



The Insider's Guide to Building or Renovating Your Dream Home

INTRODUCTION

In the world of home construction, there are usually two types of clients.

The first has the gold standard experience which sees them move into their new home or wander through their investment, smiling broadly and wondering why so many people complain about the process. The builder was a new friend – communicative, understanding, professional, and informative. They made it their mission to ensure that they received exactly what they needed within an acceptable budget. This professional has completed the task with their sterling reputation intact. The owner walked away feeling fulfilled, positive, and would have no hesitation in taking on another project in the future.

The second client has the all-too-common, polar-opposite journey. The build almost ruined their faith in humankind with a builder who was non-communicative, resentful of suggestions, and all too eager to cut costs, raise their margins, and move on regardless of their client's opinion.

They are two very different experiences from the same process and how to enjoy the first and avoid the second starts here. Whether your build experience is a dream, or a nightmare comes down to how both parties communicate.

With many years in the industry, I've seen it all – from shonky builders looking to strip people's hard-earned cash, clients who won't listen and are demanding, through to saints of the industry who go the extra mile and beyond to ensure they leave nothing but positive results in their wake.

This book will help you make your new build the best experience possible.



What's in this book?

Regardless of your background or experience the information in this book will leave you better equipped to dramatically reduce the risks of an often complicated and troublesome build process.

Whether you want to renovate or build from scratch, have \$100,000 or \$5,000,000 to spend, this book will give you a comprehensive list of check points and guidelines to help you get exactly what you want.

Within these pages are the first steps to set you on the path to success and perhaps even start planning your next build.

We'll cover the six important stages of the building process from imagining your perfect home through to being handed the keys.

In the Design Stage, we'll be discussing where to start. You'll discover how to determine exactly what you need in a new build. We'll talk about the risk of overcapitalisation, and when spending a little extra shouldn't cause concern. We'll also discuss the importance of putting your desired lifestyle first and foremost in your initial thinking, and then work towards the details.

In the Team Building Stage, we'll look at the various professionals you'll consider engaging, such as architects, building designers, drafts people, or design and build companies. We'll show you how to decide on the best combination of designer and builder so you're confident your selected team will deliver the perfect outcome for you.

In the Preliminary and Quotation Stage we'll be looking at the details of locking in the design and quote. You'll understand why an accurate Bill of Quantities is a must when seeking multiple builder's quotes and how design influences can cost extra.

In the Paperwork Stage, it's down to the nitty-gritty of contracts and how the building contract is your project's rulebook. We'll review what you're paying for, how it's going to be delivered and when you can expect to get it. We'll also discuss how to deal with changes to your design in the early stages of contract discussions with your builder.

In the Process Stage we'll look at the importance of your builder-client relationship. How to keep the lines of communication open and reasonable so the builder achieves the best possible outcome for you and your project.

Finally, at Handover Stage, we'll talk about what happens when the project is completed and you take possession. We'll discuss completion certificates, walkthroughs, defects and warranties.

Moving into your new home should be one of the happiest days of your life. Armed with this book's processes, you can move forward into the world of construction, confident it will be a positive, fulfilling and profitable experience.



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The first things you need to know

Step one is simple – seek the right advice. Congratulations! By picking up this book you've already moved in the right direction.

Below is a real-life story (names changed to protect the innocent) to demonstrate what can happen when choosing a builder who lacks good process, structure and best practise in every area of their business. Perhaps you've heard a similar story yourself?

Andy and Lana were a happy professional couple in their early 40's. They had two kids in private school and a dog. They each had a new car. They were successful and very busy in their white-collar jobs. Their everyday work environment was dealing with highly educated, well paid professionals. They were onto their 6th home. They had done well buying and selling their previous family homes. Their latest stepping stone up the property ladder was an 8 bedroom 40-year-old home on a 1.5-acre block. It was a renovator delight and bought for a real bargain price.

It was a truly massive home and very run down, hence the low price. From top to bottom, it had issues, therefore it required a lot of work. The roof had a uniquely designed box gutter from 40 years ago that had failed. It also had eight bathrooms, two kitchens, five living areas, massive pool with waterslide - all needed major work. The foundations had sunk and the brick fences were on the brink of collapse. All this was seen as no big problem, as it was so cheap, even if they ended up spending \$1.0 million, they still couldn't lose.

Andy and Lana needed a builder so they called three local builders. They met each builder on consecutive days for an after work 5pm site meeting. They decided on Clay the Builder. He was about 40, looked like a normal tradesman, and he seemed the keenest. He could start immediately and he gave a price indication well below the other two builders. So, Clay was going to get more done for a cheaper price than the other guys. They had found the right guy. Awesome.

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Clay drew up a plan of stage one – \$260,000 for a new 120m² pool house. He proposed new tiling around the existing home's patio areas, new concrete around the pool and pool house and new pool fencing. This was just the first stage of what would have to be a very large multi stage project.

Clay, true to his word got straight to work, so far so good. He built the pool house to roof on, poured the concrete areas, had the tiling done and installed the new pool fence. He was on fire, right up to the point when Andy noticed a couple of things that didn't look quite right. Andy came home early from work the next day so he could have a chat with Clay about the frameless glass pool fence, as it looked crooked. Clay was not very receptive during the meeting and became more and more defensive. He said that Andy was being unreasonable and that the work was acceptable as is and he went home after a fairly tense meeting.

Andy asked Lana what they should do next. As there was something obviously wrong with the job as it just looked crooked. They called and met with Clay the next day again and asked him to get the pool fence straightened. Clay refused, saying there was nothing wrong with the fence and they would just have to accept it as is. Andy dug his heels in here and threatened to call the Department of Fair Trading to resolve the issue. Clay left that day and didn't come back to work. Andy contacted the Department of Fair Trading and arranged a meeting, for two weeks' time. During this time their family home remained a construction site with materials and half uncompleted structures. The kids couldn't play outside and Clay wasn't answering their phone calls. During the site inspection the building inspector noticed a major problem. There were multiple defects with Clays work, not just the obvious pool fence problem.

It turned out that the new pool house had no council approval. It was built incorrectly from the ground up and was so bad it had to be subsequently demolished. The patio tiling was laid incorrectly and had to be redone. The concrete areas had been laid with the incorrect levels. The pool fence had to be redone as it was fastened into the defective concrete area and that was why it was up and down, because it "followed" the concrete. Clay did attend the meeting with the Department of Fair Trading, but didn't say much and left directly after.

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The works stopped. The Department of Fair Trading went through a process of trying to get Clay to rectify the problems but were unsuccessful. Weeks went by and the construction site became overgrown. Andy and Lana thought it would be sorted out after a few weeks; maybe a month and they would get these problems solved. After three months of back and forth communication with Clay and the Department of Fair Trading they weren't so optimistic.

Andy and Lana had paid \$215,000 already for the works to date. The rectification was going to cost at least that much, if he could find someone to do it as cheaply as Clay did, plus the costs of removing all the existing works. Maybe another \$60,000 on top. But nothing was happening. The house looked like a disaster area and there was still so much other work still to be done. Another month went by and Clay went into voluntary liquidation. Six months later and still nothing had happened with the realisation that serious money had been spent. Would there be some financial help from the building insurance? Unfortunately, Clay didn't actually pay the insurance premium. If he had, there would have been up to \$200,000 in insurance cover to help the situation.

As it turned out, back at their very first meeting Andy and Lana had completely misread what was going on with Clay. When they thought Clay was 'Keen', he was actually financially desperate. He needed the next job at any cost as he was about to go broke. When they thought Clay was 'Giving them a really cheap price indication' and they were 'going to get a great deal' he was 'actually low balling them' just to get them to choose him. He was already in major financial trouble, as he had mispriced his previous jobs, lost money and needed cash fast. When they thought he was great "when he got straight into it", he was actually skipping all the mandatory approvals to make some money fast. He tried to save money on everything he possibly could by skimping on quality. He thought he could cover it all up as he went along and no one would be the wiser. He didn't pull it off.

Andy and Lana were left in a very bad situation. Their beautiful home was in a shamble for what ended up being eight months before they got to the end of the Department of Fair Trading saga. They engaged another builder who was a referral from friends (he was a well-known builder) and he started on another stage of the works, while the original stage was still being sorted out with the Department of Fair Trading.

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Due to their bad experience Andy and Lana were now no longer the 'Happy Couple', they were now just a little paranoid. They were now the 'unhappy and suspicious of every builder couple', the couple who would continually retell their long saga of disasters that their last builder had done to them. The 'unhappy couple' were in major stress mode. They were stressed out and had one project still half built with grass growing out of what was still an uncompleted construction site. Their new builder had started on the leaks in mean time. Andy and Lana were not going to let this disaster happen again. They would watch everything this next builder did like hawks. They would talk to the new builder everyday about how many problems they had. They wanted to check up on everything the new builder did. They didn't realise it, but they created an environment of high intensity and stress.

The new builder (who was a best practise builder) became more stressed and more anxious everyday he spent on their job. The stress the new builder was under became so intense, he had to force himself to go to their home each day because of the frustration involved was so great. He was really trying to do the right thing by the owners and help them out of a bad situation. Seeing them squint their eyes in suspicion at everything he said or did actually began to affect his health.

It wasn't a good situation for the builder who was referred by friends, so he really didn't want to let anyone down, but he saw things getting worse and worse. Andy and Lana were too affected from their own unfortunate experience to see they were putting everyone else under enormous stress as well. So as soon as the new builder had finished the leaks job he had started, he resigned from the project. For the sake of his health he would not take on any further stages or the rectification of the original builder's work.

How did Andy take this news? Did he take it quietly? Did he reflect on the reasons why? No. Andy lost it. He was enraged. He called the builders mobile ten times in one day hurling abuse saying that the builder had stolen money off him. He hadn't. The builder had a security of payment bank account set up because Andy had the problems with the original builder. Andy received all the security money back after a few days in the normal course of business but Andy was so stressed over it that he called and called and threatened legal action. He called repeatedly over several days.

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The builder's office staff were in a state of fear. Once Andy calmed down, he stopped calling. It's strange what stress can do to people. So, Andy and Lana, the once 'Happy Couple' are now the not so happy couple, they are not quite so fresh faced as when they bought their bargain renovator.

