

Section 7: Ways to Save Money on Your Tiny House

Tiny houses aren't just a fad anymore, what started as a way to lower mortgage payments and utility costs has developed into a worldwide movement. If you are looking to purchase or build a tiny house of your own, there are a few decisions you'll need to make. You'll need to think about where you want to put your tiny house, whether you'll rent land or purchase it outright, if you'll build your tiny house on a foundation, or if you'll put the tiny house on wheels and travel from coast to coast with your tiny home in tow.

When compared to traditional sized houses, tiny houses could save homeowners a lot of money. Exactly how much you'll save on your tiny house comes down to the type of living situation you want. The following are some of the choices that aspiring tiny homeowners often have to make, and how much each option costs when compared to living in a standard-sized home on a short and long term scale.

Leasing or Buying Land

It's not uncommon for tiny house owners to live on a piece of land owned by family and friends, and pay rent directly to them. Aspiring tiny homeowners can also seek out properties with an existing accessory dwelling unit (ADU) agreement, which enables homeowners to build a second, smaller dwelling on their property. If you prefer more privacy, or you can't find anyone willing to share their piece of property, you might have to rent a plot of land. But before you do, you want to make sure that local zoning allows the construction of a tiny home on your intended plot. For many locations, the minimum house size is 900 feet.

Websites such as Realtor.com, Realtor.ca, LoopNet or Zillow.com can help you find vacant lots available for both sale and lease. Another option is to look at classified sites, such as Craigslist or private social networking services like Nextdoor, to publish inquiries or check for tiny house rentals.

Parking Your Mobile Tiny House

If you are hoping to bypass land costs altogether, there are plenty of tiny house owners who choose tiny houses on wheels instead of a foundation and make their tiny home mobile. Mobile tiny house owners face different challenges than stationary homes.

It's easy and inexpensive to find somewhere to park your tiny house on wheels. There are plenty of RV campgrounds across North America and on average fees are about \$20 per night. But many campgrounds limit the maximum amount of time mobile homeowners can stay in one place. However, many RV campgrounds throughout both Canada and the U.S. are showing more

acceptance of long-term, mobile home parking, allowing for longer stays at reasonable costs.

Property Prices

Regardless if you are looking to build or buy your tiny house, the land underneath your house will most likely increase in value over time, and it's one of the best investments you can make. So even before your home construction begins, you have to decide where you want to live, and what you are willing to spend on land. The closer you are to a city, the more likely you are to see the home price increase at an exponential rate. There are a number of factors that go into determining the value of a piece of land, these factors include the proximity to major urban areas, the market value of the land itself and the potential for economic growth. This value varies widely from area to area, whether it be rural or urban, making it difficult to estimate the average cost of land.

Prospective homeowners typically have two options when it comes to property pricing, they can either lease a plot of land or buy the land outright. Tiny house owners have a third option and that is to turn their home into an RV or mobile home and use their tiny house to travel. Whichever you decide, you want to be sure to look up your local government's zoning laws and building codes before you shop around.

Purchase and Building Costs

The average cost to build a tiny house is about \$20,000, before labor costs and not counting the price of land. This cost can vary depending on how much building skills you have and whether or not you use reclaimed building materials. The average cost for a professionally built tiny house, complete with amenities varies between \$10,000 to \$130,000 depending on the type of tiny house and the finishings and details. That's an impressive saving when compared to a standard-sized house. So once you have figured out where you're going to live, the next decision you'll have to make is whether to hire professional tiny house builders or do it yourself.

Hiring Professional Builders

There's a number of professional construction companies that specialize in tiny houses, including 84 Lumber, New Frontier Tiny Homes, and Tiny Home Builders, while local builders can be found via a quick Google search. Each organization offers a wide variety of floor plans and models, as well as itemized lists of materials and basic home shells, should you decide to go the DIY-route.

