bids for quality construction. Lastly, we use real data from appropriate vendors and subcontractors and create detailed record-keeping. We track how we do on our estimates versus what the ultimate budgets are and record all that information in a database. It helps us to understand current pricing and meet budget expectations.

What should clients know about current zoning and permitting laws?

Scott: You cannot start the process soon enough. Clients should also understand what is required to get a permit. They will greatly benefit from having a professional team of architects, engineers, and contractors working on this issue as early as possible.

Peter: Clients should know that zoning and permitting laws are always changing. What your neighbor did last summer to their residence doesn't mean you can legally do the same thing today. This may affect the way they use the construction options, and can affect the location, spec, and cost of an item. File early as building departments can be understaffed with hundreds of applications in queue.

How do you account for material pricing fluctuations during the bidding process?

Scott: We are in close contact with all our vendors to stay on top of when price increases are scheduled. This was



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almost impossible from 2020 to 2022, but things have greatly stabilized. We discuss with clients if they want us to build in escalators or whether we will just deal with them as they come out throughout the project since they are inherently unknowable.

Peter: We present the cost of labor as a fixed cost and materials as an allowance. When we buy the materials out, we have the homeowner pay the actual cost of fluctuating items so it's fair and transparent. We pass on builders' discounts to our clients for giving us the flexibility to make allowances.

Please share some advice with our readers going through the process of building a custom home.

Scott: Interviewing potential builders is vital. You want to understand their process for both building and managing the costs of the project. Ideally you should learn who will be involved in your project. It is worth visiting the contractor's office to better understand the organization. Check out their financial situation to make sure that they will make it through your project and be there to honor any warranties or maintenance issues in the future.

Peter: I would remind them that custom construction is a choice and at the end of the day the construction journey should be fun. Let's get the project right and not rush. Clients will remember the big picture: Performance, Details and the Quality of Construction.

Resources:

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