The saga took more than two years and unfortunately the stress and strain on them as a couple and as a family has taken its toll, not to mention the money. Now they still have the same half-finished mess from the original builder who went broke. Out of pocket easy \$300,000 and the half-built pool house still required to be demolished.

How can things go so wrong? Now what? Well there is only one thing to do. Get another builder. They got another builder. A referral from friends again. And, to no one's surprise, the next builders work was also not quite right. A dispute resulted. They withheld payment and the third builder threatened legal action. He then quit and the project stalled again. To our knowledge that renovation is still ongoing and they are looking for builder number four.

We don't want you to end up like Andy and Lana, this book will help ensure you won't.

Although this example refers to a renovation and extension it can easily relate to a new home construction.

With all this potential stress what's so great about building or renovating your own home?

Building your own home can be one of the most rewarding experiences of your life. You are presented with a blank canvas and a world of possibilities to create the perfect space for you and your family to enjoy. As an illustration, imagine a diverse Australian street where four families live side-by-side.

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As an illustration, imagine a diverse Australian street where four families live side-by-side.

House 1 Logan Barnes is 32, and teaches English at the local high school. His wife, Melanie, is about to return to teaching history at the same school, now that the youngest of their two children is in full-time schooling. Melanie's aging mother lives with them and finds stairs a bit tricky.

House No 2 Mohammed Albukheir is 45 and runs a restaurant business that has five outlets in five towns, so he's away from home a lot. His wife, Seren, is a stay-at-home mum, looking after their three children. She's also a gifted cook, and the creative genius behind her husband's success. She loves being in the kitchen. She also loves her children, but needs to have her own space now and again.

House No 3 Recently widowed Max O'Malley loves to have family visit, but is a sucker for an international cricket or rugby match and will happily lock and leave at the drop of a hat.

House No 4 Kylie Weber is a divorced mother of two teenage children and her garden is her obsession. In all honesty, Kylie doesn't care as much as she might about the interior condition of her house's – it's the garden that matters to her most.

While this diverse group of neighbours all live in the same suburb, in the same street. Their varied lifestyles mean no one design would suit every family. Logan and Melanie Barnes would like a two-storey with the downstairs offering a secure "granny flat" living space for Melanie's mum. The Albukheir family need a spacious well-appointed kitchen and enough square metres for the clan to spread out. Max O'Malley not only needs something low maintenance, it must be easy to secure for when he takes off to distant shores at a moment's notice, and Kylie Weber will want garden taps for hoses, a storage shed and easy clean internal floor coverings.

A builder can construct a bespoke home designed specifically for you. It will be a place where you and your loved ones can feel secure, happy and at ease, but the key is to assess your lifestyle and wants so you can maximise you're the enjoyment of your home.

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How to create the perfect design for YOU

This chapter is about how to prepare to launch into your perfect new home. The simplest start involves three key people:

1. You,
2. The designer;
3. The builder.

(Note: The designer and the builder could be one and the same.)

It starts with you for an important reason – the designer and builder are there to cater to your requirements. If they try and force an idea that makes their life easier but doesn't address your needs, then they are not using best practice. You have every right to demand your needs be met, if within your budget.

Extension? Renovating? Or new build?

A new build isn't the only solution to your homeowner desires. Maybe the house you currently live in has what it takes to become the home of your dreams. You're familiar with the location, you love the neighbourhood – it is just that the house has failed to adapt to your growing or shrinking household. Here's where a talented designer and effective builder will earn their keep. The thing to do now is to work with a builder to renovate and/or extend the house so that it gives you everything you require.

If extending or renovating your existing home is a possibility for creating your perfect living space, take a moment to consider future plans. The work you do in creating a custom home may prove to be the wrong type of upgrade for your neighbourhood. It is fine if you plan to live there for at least 10 to 15 years because, by that stage, resale value will not matter, and you will have enjoyed living in a home that suits your lifestyle. If the plan is to sell sooner rather than later, and you are hoping for top dollar, then obviously tread more cautiously around the work you hope to conduct. You might imagine that a pool in a neighbourhood that does not have pools will make the house more saleable. In fact, the opposite is often the case.

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Or suppose the last of the kids has moved out, so you do not need three bedrooms, and you convert one into a bathroom. That is great for now, but if this is an area with mostly three-bedroom houses, most buyers will be families and for them, two-bedrooms is a deal-breaker.

One more thing about extensions and renovating before we move on. You may have a set of plans from when the house was built. Don't rely on them! Ensure whoever does your design work measures very carefully to confirm that all measurements are correct. Over and over again we see extensions built on the assumption that the original house was built exactly as it says in the drawings, only to find it wasn't. You only need a difference of 5mm to discover the windows the builder has ordered don't fit, the doors are slightly out of alignment and the price of the job just went up... a lot!

If an extension or renovate isn't going to be possible, then you're heading toward a new build.

Size doesn't matter as much as you think

Don't start planning your house based on the number of square metres or bedrooms it will have – and absolutely do not plan your house around the idea it must be bigger to deliver the best lifestyle.

In a family of five, regardless of who's paying the builder, everyone gets a say. Your new home will work best if everyone living in it has their wishes taken into consideration. While not every dream can be fulfilled, the starting point is to ensure, at least, that all have some say in creating a home.

But it is about the budget

Budget is the most limiting factor for the vast majority of homeowners looking to build. It's said in the industry you can have anything you want – as long as time and money are unlimited.

It is crucial to determine how much you can afford to spend on your construction project.

So, before you start talking about what to build, determine your maximum budget.

You know how much money you've already got. You know how much is coming in to the household every month. You also know how much has to go out every month. Do the maths. Find out what the rate of interest is going to be on any mortgage you take out. Then assume

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that the rate will go up at some point in the future. Work out the maximum payment you can afford. Now you know the maximum mortgage you can commit to. Add that maximum mortgage to the cash you already have. Now you know the absolute top line figure beyond which you cannot go.

The biggest mistake most people make when planning their home is not understanding build costs. It's very easy to think that your budget is lot of money for a home but because it has to include everything from GST to Council fees and all the consultants, you are actually left with significantly less for the actual build cost.

Budget allowance calculation example;

1. A 300-square metre house built at \$2,500 + GST per square metre= \$750,000 + GST
2. Site conditions: for a significantly sloping block with limited access, allow an extra 10% of \$750,000 so \$75,000 + GST
3. Luxury items: for a heated swimming pool with cover and self-cleaning capability, allow an extra \$100,000 + GST
4. Landscaping and fencing: allow an extra 5% so \$37,500 + GST
5. Existing house demolition and site preparation: allow an extra \$20,000 + GST
6. Other consultants and fees: allow an extra \$20,000 + GST.

TOTAL BUDGET ALLOWANCE = \$1,002,500 + GST = \$1,102,750

From the above example, we can see that someone with \$750,000 wanting a 300-square metre house might assume that they are ready to proceed, but after considering all factors, they might in fact be almost \$350,000 short.

Experienced builders can discuss a project in brief and have a gut feeling for the overall costs within 20% of accuracy. For the average person, however, it is unfortunately very hard to calculate build costs without involving a quantity surveyor or other professional cost estimator. More about this later.

The result might be that you hope to build the dream home for \$750,000 but, if you had to, you could go to \$1 million. Exceeding \$1 million would lead to trouble of the sort that does not go away in a hurry, and you're not prepared to do it.

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Remember to factor this in – before a hammer is swung or a tree is felled, there will be money going out the door, including the cost of the quotation, the cost of the concept design and the cost of the full documentation including detailed drawings. Then there's permits and approvals which all add up, so make sure you allow for these in your budget. We know many builders will offer you a free quotation and we'll talk about that later, but for now, please just accept that a free quotation is worth exactly what you paid for it.

When you have your budget, don't keep it to yourself. Tell your builder exactly how much you have to spend, because the builder understands costs and has the experience to know whether what you want can be built for that budget and – usually – the common sense to tell you when it can't.

Brainstorming

Now here's the fun bit. Imagine you created "InstaFaceTwit" – the social network that took the post-millennial generation by storm and turned you into an ultra-trillionaire. Envisage a world where you could build untethered to budget.

While unlikely, this is a great way to start designing your dream home. Of course, you are limited by your land size, location, zoning, slope and outlook – but in these initial stages we want to wildly brainstorm – discussing all the things that you and your family would really love to have in your new home.

Now start the discussion. This is not the time to be saying to family members, "No, you can't have that because it won't fit in the budget." Write everything down. The time to negotiate will come soon enough.

Fifteen-year-old Annabel, wants plenty of room for friends to sleep over.

Mum wants a room she can call a study for her hobbies.

Eighteen-year-old Jason doesn't mind what he must give up, so long as he has a walk-in wardrobe. Jason has a lot of clothes. He also wants a home cinema.

Dad wants a man cave and shares Jason's enthusiasm for a home cinema. Oh, and Jason and Annabel both want a pool. They both tell you – more than once – that the pool is not negotiable.

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Now, let's be frank. This is far from being a full list of what everyone wants in a new home and not everyone is going to get everything on their list. However, family brainstorming is an important part of the building process. It allows everyone to discuss and collaborate. It's a moment where you can help others understand your needs, and it's an opportunity for you to understand theirs.

Most people have some ideas about the things that would make their life complete. If you're not going to try for those things when you move to a new home, when will you?

Will you live forever? Or is overcapitalisation a risk?

Sooner or later, you or your heirs are going to sell this house. Your family might live there for three generations, but eventually it will have to be sold.

It's also possible you'll need to downsize in 15 years, when the children have left home and you realise, you're not getting any younger. The garden that was heaven to work in is now a bit hard to handle, and no one swims in the pool any longer, so do you really need to continue maintaining it? In short, one day, you or someone else, will put the house on the market.

So, should you be thinking about resale value when you're deciding what kind of house to build?

There's no one correct answer to this question. For some, the only thing that matters in this decision is getting the right house to match their lifestyle right now. For others, it's an investment and they don't want to see it lose value.

One thing we can say about overcapitalisation is that, for decades now, land and house prices have risen over the long term. There are short-term drops. People have been caught out in negative equity, where the amount they owed the bank was more than the house would sell for right now.