Buying a pre-built tiny house means you are getting a complete home with all of the appliances pre-installed (which includes refrigerator, stove, microwave, etc.). You are also able to customize your tiny home just as if you were building it

yourself, designing with the builders. With a pre-built tiny home you know exactly how much you are paying, the cost isn't as volatile, and you are guaranteed a professionally built tiny home.

Building Your Own Tiny Home

Many people choose the do-it-yourself approach of tiny house building. When you build your own tiny house there is no need to pay for labor costs, and with the right building materials, you can reduce your building costs to \$20,000, on average. If you do choose to build your own tiny house, and you're able to build it yourself or get family and friends to help with labor, the only variable in cost will be the quality of building materials that you choose. The cost of building materials will vary from area to area.

Aspiring tiny house builders are encouraged to use reclaimed or salvaged building materials to include reclaimed lumber, wood, or metal for your tiny house's exterior. Reclaimed building materials are often cheaper and stronger than if you purchased new. Habitat for Humanity ReStores can be a great source for quality recycled building materials, appliances, and more.

Building your own tiny house creates an opportunity for total customization of your tiny home, so if you feel this is the best option for you, you'll want to design and plan ahead. The biggest downside of building your tiny house yourself is that you'll also have to set up your own utilities. That includes electrical wiring, waste disposal, and more.

If you are only interested in the personal details and touches and would like to just build the exterior of your tiny house, there are several tiny house builders who offer pre-built tiny house kits or shells for sale. Tiny house kits give builders everything they need to assemble their tiny house, whereas tiny shells have a completed foundation. With a shell, all you have to do is provide the tiny house finishing and decorating. Kits can vary in price anywhere from between \$2,000 to \$35,000, while tiny house shells can range in price from \$5,000 to \$60,000.

Loans

When it comes to borrowing money for traditional sized housing, most people need a mortgage. With the average price of a house varying greatly depending on where you live in North America, it's probably safe to say that standard-sized mortgage prices are at least \$300,000. So it's no wonder that the comparatively small pricing of tiny houses, on average anywhere from \$10,000 to \$130,000 depending on labor costs is so appealing. Still, depending on what you pay for a tiny house, you will still have to pay for a plot of land. Even if you plan on turning your tiny house into a mobile home, you'll still have to pay for licensing and upkeep fees. Most banks consider tiny houses too small to qualify for a traditional

mortgage, but if you need money to buy a tiny house you can look towards a personal loan or RV loans.

Personal Loans

A personal loan is money that is borrowed from a bank, independent lender or credit union, for a non-specific purpose. This means that personal loans can be used to finance a tiny house, start a business or pay off debt. Like mortgages, personal loans offer both fixed interest rates and flexible payment plans. Most personal loans are unsecured, which means that unlike a home mortgage, they don't require collateral. And some personal loans may come at a lower rate.

LightStream is one of the most highly regarded lenders for financing a tiny house construction. If you've financed your tiny home, but you still need money for land, you may be able to take out a raw land loan. This is because it's easier for borrowers to walk away from land without property, raw land loans require higher down payments, credit scores, and interest rates. You'll want to check for your personal loan rates to see which one you prequalify for. The process is quick and easy, and it does not impact your credit score.

RV Loans

If you've opted to build your tiny house on wheels instead of a foundation, you might also qualify for an RV loan. RV loans are personal finance loans that are available for the different classes of RVs and motorhomes. RV loans tend to have higher interest rates, along with a 20 percent downpayment. In addition, RV loans aren't designed for primary residences, so you'll need a permanent address to apply.

Utilities

Utilities to include water, power, and waste are one of the main areas where tiny house owners can save you money when compared with traditional homeowners. Often, traditionally sized homes don't have a say in utility prices. But, if you are a tiny homeowner, you have two options when it comes to utilities either plug your tiny house into an existing grid or to become fully self-sustaining.

Often, location is the primary factor: The more rural the home, the more difficult it will be to hook up the house into existing municipal systems. But, even urban tiny house owners may choose to go off-grid for ecological or economic reasons. There are advantages and disadvantages to both.

