



The True Cost of Modular Homes

We've all seen the ads for \$150,000 two-story 2,500 square foot modular homes in the newspaper or on the web. Sounds great, doesn't it? But at the same time, if the ads seem too good to be true to you, your instincts are correct. The \$150,000 price tag is designed to get you interested, but it doesn't represent the full cost of building a modular home.

Sterling Homes gets calls every week from folks interested in building a modular home because they think they can walk into a new home at the advertised price points. So, we wanted to explain the modular home process and what is **and isn't** included in those factory-advertised prices:

- **Quality:** First and foremost, like everything in life, there are modular home factories that build low-quality homes using the minimum standards, cheapest materials and basic builder finishes and then there are modular homes that build a high-quality, energy efficient product. For example, Massachusetts Building Code currently only requires a minimum of 2X4's for exterior framing, but Sterling Homes builds with 2X6 construction. Naturally, higher quality materials and building practices cost more money. Sterling Homes works exclusively with the modular company Preferred Building Systems because they build a high quality modular home that we can stand behind.
- **Land:** Of course land isn't included in that price. Most people realize this, but for completeness we'll mention it anyway. This isn't different than a typical custom home build situation – the homeowner has a piece of land and hires a builder to build their dream home on it.
- **Plans:** every city or town requires a set of building plans stamped by an engineer before building permits will be issued. If you are using the exact model from the factory, there will be no extra charge here. If, however, you want to have your own plans drawn there will be an extra cost from the outside designer or architect.

- **Permits:** none of the permitting costs are included in the price of the modular home from the factory. Depending on the land situation the following permits may be needed:
 - **Demo Permit:** needed if we are tearing down an existing structure. In order to get this we must get sign offs from all utilities including water, sewer, gas, oil, TV, phone, cable, pest inspection, asbestos inspection.
 - **Foundation Permit:** If we cannot get the full Building Permit we will apply for foundation permit so that we will have foundation in and ready for when mods arrive to be set on top.
 - **Building Permit:** Building Permit costs vary from town to town. If you are interested in knowing the cost, you can simply go to your town's Building Department website. There you will see that the permit cost for new construction is "X dollars per thousand". As an example, a permit for a \$400K house could cost \$4,000.00 if cost was \$10/\$1,000.

- **Site work:** the price of a home quoted by the modular factory, does not include any site work that must be done to prepare the land for the house. This typically runs \$20K-\$50K and includes, but is not limited to: excavation and back fill of foundation, installation of sump pumps if needed, installation of all required drainage such as perimeter drains, drywells, installation of all the new utilities such as digging for gas line, underground electric, installation of new water and sewer lines, a septic system depending of what town you build in, clearing of any trees, installing gravel for driveways, etc. ** PLEASE NOTE-Site work varies significantly from project to project and exactly what is specified in your engineer's site plan. It is impossible to give accurate costs until we have all plans and information for the project.

- **Transport/Setting of Modular:** these costs are typically included in the quoted price from the factory and includes: transporting the modular boxes to the site, hiring a crane needed to move the boxes, and the set fee which is essentially the cost for a crew to set the modular boxes onto the foundation securely. Some factories do not include this in their advertised pricing, so be sure to ask when you are comparing. This cost can range from \$12K+ depending on size of house, number of boxes to be set as well as number of days it will take to set the house.

- **Button Up and Finish Work:** no modular home comes ready to move into. There is a lot of work that needs to occur to make it habitable and to finish the home so it is ready to move in. For the type of finishes (click here for a list of our standard products) we use, These costs vary too much from project to project to give firm estimates, but it is very

possible for the button up work to be greater than \$100K depending on the final fit and finishes you desire. Button up work includes:

- Removal of all temporary interior partitions that are between boxes.
- Piecing in of plywood flooring between boxes.
- Piecing in of sheetrock on walls and ceilings between boxes.
- Install the metal straps between boxes per manufacturer's specifications.
- Completion of all plumbing connections for water, sewer, gas lines, hot water tanks, gas fireplaces, furnaces, dishwasher, washing machine, etc. Connect water and sewer to town. Install exterior sill cocks.
- Completion of all electrical which includes connecting all wires to new electrical panel, make all connections between boxes, wire gas fireplace, wire furnaces and AC condensers, install all interior and exterior hanging fixtures, wire for garage door openers.
- Completion of all HVAC- installing all furnaces and AC condensers.
- Installation of all floorings including any hardwood flooring, carpet, tile.
- Installation of granite/marble/stone counter tops in kitchen and all bathrooms.
- Installation of staircase between 1st and 2nd floors including oak stair treads, balusters, newel posts and handrails.
- Building of stairs going from 1st floor to basement.
- Pouring of concrete floors in the basement and garage.
- Installation of garage doors.
- Installation of all exterior siding (i.e. vinyl, fiber cement board, cedar clapboards)
- Painting of exterior (if cedar clapboards are chosen).
- Building of any exterior decks.
- Installation of entrance stairs.
- Completion of interior painting- all modular homes come with two coats paint (1) primer (1) finish coat. However, in our experience since all subs are going through house to complete the above items, walls get damaged and dirty therefore need to be re-painted.
- Installation of driveway and all walkways.
- All landscaping. This too can range from a simple "builder plants 6 plants in front of house" to very elaborate landscaping with retaining walls and hardscape, so costs will vary.

- Application for all final inspections including plumbing, electrical, fire department and building inspector for final Certificate of Occupancy. There can also be other department sign offs that may be required depending on the town.

As you can see, there are many costs that would be included in a builder's price for a traditional or stick-built home that aren't included in the low modular home price you see in ads from the factory. They are basically quoting you the price of the modular boxes treating everything else as an add-on.

This isn't to discourage you from choosing a modular home. We love modular homes and have built many for many satisfied homeowners. Our hope is to educate potential clients about the true costs of building a high quality modular home through Sterling Homes. And because we also build traditionally built homes, we can quote your project both ways so you can make the decision that's best for you.

If you have additional questions about modular homes, would like to take a modular factory tour or have a project you'd like to discuss, please give me a call at 508-277-1020.

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