In the long run, though, value rises have always solved negative equity. As long as you can wait long enough, negative equity won't be a problem.

So, there's no problem in creating your housing dream if the plan is for long-term living where a price growth cycle or two ends up absorbing any overcapitalisation. With that in mind, there are some

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things worth considering if you want to avoid overcapitalising with your build.

Expensive houses in low-value areas are harder to sell.

One very common mistake is to build a house that is very clearly a cut above the others around it. Mistake? Well, that may be a bit strong. If that's the house you want, and that's the neighbourhood you want to be in – because of schools, work, family ties or amenities – then fine. What you will need to understand, however, is that it's a lot easier to sell a house in the lower end of a suburb's price range than one that's at the upper end. Relatively cheaper homes appeal to a bigger pool of potential buyers because, by nature, they fall within more buyers' budgets. Also, most buyers would rather compromise on quality than location because you can always upgrade your home, but you can't relocate your block of land.

Different is often good

Picture those four houses we talked about earlier in an affluent Sydney suburb. Now imagine three of the householders all want to move at the same time and the market is slow. What do you think will happen?

Chances are it will come down to price. Why wouldn't it? You've got four similar houses in one street, and three of them are for sale at the same time. How do you persuade someone to take yours and not one of the other two, if not by cutting the price?

If, on the other hand, every house is different, then each will appeal to a different part of the market. Different buyers, with different interests.

In the last resort, though, fears of overcapitalisation should give way to the desire to live the lifestyle you want in the home you have designed for it. Our advice would be:

For long-term homeowners, buy the house you want to live in because it suits the lifestyle you want, and not the house you think will be good for resale some day

Obviously, that does not apply if you are building this house in order to sell it soon so you can upgrade.

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Have you taken proper account of the site?

If you don't already have a site either picked out or bought, you might want to take account of what is in this section before signing the purchase contract. If you already have a site, discuss with your builder and designer what attracted you to it. That way, you can ensure you don't miss out on the benefits you saw when you first discovered the site.

Every piece of land has its own character. Don't fight it. Ensure your home is built in a way that adapts the design to the site, and not the other way around.

Look at the sun

Also, take into account the environment of your block.

For example, in Australia, the coldest winds usually come from the south. If you can, put the garage on that side. It's also the side where you want the smallest possible amount of glass, because glass leaks heat. So, don't put the rooms where you want floor-to-ceiling picture windows and patio doors on the southern side of the house, unless it is unavoidable as views are to this side.

Because the sun rises in the east, the bedrooms (especially the main bedroom) and breakfast area will do well there. In winter, rooms on the north side will be better lit in the winter because the winter sun is low in the sky and streams through those north-facing windows. If you don't want high air-conditioning bills, it's a good plan to make sure that extended eaves are providing shelter. A veranda may be an even better idea, and it would be a good time to think about what else you could use a veranda for, enclosed outdoor living for example.

The western aspect of the house probably needs a little more thought, because that can be the hottest part of the house in summer and a veranda may be even more advantageous there. This would also be another good position to place the garage. On the other hand, this would be just about the last place to put a kitchen. You really don't want that amount of heat.

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Neighbours

When you're deciding how you want this house laid out, give some thought to the neighbouring properties and their residents. If you have lots of space between you and the nearest house, use it. If you are hemmed in, you'll want to take whatever steps are necessary to preserve privacy, so long as those steps don't mean infringing on your neighbours' rights.

Regulatory Authorities

Regulations governing house building are set by National, State and Territory governments, covenants, and by your local council. You need to be aware of all of them, although you'll be able to rely on your best practice builder and your designer to make sure you don't break the rules. We'll have more to say about these regulations when we talk about detailed design and construction. It's a good idea to check out the regulations in your local council before buying the land in case an important design feature is not permitted in that location. The best way to deal with that problem is not to get into it in the first place.

Concept design

The purpose of a concept design is to have something to discuss with a builder for a preliminary estimate. This will provide a first step and some reassurance that you won't break your budget.

Before any work starts, you'll need a detailed design, with a set of drawings, a Bill of Quantities and detailed selections so you know exactly how much you are committed to spending, but you don't need these yet. Getting that sort of design costs serious money and spending that much before you have some idea of how close to the budget you are is a bad idea. What if, having spent all that money, you need to pay for detailed revisions? A high percentage of architects' designs never get built for this exact reason.

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Chapter 1 Checklist

- Don't work with a builder until you have read this book!
- There are thousands of residential homebuilders in Australia, however best practice builders would only number in the hundreds.
- Building your own house is the only way to get a home that meets your needs, your wants, and your dreams precisely.
- The people who matter are:
 - You;
 - The builder;
 - The designer.
- Can you simply extend or renovate the home you already have?
- Forget about square metres and numbers of bedrooms. We're talking lifestyle. The whole family has a say.
- Know your budget.
- Should you worry about over-capitalisation?
- Expensive houses in low-value areas are not a good idea.
- If it's a forever home, buy the house that matches your lifestyle. Forget about resale value.
- If you are just commencing your construction journey, work on getting a concept design and estimate.

02
**THE
TEAM
BUILDING
PHASE**



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Processes are the Key

Processes bring efficiency, consistency and reduced risks. In our experience, many builders have little or no processes, but you should have one for selecting a builder.

In this chapter, we are going to share a process for selecting your dream team.

Before we proceed, here's something to keep in mind throughout the team selection process.

The worst mistake you can make is assuming the builder is always right and your input is unimportant.

What can go wrong?

It's a good idea in any endeavour to ask yourself: What could possibly go wrong? Working with a worst-case scenario is a way to identify risks early so you can take steps to prevent problems and if they are unavoidable, deal with them quickly.

Obvious concerns at this early stage of designing and building your home are:

1. Choosing the wrong builder; or
2. Choosing the wrong designer.

What else should you fear?

1. A budget overrun;
2. Sub-standard workmanship; and
3. A good builder and a good designer who cannot work well together.

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When you're spending a substantial amount of money, things that go wrong, tend to go expensively wrong, and that has to be prevented. It's your project, so you (the client) are responsible at this early stage to prevent future troubles by making sure you choose the right team from the start. You should be looking for:

- An expert team with proven runs on the board to give you sufficient confidence to follow their guidance from concept right through to handover; and
- A result, in the shape of a finished home, that will meet or exceed your very highest expectations: and
- A smooth hassle-free build experience.

Remember that even the best builders can make mistakes. It is how they handle the rectification of those mistakes that make them a best practice builder.

If you want to avoid the pitfalls and benefits from lessons learned by others, then we need to explore a few ugly truths.

Here are just a few of the bad experience's others have had. Every one of these stories is true – each of these things really happened. In some cases, people grew bitter and in others they lost a significant amount of money. In some cases, both of those things happened. Names and locations have been changed again for obvious reasons.

Disaster 1

Jane and John Doe budgeted \$1 million for the home of their dreams. They had found a beautiful piece of land and the first thing they did was to contact an architect to design exactly the place they wanted. It took more months than they would have hoped to get those drawings finished, at a price of more than \$50,000.

No builder had been involved and no builder's opinion had been sought. The drawings were sent to three builders, each of whom quoted almost twice the client's budget to build the home that had been designed. They had the land and they still needed a home so they "adjusted" the design, which cost them another \$15,000. The budget was the budget. It wasn't some random figure they'd plucked out of the air – \$1 million was the most they could afford to spend. Eventually, their house was built but compromises included:

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- A reduced number of bedrooms than had been designed originally;
- Fewer ensuite bathrooms than had been originally planned;
- Reduced garage spacing;
- No media room;
- Reduced square metres in the kitchen and a living room than originally planned;
- A reduced outdoor entertaining area than the one originally planned;
- No landscaping as originally planned.

How did this disaster happen?

John and Jane had not disclosed their budget to the architect and the architect didn't ask. The architect did not design a home around what they could afford to pay because he didn't know the figure. Architects do not always understand the cost involved in building a home at an intimate level. They are designers not builders. Make sure you speak to a builder who has a strong relationship with an architect or designer or vice versa. Possibly work with a builder who has an in-house or affiliated design team?

Disaster 2

A new, architect-designed home on a very steep site, with foundation details by an engineer. When the builder started work, after he had cleared the vegetation and begun to dig the foundations, he realised that the ground was unsuitable for the foundations that had been detailed. Fortunately for the owners, this was a best practice builder. He requested the engineer to do a site inspection and examine the problem. It turned out that the engineer had not visited the site after receiving the soil reports and before designing the foundations. What's more, the soil for the soil tests that had been commissioned had been taken from another part of the site because of the vegetation covering. The engineer designed new foundations, however, the cost to the owners was a six week delay and \$65,000 more than the original quote.

How did this disaster happen?

Everyone concerned with the design should visit the site and the engineer hadn't. Soil samples should be taken from the exact spot where the work will be done and they hadn't been.

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Disaster 3

The clients sought quotes from two builders. One was for \$650,000 and one for \$750,000. They chose the cheap one, but ended up paying \$755,000 because the builder who put in the cheap quote was low-balling the clients. He always knew that the real cost was going to be a hundred thousand dollars more than he had quoted. The other builder had quoted accurately and included everything the clients had requested. Both builders would, in the end, have charged the same amount; the difference was that choosing the guy who had quote correctly in the first place would have saved the clients a lot of grief.

How did this disaster happen?

You have to accurately examine everything included in each builder's inclusions and exclusions lists. This is to ensure that you are comparing apples with apples.

Finding your dream team

You have a dream to build a wonderful home and best practice builders want to help you achieve that dream. So where do you start in your search for a best practise builder?

Firstly, you need more than just a builder, you need an experienced builder. If you are looking to do a major renovation or extension, look for a renovation and extension specialist. If you are building a custom home, on a sloping block, look for a custom home, sloping block specialist. Of course, an experienced builder could be a specialist in multiple fields. They do exist! This builder would be able to provide many examples of their previous works. The experienced builder has spent his entire career focusing his efforts and attention in these areas. They have the most suitable processes, staff, suppliers and team of contractors. Alternatively, by choosing a builder who takes on unfamiliar projects, you run the risk of being their guinea pig.

At the very least, you need an experienced builder who can work closely with architects and designers or has an in-house design team. The builder and designer must be able to work together otherwise you can end up like Jane and John Doe (Disaster 1), for whom an architect designed a beautiful house that was destined never to be built.