Using The Existing Grid

If you choose to plug into the existing power and water grids, you will have monthly utility costs, but typically utility bills will likely cost under or about 20 per month. Before you build, you want to be sure that your property has traditional

hookups, which allows homeowners to hook up to network with ease. If decide to stay at an RV park or a tiny house community you should be able to reach those hookups without any issues. However, if your piece of property is in a more rural area, there is a chance that the hookups may not be on your property. You may have to run heavy-duty electrical cords which can be both dangerous and illegal.

If you do choose to hook into the grid, you'll want to call your local power company beforehand. It's the best way to find information on any power requirements, costs, and where to hook in. Often electrical companies will charge a flat fee for a certain distance (ie. 5 miles), and then add charges for anything that is over that distance. When it comes to bringing in water and removing waste from your tiny home, the grid is the easiest option. If you're in an urban area, you can splice directly into any existing water and sewage systems. If you are in a more rural area, you want to research your local water district for more information on where to hook up into the main water network. Again, utility costs will be comparable to those of a traditional sized house.

Off-Grid/Self Sustaining

One of the biggest benefits of owning a tiny house is in the ability to generate your own power, water, and waste disposal, by living entirely off-grid. Not only does this route save almost entirely on your monthly utility costs, but it's also one of the most ecologically-friendly living options available today. The benefit of equally applicable to both rural and urban living situations.

There are some disadvantages to going off-grid to include the upfront costs which are fairly high, and although you won't be paying a monthly utility bill, the off-grid system will require monthly maintenance.

Solar

Solar power is the most popular choice for bringing off-grid power to your tiny house. For an off-grid system, you will also need batteries, a battery bank, and a DC-AC converter. With a solar power system, you might also consider a backup generator as it can be helpful for those cloudy days. The price of solar panels can run anywhere from \$300 to \$20,000, depending on the size and the complexity of the solar panel system you choose.

Rainwater Collection

When it comes to bringing water into your tiny house, rainwater collection is a good option. However, rainwater storage can be expensive and it may not rain consistently enough to meet all of your water-based needs. Another option is to install a tank-and-pump system in your tiny house in order to collect, circulate, and to pressurize the water. The tank and pump system is fairly inexpensive, with water tanks that can be found for under \$100, and hoses for under \$50.

Installation and heating can get expensive but if you refill your water tank consistently, you'll never have to pay another water bill.

Wastewater

There are two different types of wastewater to include greywater (water drained from sinks and showers), and blackwater (sewage). Greywater can be collected with a portable grey water tank and then dumped whenever your tiny house is connected to a utility grid. If you prefer to stay off-grid, greywater can also be filtered and then reused to water gardens or lawns. Blackwater, must either be disposed of at a pump station or with a special composting toilet. This is one of the most cost-efficient aspects of a tiny house, as all it takes is to sprinkle some sawdust over your waste and add it to the compost pile. There are also composting toilets that will do all of the work for you but can cost between \$900 to \$2,000.

Monthly Costs

Home Insurance

It's always a good idea to have home insurance. The price will depend on the type of tiny house you have, and what you use it for. You may want to rent your tiny house out, or if you have a tiny house on wheels the cost will vary, you'll want to shop around for the best price.

Internet

Most people like the freedom of being hooked up to a local internet provider for high-speed internet. For this, you will need to have a router and modem, just like you do in a regular home. When you are traveling you might need to have a larger data plan and tether your computer to an iPhone. This can get quite expensive, depending on how much data you use.

Maintenance

If you practice preventative maintenance and keep proper care of your tiny house, maintenance shouldn't cost you a lot. Of course, just like any house, you will have regular maintenance on appliances after a certain amount of time, but if you have new appliances and follow the warranty schedule and properly maintain them, this shouldn't happen a lot. Of course, that can change in a tiny house on wheels dependant on how much you travel. If you travel a lot you might need to change your trailer tires after a certain amount of time or have more maintenance costs if you are living in a location that gets colder winters.