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Remember the person you think of as ‘the builder’ is often also known as the project manager. There will be many sub-contractors on your job: bricklayers, plasterers, plumbers, roofers, electricians – the list is long. You rely on the builder to ensure that all trades work together and construction is performed correctly. If the plumber makes an error, it isn’t the plumber you go after – it’s the builder. By choosing a best practice builder, you reduce the risk of the plumber making errors on the job. The builder will have chosen a trade with the right skills, experience and, above all, the right attitude which is:

“I’m here to assist the client, to do it in the best possible way and to deliver maximum value.”

Under this arrangement, you pay the builder and he pays the sub-contractors, so if a sub-contractor complains to the client about not being paid, you can advise them to take that up with the builder. But don’t ignore the information. Ask the builder about it straight away.

Why has the sub-contractor not been paid? Is it because his work was not up to standard? If so, what is the builder doing about getting it rectified?

Is the builder experiencing financial difficulties? If so, you need to get the facts and you need to decide whether you’re going to proceed with this builder.

As a building materials supplier once said, “If someone can’t pay you at the start of the job, how will they be able to pay you at the end?”

A best practise builder will have trade agreements in place to ensure his hand-picked sub-contractors perform to the highest possible standard.

What makes a great builder?

We’ve looked at some disasters, but Australia does have a number of first-class builders and a lot of people are living their dreams in these builders’ homes.

The easiest way to talk about what it is that makes a great builder is by listing the things that good builders don’t have, while poor builders, the kind of builder you need to avoid, have them by the bucket load. These are the things you will soon notice:

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1. A lack of structure, process and professionalism. Your builder should be able to demonstrate a tried and tested process from first contact through to handover and beyond. A best practice builder is all about structure and process. You will notice this very early on in your interaction with them.
2. A builder who won't let you speak to previous clients should be a major concern. Best practise builders leave a string of mostly happy clients (no one is perfect) who's details they will happily pass onto you. The best of the best will give you a list of previous clients they have had in recent years (subject to their privacy policy).
3. A poor track record of delivering jobs late and with cost blow outs. Again, this requires some due diligence which isn't difficult once you start digging. A quality builder gets the job done, gets it done well, doesn't overrun the budget and brings the project in on time.
4. No online presence should be treated with suspicion. If their social media and website pages are non-existent or look amateurish, that is another red flag. A best practice builder should have a portfolio of work that they showcase on their website and social media platforms. A member of a professional builder's association such as the Housing Industry Association and has received awards.

Given how much money you're likely to be paying, does that sound like a lot to ask? Well, for a percentage of Australian builders, it is. Here are two contrasting companies – both are real, both are reasonably small and both are family owned and run. That's where the similarities end.

Case Study: The Also-Ran versus Best Practice Company

Also-Ran

The manager of this company really wanted to do a good job. It mattered to him a lot. He knew how important homes were to the people who lived in them and he wanted to give those people the very best home they could possibly have – the home of their dreams.

He had the skills and the know-how to do it. What he didn't have was any sense of organisation. He had no structure. He couldn't delegate because there was no one to delegate to – he had hired people, but he hadn't hired the right people. He was working 80-hour weeks, 50 weeks a year.

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He was constantly putting out fires, and he had never grasped the essential truth that simply working harder when you don't have any of the right processes in place doesn't cut it. As well as hiring the wrong people, he chose the wrong jobs. The jobs he took were those that came to him because he had no time to do any marketing.

Wanting to do a good job is not enough.

Best Practice Company

The manager of this company also wanted to do a great job and he did. He understood organisation. He understood process. He put the right systems in place which meant he oversaw marketing so he could take on the jobs he wanted to do, those that fell in line with his experience and for which he could provide the best solution. He could back himself to do them well because he was hiring the right people.

If you meet either of these personalities while you're looking for a builder, you'll be able to tell the difference. It won't be difficult.

Choosing a builder

Choose a builder you find creditable and someone you can get on with. Choose the builder who has all the skills, experience and ethical soundness you want and who you feel you can work with through what can be a long process. You're not going to marry your builder, but you will be working together for some time. You need to find someone with whom you feel compatible and shares your construction goals.

That doesn't mean choosing the builder who agrees with everything you say. The builder is the expert, and good experts know how to give advice. They need to be able to say things like, "I understand why you'd like that, but let me tell you what can go wrong with your plan." This needs to be said by someone you feel you can trust, and by someone you're prepared to listen to. If the pair of you rub each other the wrong way, then the risk is that when the builder gives you very good advice, it can be ignored. It's also possible that the builder will think, "What they want is a very bad idea, but I'm not going to tell them so, because they never listen." Neither of these options are a recipe for success. It's essential you and the builder communicate well. If there's anything that you think might get in the way of that, then choose another builder.

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When choosing your builder, price is rarely your best guide. If you have three quotes of which two are roughly around the same figure while the third undercuts the others by \$100,000, it doesn't (necessarily) mean that two builders are price-fixing to cheat you. It may mean:

- The low quote is low-balling you and knows that the job when finished will be at least \$100,000 more expensive than his quote;
- The low quote intends to use cut-price materials, which will give you endless trouble later, and/or cheap and unlicensed (and possibly uninsured) sub-contractors;
- That the low quote is incompetent and, though honest, has not understood what you require or how to price a job accurately; and
- It's possible that the builder used a square meter rate to price the job instead of getting an accurate bill of quantities and never spent time shopping out specific material and trade costings to suppliers and sub-contractors.

What is your builders process for quoting?

When building a custom home, it requires a one-off detailed quote that is tailored to your one of a kind home. Your custom home is not like a project home that is replicated hundreds of times nor should it be approached the same way.

Depending on what stage of planning you're at and what documentation you have obtained, will determine the remaining steps of the pre-construction and quoting process. Items such as detailed plans, engineering, interior design, surveying etc. are all required for your builder to price.

If you don't have a set of plans and engineering, some builders will advise you to organise these then return for a detailed quote. A best practise builder will offer a preliminary service and process which may include all or some of the following items:

- Analysis of plans and construction documentation;
- Site visit to discuss with clients; Timeframes, Constraints, outcomes etc. if applicable,
- Assess the environment;
- Project feasibility and budget cost analysis; this includes

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organising approximate costings for the 'project total' so you can work out your actual build cost;

- Consultation with the relevant professionals (an architect, engineer, surveyor, geotech, interior designer and certifier will be consulted at this time) to begin the quoting process;
- Develop a schedule to outline timeframe, for the project;
- Quantify expected hours on job, labour costs and assess insurance requirements;
- Provide a fully detailed building proposal;
- Refine the inclusions and exclusions to ensure the end product matches your vision and budget;
- Provide comprehensive quotation; and
- On acceptance, produce a Housing Industry Association contract.

Naturally there will be a cost associated with the above services depending on the size and complexity of the job. It is far wiser to pay for an accurate cost analysis which includes a full bill of quantities and accurate labour and materials costings. This is better than paying up to \$20,000 for a set of plans only to find out the \$750,000 budget you had doesn't come close to the final costings. Beware, this is something that happens a lot!

Filtering the options

Once you have your concept design you need to create a shortlist of potential specialist builders. You're not going to deal with any builder, until you have asked questions and received acceptable answers. Ways to create a shortlist are as follows.

Friends' recommendations

Friends' recommendations can be a double-edged sword, just because your friends compatible with that builder, you might not be. You need to ask yourself is how much do you like that friend's house? Followed by some enquiries about their post-build experience.

Licensing Bodies

Wherever you live in Australia, there's a State government or Territory body that licences residential builders. You shouldn't even consider using an unlicensed builder. The register of licensed builders in your state or territory is a definitive place to confirm that someone has a correct and current licence.

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By checking that the builder has a valid builder's license you have, in effect, confirmed that your builder is qualified.

Industry Associations

You want a builder whom is a member of an industry association. This will ensure that he is up to date with current legislation, training and trade practices. Best practice builders, will also be proud to showcase their workmanship and nominate for relevant industry association awards.

The two major Australian industry associations are:

MBA – Master Builders Association

<http://www.mbansw.asn.au/>

HIA – Housing Industry Association

<https://hia.com.au/>

Both of these industry associations will have a list of builders in your area.

Web Presence

A well-established builder will have a strong social media presence, this will profile his company and a list of projects he has completed. There should also be a list of references and testimonials.

Site Presence

A drive around residential suburbs should produce building sites, outlining the builder's company. Inspections of these sites, from the street, will provide a good indication of the builder's work ethic. Is the site neat and clean? Has the site been stagnant for a long period of time? Are materials and deliveries organised? Is all the relevant signage accessible and visible?

Questions to ask a builder:

Don't be shy in asking your questions – you're spending a lot of your money and you're entitled to all the information you need. Any builder who refuses to answer any of the following questions should be removed from your shortlist.

- The following are the minimum set of questions you should ask:
- How long have you been in business?
- Can I please see evidence of your license and your insurances?

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- Can I meet your site supervisor?
- Where can I see examples of your work? Most builders will be happy to provide an extensive list of previous jobs. This list should include older projects as well recent work. Remember that you may need to confirm with the builder, before you can contact previous clients, due to confidentiality regulations.
- What happens if, at any stage of the process, I'm unhappy with the work? How do you handle that? Do you have any examples of where you've dealt with that sort of issue in the past?
- Discuss what approvals will be required and who is to be responsible for obtaining them?
- What would you require from me to provide an accurate quotation? Will your quotation cover inclusions and exclusions?
- Will your quotation include standard inclusions or a list of prime cost and provisional sums? (Please refer to definitions)
- Who will be the project manager on this job? Who do I speak to day-to-day to clarify any enquiries I have?
- How long do you think it will take to finish this job?
- If we decide when the house is partly built that we'd like to make changes in the original design, what process do you have to deal with that?
- Please explain your progress payments, and at what stages they are due?
- Do you use a standard contract? And can I see a draft copy?
- What warranties are included?

There are other items that are worth investigating as well. Price is important. You have a budget and you need to work within it; however, the most important thing is that you get this new home built by someone who'll give you exactly what you require at the highest possible standard.

- Is this builder currently working on other projects near your build? A building company of any size will not be working on only one job at a time, and it's a lot easier for them to manage when they have more than one job in the same area.

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- The builder gave you some reference sites. Have you visited them? Do they show the kind of standard you want? Have you spoken to the owners? (if confidentiality regulations allowed) Did they have anything to say about rectifications after the owners have moved in?
- Have you looked for online reviews of this builder? Online reviews can be sometimes manipulated, so don't condemn a builder just because of a negative review and don't choose a builder just because of a positive review. The negative review might have been written by a competitor, and the positive review by the builder's mother. Despite this, it's still worth taking a look. You should mention any negative reviews to a builder and asking whether he has any comments – he may very well know exactly who wrote it, and why.

If you take note of everything in these first two chapters, then you'll know before the work starts that the team you engage is able to take your dream house through the preliminary phases and get it ready to build.

Choosing a designer

Designers and how they work

Historically, if you went into an architect's office, or a builder's office, you would see rooms of people standing at drawing boards. They were drafts people, that worked manually. They had to because there was no other way. But go into an architect's office, or a builder's office, today and you won't see those large numbers of people. Things have changed over the years with the rise of computers with Computer Aided Design (CAD). Most design work is now done with the aid of a computer.

What CAD made possible was:

- Faster design;
- Better accuracy. If something needed to be placed right there, and not one mm either side of right there, then right there is where CAD put it;
- The ability to duplicate. If we have a feature in one room and we want exactly the same feature in another room, the designer simply copies and pastes it. If we want exactly the same feature in another room, but turned the other way around, the designer copies it, pastes it, and turns it through 180°; and

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- Trialling ideas, so that in the time it used to take to produce one drawing, the designer could now produce five or ten or more and that meant the opportunity to say, "Let's try it like this. And then let's see what happens if we do it like that."

The rise and rise of computer design and modelling

CAD was so much more efficient than manual drawing, so much faster, so much more cost effective, and so much better suited to trying out ideas that it has pretty well taken over from manual drawing. It's extremely unlikely that the person preparing your concept designs drew them manually. It's even less likely that the more detailed drawings (which we'll get to in a minute) were done that way. And you wouldn't want them done that way. You wouldn't want all of your drawings produced manually, because that would simply add to the time it took and the greater chance of inaccuracies.

But that doesn't mean that your drawings are bound to have been done using CAD. That's because there is something fairly new available and it's in increasingly wide use. That something is BIM (Building Information Modelling).

We talked about the advantages of CAD over manual drawing, but CAD also has a disadvantage. It's two-dimensional (2D) and buildings are three-dimensional (3D). When you're designing a room, you need a flat floor and a flat ceiling, but other things such as walls, need to be at an angle to the floor and ceiling and CAD doesn't handle that well. CAD will allow you to draw the floor, then, in another drawing, a wall, and, in yet another drawing, the ceiling. But that's not how builders work. Builders work on a house in the same way as you live in it – in three dimensions.

It's still true that you need a variety of drawings (for the front elevation, the floors, ceilings, and so on), but the best way to produce them is from a 3D design. A 3D design allows the design to eliminate errors right from the start. If you design floors and walls completely separately, there's always the possibility that they won't be in precisely the right place (and right place in this context is measured in millimetres).

With BIM, however, that can't happen because it uses intelligent components. Those components know what they are supposed to interact with and how they are supposed to do it. In a CAD drawing, a wall can have doorways and windows and all the other things that walls are inherit to have, but as far as the drawing is concerned, they are just lines. It's up to the builder to convert those lines into a

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finished structure. If there's anything wrong with the drawing, you have to hope the builder spots it before the wall is up.

With BIM, that doesn't happen because it draws attention to potential errors. Where CAD sees is a bunch of lines, BIM, for example, sees a window that opens and closes, needs to be surrounded by a wall that supports it, and cannot be too close to anything that would prevent it from opening properly.

It's no surprise that it takes time to learn to use BIM effectively. And time costs money. It's therefore often true that getting your drawings done using BIM will cost more than using CAD. So, should you always ask for BIM? Not necessarily.

The question is: how easy will it be for people to understand the concept? If you're constructing a simply design house or extension, it's probably enough to explain to the builder exactly what you want. A simple drawing will be enough. If though, we're talking about a complex design, drawings produced through BIM are more likely to show the builder exactly what's needed and ensure there aren't any mistakes. They're also likely to be easier to follow, which means that the extra cost of getting your drawings done that way can be more than recouped through the shorter time spent on construction.

You may also get a more accurate sales estimate and cost that are easier to control. When a best practice builder is asked for an estimate, the quality of the drawings influences the accuracy of the price. Something builders know from bitter experience is that a small and unnoticed error in a drawing can lead to a very large and highly noticeable increase in the cost of doing the job the way you want it done. Anything that reduces uncertainty in the builder's mind takes away the tendency to add a little on for unforeseen contingencies.

It's common for some people, logically, to look for a designer or architect first then take the plans to the builder for a quote. I would strongly suggest to always visit a specialist builder first. The builder should already have a strong relationship with the type of designer you require. It is best to have a builder and designer who work together affectively. You also don't want to spend money on plans to find out they can't be built within your budget.

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Types of designers

- An architect;
- A building designer;
- A draftsman;
- Any of the above, working for a builder; and
- A design and build company.

Picking the one that's right for you requires careful consideration. The worst thing you can do is choose the cheapest. There's a general rule that runs right through the building process and it's this:

You can have it good;

You can have it cheap;

But you can't have both at the same time.

The real message here is don't choose on price alone. Find the option that works best for you, and see if it fits your budget. If you enter into the search for anything or anyone with the idea that you're going to take the cheapest, the decision will most often be the wrong one.

Again, at the outset of a new build, you're looking for a concept design, but before the house is built, you're going to require a far more detailed set of drawings. A lot of people are going to utilise these drawings – the builder, sub-contractors, suppliers, councils and certifiers. They will require clear and concise drawings to fully understand your construction requirements. You need someone who thinks like you and your builder do.

Look for a designer with experience in your type of building project. Another reason why ideally you want a designer who has already successfully worked with your specialist builder. To make sure your hiring a person with the right experience, ask to see an example of a house built to this designer's drawings that incorporates your particular problem or requirement.

Here's something that a large number of people who have been through this process in the past will tell you:

Don't pick a designer by comparing quotes. Choose the one you can communicate best with.

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Another tip: Visit the designer's office. A good designer is an organised person.

Architects vs Designers

There are times when an architect is the right person to hire as your designer:

- In very large projects where there's a great deal of design work to be done;
- Where the budget is larger than normal;
- When the builder is happy to work with the architect and preferably has worked with them in the past.

Questions to ask yourself regarding an architect.

Question 1: How clear a picture do you have of where each room is going to go, how large each room is likely to be, and the finishes you want? If you have a very clear picture, an architect may not be the best choice of designer.

Question 2: How happy are you going to be to hand control over to the architect? Because giving control to the architect means giving up control yourselves. And this is your home, where you are going to live. Some people are very happy to let the architect take control, but this will generally be where the budget is large and they have already viewed and loved similar homes that this architect has previously designed.

Question 3: Is this project so large and so complex that it's bigger than anything the builder has done before? If so, you might feel that having an architect in overall control is the right thing to do.

Question 4: Are you happy about the extra cost when an architect wants to use unique finishes and/or unique construction methods?

Question 5: How does the architect calculate his/her fees?

When you've satisfied yourself on those questions, if it's an hourly rate, get an estimate of how many hours are likely to be involved in your project, and get evidence of the number of hours billed on previous, similar projects. A fixed fee is always better, because you know from the beginning what you should end up paying. Builders who have existing relationships with architects will usually arrange a fixed price design fee for you based on their relationship with the architect.

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Building designers

Building designers have a more practical approach focused on construction aspects. They tend not to get involved in very large projects to the same extent as architects do.

If you've been through the brainstorming process in Chapter 1 and you have a very clear picture in your mind of the kind of house you want, then a building designer may very well be the right choice for you.

What you're likely to get from a building designer is something practical that does exactly what you want done for the price you want to pay. It's a profession that's skilled at matching to a budget. They are also good at understanding how the practical business of building can make one design easy to follow from beginning to end.

Times when a building designer might be right for you include:

- You know basically what you want and you're able to describe it.;
- You want someone who is going to work as a partner with the builder.
- The designer will only have moderate input on his or her view; and
- Your budget is sufficient, but it isn't enormous.

Choosing a building designer runs along the same lines as choosing any other trade in the construction industry. Enquire about their experience, examples of projects they have completed and are they licensed and insured.

Ask the designer what professional body they belong to. If they don't belong to any, be cautious.

Did the designer come from a trade background or an academic background?

While building designers aren't architects, they do bring skills and solutions to the table. They'll want to provide input because their training equips them to make suggestions on how your design might be improved. If your ideas are so cut and dried that you're unlikely to accept any suggestions from a building designer, you might want to think about a draftsman instead.

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Finally, using a building designer instead of an architect does not mean settling for second best. Best home awards in Australia go to homes designed by building designers every year.

Drafts people

A drafts person will probably be involved in your design work, whatever kind of designer you choose. Your architect or building designer will first produce design drawings and then turn them into construction drawings. Construction drawings are the technical drawings that the builder actually works from. Most architects and building designers have a drafts person to make that transition from design drawing to construction drawing. Sometimes, though, drafting skills are all you need in your designer. This can be particularly true in the case of extensions and renovations.

Times when a drafts person might be right for you include:

- If your design is straightforward and you're particularly concerned about keeping costs as low as possible; and
- The same applies if you are absolutely not interested in hearing any design suggestions from your designer. In fact, if that's the case, you may find that neither an architect nor a building designer is prepared to take on your job, and a drafts person is all you can find.

Conversely, if you know in advance there are likely to be problems with getting approvals, a draft person is not what you want. That's also true if you want your designer to be involved with your builder throughout the project.

Generally speaking, a drafts person produces the construction drawings and hands them over to you to give to the builder. If you decide on a drafts person, be prepared to work that way. Leaving aside small extensions and renovations, it will be an unusual home that's built from start to finish without the builder wanting to check some details about exactly what was intended. Unless you're confident in your own ability to answer those questions, hire a building designer or an architect.