Rent/Parking Fees

Paying rent for a parking spot is probably the biggest expense that most Tiny Houses will face. You may find a tiny house community to park at an RV park, you'll want to look around and see what is available in the location you live. A tiny house resort or community may also offer tiny houses available to rent for a monthly rental fee. Be mindful that you get what you pay for, if an RV park is fairly inexpensive, it might mean that it has poor management and amenities so you will want to thoroughly do your research first and compare.

Utilities/Gas

A tiny house may use a propane water heater and a propane stovetop. On average, a 15-pound propane tank will need to be refilled every three months. You can either choose to refill the tanks at a gas station or do an exchange. Your refrigerator will typically use propane or an electrical outlet depending on whether you are hooked up to the grid or off-grid.

Top 11 Ways You'll Save Money in a Tiny House

1. **Affordable to Build.** Costs for building materials for the average tiny house on a trailer that's less than 200 square feet is about \$20,000 if you buy everything new through a retail store such as Lowe's or Home Depot. This doesn't include labor for anything that you aren't comfortable doing yourself.

2. **Small Mortgage.** Banks don't typically finance tiny houses unless they are classified as a tiny house. And even if you have a mortgage or a personal loan for your tiny house it is going to be a lot less than a standard-sized home. Many people pay for their tiny house outright, so in that case, you won't have any mortgage at all.

3. **Small Heating and Cooling Bills.** You will sure to be impressed with just how efficient tiny homes can be. Most people that need to heat or cool their tiny homes pay as little as \$10 to \$35 a month for all of their utilities.

4. **Do the Labor Yourself.** There are some people who have little to no previous carpentry experience, who have built their tiny houses themselves. You can attend a tiny house workshop or get the help of experienced family and friends and do most of the work yourself.

5. **Don't Have to Buy Your Own Land.** It is common for many tiny house owners to work something out a living arrangement with someone who already owns the land. In these situations, you can either pay a small amount of rent or exchange labor or services for your stay. You might provide labor for a small farm or care for an elderly person. Or you might know a friend or family member

where you can park in a rural backyard. And that way when it comes time to move, you don't have to worry about land ownership.

6. Less Repair and Maintenance Costs Over Time. Owning a smaller space means dealing with less. Over time, you are going to save on all kinds of repair costs in money, time, and stress. If you need to paint your tiny house or add a new roof, it is going to cost you a lot less and take a lot less time.

7. Less Space for Clothes. Small house living typically means cutting down on your wardrobe. In a tiny house, there's just not a lot of closet space, this is especially true if you live with someone else. In a tiny house, there is only room for the clothing items you love and need. If you love your clothes, you can always adjust your tiny house design or choose a tiny house plans that include the right amount of closet and storage for you. In the long run, this can save you a lot of money on new clothes shopping and the benefit of that is you can spend that saved money on things such as traveling and hobbies you enjoy.

8. No Space for Oversized and Expensive Furniture. In a tiny house, there's only so much room for furniture. Most tiny houses just have a couch which is usually built-in, an entertainment center, table, and a bed. That's about it. A tiny house will also have built-in bookshelves, closets, and other storage. That means you won't have to fill your tiny house with a lot of expensive furniture you'll barely use.

9. Less Storage For Children's Toys and Gadgets. Most kids who live in tiny houses end up finding more creative ways to spend their time instead of depending on the latest and trendiest gadgets and toys which can get really expensive for parents. These kids tend to spend more time outside and interact more with other kids. With all of the money, you save on all those toys you might buy the family an iPad for everyone to enjoy.

10. Park Your Tiny House in Your Backyard and Rent Out Your Big House. If you're lucky enough to already live in a location where you can park a tiny house on a trailer or an RV- or maybe you can build on a foundation as a shed, pool house, cabana, guest house, or accessory structure- you can start your project right away, or look for the right property to buy.

11. Use Reclaimed Building Materials to Build Your Tiny House. Using reclaimed building materials such as wood, doors, windows, siding, and more can save you a lot on your tiny house. You may even get a lot of the building materials for free depending on where you live.