When choosing a drafts person ask exactly the same sort of questions as you would have asked an architect or a building designer because it's all about experience.

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The Best Choice: Design and Construct

Many larger building companies are design and build companies, because they have standard plans or can design and build plans to suit a block. They employ in-house drafts people or building designers (or both) to produce the drawings that make it possible to build their houses.

Working with a designer who's close to your builder has obvious benefits. The designer/builder relationship needs to be close – they need to understand each other and have clear and open communication. If the builder says, “Why did you design it this way?” the designer needs to give an answer the builder understands. If the builder says, “What difference would it make if we did it like this?” the designer needs to understand why the builder is asking the question.

If you work with a design and build company, make sure that you are talking to the builder or their representative as well as the designer.

One thing to bear in mind – designs produced by a design and construct company do not belong to you. They're not yours, you cannot “shop them around” to other builders. They belong to the builder for whom the designer works. Send them to other builders and you're in breach of copyright.

How to find the best combination of designer and builder for you

By now, you know what you need to know about the various types of designers there are in Australia. You also know how to decide which is right for your project. You still haven't chosen anyone, but you may have some very clear ideas about which builder and which designer you'd really like to work with.

Remember these two important things:

1. Both the builder and the designer need to be people you can work with and trust; and
2. The builder and designer need to be able to work with each other as well as for you.

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To omit either of those steps is to ask for trouble. In this matter, chemistry is important. Questions you need to ask both of them include:

- Whether they know each other;
- Whether they've ever worked with each other previously; and
- What opinion they'd like to express about the other (you may have to make it clear that their answer will be treated in confidence). And, when you get that answer, it will be smart to remind yourself that they may have their own reasons for casting doubt on each other. Perhaps they really don't like each other. Perhaps they're in some kind of fee-sharing or commission arrangement that gives them a vested interest in getting you to choose someone else.

In any case, at the end of dealing with the designer, you need to have a concept drawing you can take to a builder and say, "How much can you build that for?" Whatever kind of designer you choose, tell them your budget. If the designer says, "Oh, questions of budget are for the builder," treat that as a warning signal. "I'll design the home you want and it's up to the builder to bring it in under budget" is a sign that this is not a designer who works closely with builders and understands all the constraints on building a house for a price.

What you really want is the sort of designer who'll give you advice on how to get the home you really want within the price you're prepared to pay, or will be completely frank in telling you that you simply don't have enough money for the home you'd really like. You want to know that now, and not when the builders have moved on site.

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A good designer works with the site. Don't be satisfied with a designer who says, "I can make the design work on any site." The designer needs to understand a number of things about the site:

- The nature, direction and degree of any slope;
- Access, and who you share it with;
- Any covenants over the suburb;
- The nature and use of neighbouring lots;
- The views you have, both nearby and (if, for example, the site is elevated) at a distance;
- Any water flow or drainage; and
- The nature of the underlying soil.

There are a lot of other things the designer needs to take in, and they can only be completely understood with the site in mind so there's no point commencing design without a site.

Don't be surprised or put off if the designer begins by showing you an existing floor plan. You're not being asked to agree to a design that already exists – you're being offered the opportunity to look at what other people have done and decide how well those floor plans might meet your needs and what modifications would make them the best possible fit.

02 THE TEAM BUILDING STAGE

Chapter 2 Check List

- Be clear about your budget. Don't keep it to yourself – share it with the builder and the designer. Make sure they take it seriously.
- Do you need an architect, a building designer, a draftsman, a project builder, or a design and build company?
- Don't choose on price.
- Start with a concept drawing that you can show to a builder along with your budget. Can it be built for that figure?
- Chemistry is vital – between you and the designer, you and the builder, and between the designer and the builder.
- A good builder gets the job done, gets it done well, doesn't overrun the budget and brings the project in on time.
- You have a list of questions. Ask them.



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Reviewing the budget

Although we are close to obtaining a preliminary agreement and a quote, it is always worthwhile reviewing your budget, before continuing. There is no use requesting a Butler's Pantry for example when your budget will not extend to this. Go through all the items that you would like in your design and after that process, divide them into two lists.

- Those you must have; and
- Those you'd love to have, but only if you can.

When you've done that, you're almost ready for a serious conversation with the builders. Almost – because there are some other things you need to be sure of first.

Items to be wary of before continuing

Although you're itching to get this project on the road this is the stage which things can get overlooked and can come back to bite you later.

Although it's your land and it's going to be your house, there are rules and regulations that need to be followed when it comes to building, this can include all or some of the following items:

Building Covenants

In some cases, the land you want to build on can be subject to restrictive covenants. What that generally means is that someone once sold this land and made the sale subject to conditions. The buyer then agrees to follow these conditions. This covenant may have been placed by the developer selling land in an estate to create uniformity. It may also have been placed by an individual wishing to protect a view or right of way etc.

The Building Code

The Building Code of Australia (BCA) or National Construction Code (NCC). This is the work of the Australian Building Codes Board and it's the law. The Building Act gives it legal authority. It involves construction methods, technical issues, health and safety, and sustainability (but more on sustainability in a minute).

The code is updated regularly and the person who really needs to know everything about the code is your builder.

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The Local Authority

The local council authority may have a Local Environmental Plan (LEP) or a Development Control Plan (DCP) in place over your block of land or area. This may restrict what you are able to build. An example of this is that council may prohibit the construction of a duplex in certain areas.

Sustainability

The design stage is also your chance to incorporate any sustainability features in your house that you would like to include. There will be a minimum requirement that will be included in your energy rating certificate (more about these later on). If you would like anything above these requirements, now is the time to include them. This could be items like; passive solar design principles, an off the grid solar power system, recycled materials, self sufficient water supply, upgraded insulation or double glazed windows to name a few.

Who's in charge?

All sorts of people have a say on how your home should be built and among the most important is your local council. Legally, it's the local council that has responsibility for managing residential building in its area and that's pretty far reaching. At one end of the scale, the local council is in charge of town planning. If they have decided that the place where you want to build is zoned for industrial buildings only, forget about trying to build a house there.

More relevant concerns of the local council are the provision and management of services and the approval of new residential developments. That means, if you want to build a house, you need their approval for a development application (DA)

After DA approval you will require a construction certificate (CC). It's your choice whether this is issued by council or a private certifier. It is also your choice whether you use council or a certifier for your building inspections.

Whoever you engage, has to carry out a series of inspections while the house is being constructed. These inspections are mandatory – they have to be done – and what the inspector will be looking for is any deviation from the way the Building Code of Australia says the work should be done, and any deviation from the construction the council gave you approval for.

You've heard of cowboy builders, and they do exist, so think of the certifiers as the sheriffs.

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Building certificates

We are now into a phase of the project that you don't have to do yourself. Nevertheless, it's important that you understand every aspect of what is going on. In fact, there will be so many certificates issued for your project, you'll feel like a winner even before your new property is finished!

It's usually the builder who applies for the approval to build your new home, however, the homeowner or drafter can apply for approval as well, and they do it with something called a Development Application (DA).

After council has approved the construction for a development application a construction certificate (CC) is then required. This can be issued by council or by a private certifier and says that work can start. If there are any conditions in the approval that was granted, the construction certificate won't be issued until all those conditions have been complied with.

Getting your Development Application approved does NOT mean you can start building. It means you can apply for a Construction Certificate.

What's a complying development certificate?

There's also something called a complying development certificate that you can apply for instead of submitting a DA. This is a simpler form of application that you can use it if the house is going to be built in a way that meets the council's criteria – but, if you can't meet all of the criteria, lodge a DA right from the start.

Below are some of the other factors that can influence applying for a complying development certificate:

- Where cut and fill earthworks deeper than one metre will be needed;
- Where a septic tank will be used;
- In a heritage area or next to a heritage building;
- Coastal significance area;
- Bushfire prone area;
- Flood area; and
- Scenic protection areas.

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Bear in mind that applications can take two months to be approved. They can also take two months to be sent back to you on approval, because the application needs to be amended. What that means is that you should take great care to get the application right the first time. That's one of a number of reasons why it's generally better to get the builder to submit the application. You may only submit one application in your lifetime, but builders are doing it regularly. However, even the best builders are still in the hands of the approvals staff and local government hold ups can be sometimes unavoidable.

As well as giving permission for construction to start, the construction certificate sets out the schedule for future inspections. It indicates precisely the stages of construction at which a mandatory inspection must be carried out. Every time a mandatory inspection has been conducted, provided the work complies with the Building Code and all the other requirements stated on the development certificate, then a compliance certificate is issued for that stage. If there's any reason why the compliance certificate can't be issued, then the work deemed to be at fault has to be corrected and there has to be another (and this time successful) inspection before construction can go any further.

What are ENERGY RATING certificates?

Throughout Australia all new residential buildings, and most renovations need an ENERGY RATING certificate.

A ENERGY RATING certificate can have three sections:

1. Water;
2. Thermal comfort; and
3. Energy.

These requirements are not the same in all states. They vary according to the local climate, the local rainfall and evaporation rate, and the local soil type.

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In all three sections, you need to be using appliances, materials and construction methods that will allow the Government to achieve its sustainability targets. In thermal comfort, for example, approval will consider such things as:

- How big the windows are and where they are placed;
- What construction materials have been used;
- What rating and size of insulation is used?

Water and energy are concerned with your electrical appliances, your heating and cooling arrangements, the type of water devices you use.

The ENERGY RATING application can be completed at drafting or approval stage. When the ENERGY RATING was submitted a rating was required for the fittings that you are going to use. If you don't use the required rated fittings you are committing an offence. If you decide to change your fittings for a different rating you would need to comply with the ENERGY RATING certificate. If they do not comply you will have to complete a new certificate and get it re-approved by council.

Another name is the Nationwide House Energy Rating Scheme Certificate (NATHERS), which is concerned with thermal performance.

Every state and territory in Australia now have legislation setting minimum standards for thermal performance that all new homes must meet. In practice, every new home has to be designed in such a way that it will remain at a comfortable temperature without needing excessive cooling or heating. The object is to make homes comfortable while reducing the amount of fossil fuels that have to be burned in order to produce the energy required for heating and cooling.

These certificates take a number of items into account. One is the building envelope, which means the walls, the roof, the floors and the insulation. Another is location such as which way is the building going to face? What effect will that have on the energy required to keep it warm in winter and cool in summer?

The other two main elements considered are data on the local climate; and the number of occupants who will normally live there. The number of people in a building has an impact on the amount of energy needed to keep the temperature steady.

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It's important to understand that the assessment of thermal performance is not subjective. The assessors feed the information on the way the home is designed into a computer program that gives it a rating. If the rating is not high enough then the design will need to be modified to bring the thermal performance up to the required standard.

This may involve changing window sizes or widths of eaves etc. There's quite a lot that can be done to improve a new building's sustainability and the time to do the improving is before it's built.

Handover and insurance

Handover is the time when the house is completed, you have made your final payment to the builder at practical completion stage and they handover the keys. A best practice builder will do a checklist at this stage with you, and run through all the important items of your house. It's very important to remember the date of handover as it is also the date the builder's construction insurance ceases to apply. This means that you must have your own building and contents insurance in place.

Occupation certificates

An occupation certificate is required before the house can be lived in. This is issued by council when it's been confirmed that the house is fully complete and its satisfactory for the occupants to take up residents.

On occasion, however, you may be issued with an interim occupation certificate. What this says is that, yes, you can move in – but there are still some things that need to be completed. This will be items like landscaping, retaining walls or completing the driveway. These items will be responsibility of the owners, if not included in the quotation.

The Inclusions Schedule

When you supply your concept design to a builder to request an initial estimate, you also need to have an Inclusions Schedule. The Inclusions Schedule can be supplied by the builder and lists the finishes and fittings that will be included in the construction. You can supply your own Inclusion Schedule; however, this will require a lot of work, which may be too much at this initial stage.

If you don't give the builder an Inclusions Schedule, you'll get quotes that may vary wildly, and you won't be able to consider any of them as accurate. Some builders may include a large list of provisional

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sums (PS) and prime cost items (PC) which may not reflect your requirements. Imagine if someone came to you and said, “I want you to do this job for me. I can tell you the overall scope of the job, but I can’t tell you what quality I want the various parts to have and I can’t tell you how many of them there’ll be. All I want from you at this stage is a very accurate quote for exactly what it’s going to cost, which I will expect to hold you to when the job is done.” What would you be likely to say to that person? And what would you be likely to do? Do you think you might be tempted to quote very high just to make sure that, whatever quality and number you’re asked for, your costs are covered? Well, that’s probably what the builder is going to think, too.

Getting your initial estimates

All of which leads on to sourcing your initial sales estimate. What you should expect to get at the beginning is a preliminary estimate, but even a preliminary estimate needs some work before you can receive it. Once again: use your imagination. This time, imagine you’ve taken a builder out to a field on the outskirts of town and you say, “See those four pegs? There’s one on each corner of my lot. I’ve bought this site and want to build a house on it. Four bedrooms, two reception rooms, three-car garage and a pool. In the house, two full bathrooms and a downstairs powder room with wash basin and toilet.

The builder nods. So far, so good.

“So,” you ask, “how much? What are you going to charge me to build it?”

Just how accurate is the answer to that question going to be? That is, if you even get an answer, because a best practice builder, is probably going to say, “Could we maybe have a little more detail? Starting with a drawing to tell me where everything is going to go and how big it’s going to be? Do you have an inclusions schedule or do I need to supply one? If I have these items, we can at least talk ballpark figures. To progress your estimate further, the builder would need to engage a Geotech to investigate the slope, type of soil and its load bearing capacity. He would also need to calculate quantities, look at contours and location of services to name a few.

A free sales estimate is worth exactly what you pay for it

Just go back to what that best practice builder might have said if you’d asked for a sales estimate without giving enough information. They probably mentioned needing a bill of quantities, which would

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mean that a quantity surveyor would have to spend a couple of weeks pulling it together.

So, let's talk about quantity surveyors, and bills of quantities, so you can see what a mistake it can be to refuse to pay for a quotation.

Because best practice builders don't do free quotations any longer. A free quotation isn't worth the paper it's written on. There are things you can get for nothing and be glad you have them but a quotation for a building job isn't one of them.

Producing an accurate quotation means the builder – or someone working for them – has to do a lot of work. Part of that work will be the time taken to spend going through every single aspect of the job to produce a bill of quantities. This bill of quantities will include everything required for the construction of your proposed project. It takes time and money for the builder to produce these quantities and that's why it isn't free.

Now, you might say, "Well, that's part of the builder's cost of doing business. They get it back when they build the house." Sure – if they get the final job. But just suppose they give you a copy of the bill of quantities so that you can understand how the quote was arrived at and they didn't charge you for it. You take that bill of quantities and show it to another builder and say, "How much to build this house for me?" How do you think the original builder is going to feel about you?

There are customers who expect builders to absorb those costs. To regard them, really, as a wager or a gamble. They're spending that money to buy a chance to win the contract to build your house. Do you really want to entrust this project of a lifetime to a gambler? Best practice builders aren't gamblers.

All of which brings us back to the very important part of the job of getting your sales estimate – eliminating contingencies as much as possible. The less there is for a builder to say, "I have no idea what that's going to cost, so I'd better add enough to the quote to make sure I don't lose money," the more accurate your quote is going to be.

So let's talk about contingencies.

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Contingencies

Prime Costs and Provisional Sums

We've talked about the inclusions schedule and how important it is. The inclusions schedule lists every item – every fitting and every finish – that will be in the completed building. It also lists their costs. But the cost of every fitting and every finish is almost never known at this stage and so the inclusions schedule may include prime costs and provisional sums. A best practice builder will have standard selections already chosen, to minimise prime costs and provisional sums.

One of the reasons that the cost of absolutely everything is usually not yet known is that not everything has been finally selected. You know you're going to have taps – in the kitchen, in the bathrooms and elsewhere – but you don't know which taps you're going to have. The same goes for light fittings, switches, ovens, door furniture, and a whole host of other items. A tap can be a low-cost item or it can cost a lot of money. The same is true of almost everything else on that list, including a whole host of other items. If the actual fittings and finishes haven't yet been selected, they can't yet be accurately priced, either. So, they're included in the inclusions schedule as a prime cost with a specific dollar sum allocated to them. That sum may be the amount that is finally spent or it may not. Prime costs, therefore, are the sums allowed for items that will be present but have not yet been chosen.

Take bathroom fittings, for example, there's an Australian standard version. It sells at an attractive price and in such numbers that builders get a good discount when they buy it. Let's suppose that's the one that's been included in your quote, but it isn't the one you wanted. You want a nicer one, that matches (because it's part of the same designer's suite) the curved bathtub you've already got your eye on (and that curved bathtub isn't standard, either).

So, you tell the builder which toilet you want. It costs \$120 more than the standard one. And the builder's discount isn't as good, either. So, you're now buying a toilet for \$150 more than the figure in the estimate. Well, that's alright, isn't it? I mean, what's an extra \$150 when you're spending so much anyway?

But it isn't just an extra \$150, is it? There's the extra \$350 on that lovely curved tub and the shower screen in toughened glass doesn't come in at the standard price, either, because the standard shower screen doesn't fit a curved tub – and then there's another \$120 for the basin.

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So, what does all this add up to? Let's say the prime cost of an item in the inclusions schedule is \$1,000. If, when you, the customer, have chosen the actual item you want, it turns out that the cost of buying and installing that item is \$1,000, that's what you'll pay. If buying and installing the model you choose only costs \$800, the sum invoiced will be \$200 less than the quote. If it costs \$1,200, you'll be invoiced for \$200 more than the quote. That's how prime costs work...almost.

What you also need to know is that the contract you signed will almost certainly entitle the builder to charge a margin on top of the actual cost. The margin can often be 20% but can also be higher for small jobs or for builders that are in high demand.

Provisional sums work a little differently, because they are not for fittings and furnishings but for costs the builder is unable to establish. Site cut is one example and refers to the work done to level the site before construction begins. Structural steel is another. Underground support work, such as piling to support the structure on softer ground and the work to remove very hard rock, are others. The point about all of these is that an experienced builder will have some idea of what they're going to cost but won't know precisely until the work has been completed. The inclusions schedule, therefore, includes provisional sums that list everything to be done and prices them by what is probably best thought of as an "educated guess".

Controlling Prime Costs and Provisional Sums

We'll take the second of those first, because the answer to the question, "How do I control provisional sums?" is, you can't – or not much at this stage. The best way to get control of provisional sums is to choose a best practice builder, so that the provisional sums that go into the inclusions schedule are as accurate as they can be at the outset.

The best way to control your prime cost and provisional sum amounts are to have very few listed in your quotation. The less prime cost and provisional sum amounts, the better.

The work has to be done, and it has to be paid for, and for the most part (and this is why provisional sums exist) the extent of the work, and therefore the cost, can't be known in advance. When the work has been done and the builder has been invoiced, the actual amount you have to pay will be known. It may be more than the figure included in the inclusions schedule or it may be less. If you are dealing with a builder who low-balled you to win the business, you can bet your life that it will be more! So, one way of getting at least a degree of a grip on provisional sums are to deal with a best

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practice builder.

Prime costs are more under your control. You're the person choosing what appliances, tiles, and everything else you want to have. Choose the most expensive of everything, and your prices will be higher. Choose the cheapest of everything and they will be lower. Will you be happy living in a house (and inviting guests to visit you there) in which everything is the cheapest it can be? Only you can answer that question. Will you be happy living in a house in which everything is gold-plated and the mortgage repayments have left you living on bread and cheese? Only you can answer that. But you do have some choice.

When you go into the kitchen showroom, you're going to see some pretty remarkable stuff. It's very easy to forget about your budget. You're probably familiar with the advice to always have a meal before going to the supermarket because hungry people fill their baskets with more food than people whose bellies are full. Sadly, that doesn't work with kitchen appliances or with bathroom fittings. By all means have a shower before you go to choose your new bath, taps, washbasins, and everything else that will go into a bathroom and a washroom. But don't rely on the fact that you just had a shower to encourage you not to choose the most expensive things you see. For that, you need self-restraint.

Before you walk into the showroom, remind yourself of your budget. Take a copy of the inclusions schedule with you, so that you know how much has been set aside as a prime cost for each item. Look at the prices you're being asked to pay. How close are they to the amount that has been provided?

It's time to repeat something we've already said: if you have dealt with a low-baller, the amounts provided as prime costs in the inclusions schedule are not going to be enough. The builder never intended them to be enough. The builder put those figures there to persuade you to accept his or her quote and not someone else's. You may find that there is very little relationship between the prices you are looking at and those that were provided.

If, however, you chose a best practice builder, then you should find that it's possible to get the sort of fittings and finishes that will complement the home you have in mind without breaking the prime cost limits by too much - if at all.

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Comparing apples with apples

One of the easiest ways to go astray when you're looking at sales estimates is not comparing like with like. You think you are, but in fact the thing that costs \$10,000 in one builder's quote is not the same as the thing that costs \$2,000 in another builder's quote. It can be easy to think they are, especially when the \$2,000 builder has worded his estimate to make it look as though he's quoting for the same thing as the \$10,000 builder. Whose responsibility is it to make sure that you're evaluating the same thing? You better make sure it yours. You're the one with a lot to gain or lose.

Here's a tip that many people have been glad they followed:

If the quote from Builder A has an allowance for something, and the quote from Builder B does not, ask Builder B if the price for that something is included in his quote. If it is, ask how much he quoted for it and how he calculated that figure. If Builder A allowed, say, \$3,000, and Builder B tells you he priced it at \$10,000 (and gives you a sensible explanation for that figure), there's a very good chance that Builder A's quote is \$7,000 less than he will eventually ask you to pay.

So, with this mind, here are some of the things that you need to keep in mind.

Earthworks

All builders should inspect the site, test the soil, and carry out a contour survey before quoting for the job. By doing that, they make sure that they put themselves into a position where they can give you an estimate. The difference is a best practice builder, will provide an estimate that should be very close to your final cost. A builder attempting to win your job with a low price, will provide an estimate that will be well short of the final cost. Always compare the prime cost items or allowances, between builders, so that you are comparing apples with apples.

Connecting services

Do all your sales estimates include connection of services? Like; power, water, sewer etc. And if so, how many lineal meters have they allowed for? This is always worth checking between your estimates.

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Rainwater tank

Don't be misled by the fact that there's town water available for your property. You'll almost certainly be required to harvest rainwater. You'll need your own water tank, it will probably need a pump, and it will usually be fed by a charged stormwater system.

A charged system is one where the downpipe always has water in it. The water tank, pump and slab it sits on also needs to be allowed for in your estimate. A best practice builder knows that this will be required and has allowed for these items. A builder trying to win your quote will either leave it off or only include a low prime cost amount.

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Chapter Check List

- Go back through the sales estimate. Make sure there hasn't been any "budget creep" that will push you beyond what you can afford.
- Building covenants aren't usually a problem in Australia – but check.
- The Building Code of Australia has legal force. Download it to verify what your designer and builder tells you.
- Sustainability is backed by legal sanctions. You're going to need either an ABSA Certificate or a ENERGY RATING Certificate.
- Your builder should submit your development application – but check what's being applied for.
- When you have a Construction Certificate, take note of all the stages at which mandatory inspection is required – and make sure it happens *not all states.
- Read the inclusions schedule. Satisfy yourself on every single thing for which a price is quoted. Pay particular attention to Prime Costs and Provisional Sums.
- A free sales estimate is worth what you pay for it.
- When you compare sales estimates, make sure you're comparing apples with apples.

04

**THE
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STAGE**



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You've chosen your builder, and your builder has asked you to sign a contract. You're about to commit yourself to spending a large amount of money in order to have someone build the home of your dreams. It's worth a moment's pause to ensure you are going to get the home you want for roughly the amount you've budgeted.

The building contract will describe the whole process of constructing the home. It will say exactly what you're going to get in the finished job, and when you have to make payments to the builder. So, read it carefully and be sure you understand every word. If there's anything you don't understand, ask. If there's anything you don't like, get it amended now.

Which contract should you sign?

Although this seems like a strange question, it is not always a case of the builder handing the customer a contract and the customer signing it. There are choices, however.

HIA is the Housing Industry Association and it produces a number of contracts, one of which is used for residential projects by builders. MBA is Master Builders Association Ltd and it also produces a number of contracts. One, which they produce jointly with AIA (Australian Institute of Architects) is intended to be used when a project is being administered by an architect and others are for more general use.

Either of the standard contracts from HIA or MBA are suitable for residential construction, they are well written and clearly explained. They also have enough clauses and information to cover everything required in a construction project.

They have the backing of a large building organisation and are always kept up to date.

Other options are available including; contracts from Standards Australia and The Office of Fair Trading. Some builders will even have their own personalised contracts; however, these will need to be treated warily as they are usually weighted heavily to the builder.

The majority of contracts may be modified before they are presented to you. They can also be modified further in response to your requests. Remember if you don't understand any section of the contract, ask your builder. If you don't get a satisfactory answer, seek a legal opinion.

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What should be in your contract?

If you are working with a best practice builder, and we certainly hope you are, then the contract will be clear and easy to understand. Any ambiguity in the contract should always make you wonder why it's there. If that's the case, you should probably proceed with caution. Any contract, for any purpose, can be long and complex, but some things must always be there: the parties' names; details of each parties responsibility, how and where it's going to happen; the price that will be paid; and what happens if all does not go according to plan. Those are the basics. Your contract with the builder should contain at least the following:

- Your name and contact details, and the builder's name and contact details;
- The address of the place where the house is to be built;
- The price to be paid;
- Where the funds are coming from;
- The specification or inclusions schedule;
- The plans;
- An itemised list of all statutory obligations for both parties;
- The target completion date;
- The schedule of progress payments to be made;
- Any special conditions and any excluded items;
- A cooling off period; and
- How variations are to be handled.

There will always be other details, but those are the essential minimum.

Small print is not small

We really advise you to read the small print in detail, a best practice builder will take the time to explain the contract fully to you. He may take up to two hours to explain and sign the contracts with you. A builder that runs through the contract and signing in twenty minutes is not acting in your best interests. You must understand exactly what it is that you are agreeing to, what the builder is promising you

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and how risk is being apportioned. If something goes wrong, who's going to pay the bill? You can be quite certain that the answer to that question is in the contract. You want to understand that answer before the problem arises, because you may not like what you find if you wait until afterwards.

So, to help you out, here are some questions you should be asking yourself as you read the agreement. If you're not happy with the answers, this is the time to tell the builder that you'd like the condition you're unhappy with changed. Asking later will do you no good at all.

- What happens if it takes longer to get approval than you're expecting? Will prices that appear to be fixed still be fixed in, say, seven months from now? Does it actually say so in the contract? If it doesn't, does it include the maximum by which the price can rise?
- We've talked already about all items that can appear in the provisional sums and prime costs amounts. Read the contract thoroughly and ensure you understand all these costs.
- Check through every single item that appears in the contract. You've already discussed with the builder what is included in the deal. Is there anything that the builder told you were included that you cannot find in the contract? You need to understand that, if there is a difference between what the builder said and what the contract says, it will be the contract that takes precedence.
- If a colour selection has been done prior to the contract, confirm that all your chosen items have been selected. If your colour selection is to be done post contracts, ensure that your allowances are sufficient. Check and check again.
- Ensure your contract refers to the most recent and correct sales estimate that you agreed on.

Is the Inclusions Schedule part of the contract?

If the answer to that question is no, then you should probably ask for the contract to be changed to include it. Every single thing in the inclusions schedule is something you want in the finished home. The best way to ensure that is to have the schedule included in the contract.

Then the client and the builder initial each page of the contract, specification, inclusions list and plans.

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A fixed price contract may not actually be for a fixed price

“Fixed price” is a very nice term to see attached to a contract. The contract says the price for the completed house will be \$800,000, and that the price is fixed. That means you’re going to get the house for \$800,000. Right? If only things were always that simple!

The price in a fixed-price building contract is only really fixed if the contract contains no provisional sums or prime cost items.

The fact that a contract contains provisional sums or prime cost items does not indicate that you’re dealing with a dodgy builder. If the client has not supplied the detail of a specific item, there is no option but to include a prime cost amount. The same goes for items that cannot be given a definite allowance (piers for example), which is why it is given a provisional sum amount.

It’s worthwhile remembering that although you are signing a fixed price contract, it will always be subject to any prime cost items, provisional sums and variations. Having minimal prime cost items, accurate provisional sum amounts and minimising any variations will ensure that you do not excessively exceed your contract price.

Cost-plus contracts

A cost-plus contract is one where the builder undertakes to build the house at the cost of labour and material plus a set percentage margin. Cost-plus contracts can be useful in some situations. A large extension or renovation with many unknown selections may be best suited to a cost-plus contract. The builder still has to supply an approximate estimate and provide regular updates during construction. He should also supply copies of all invoices and labour as the job progresses.

There is a high risk of cost-plus contracts running over budget, as selections and construction methods vary during the build. An unscrupulous builder may also take advantage of a cost-plus contract, to inflate prices and work at a slower pace. It requires trust between the client and builder to successfully run a cost-plus contract.

Excluded costs you were not expecting

In Chapter 3, we had a section about things you may have overlooked. There are also some items that may be excluded from the contract, these will be listed and will need your consideration.

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Examples of these items are:

Fees

Fees for the approval of the project and for inspections may be included. A building levy (section 94) and a long service levy are other fees that may also be excluded. You can ask the builder to give you an indication of these fees.

Consultants' fees may also be due, depending on the nature of your land. These can include; hydraulic surveys, engineering, bushfire reports, flood studies etc.

Removal of asbestos

If there is already a house or other building on the site, which you are either going to renovate, extend or knock down, it's possible that it contains asbestos. That is going to increase the demolition costs, because asbestos has to be removed by fully trained and licensed operators. Asbestos removal can be expensive, as a specific process is required for demolition and removal. If you suspect there may be asbestos onsite, it is always worthwhile getting a specialist firm to investigate. They will be able to report on the asbestos if any and the likely cost of removal.

Excavation in rock

This will usually be excluded from the building contract because the extent of rock, even after a geotech has been carried out, can be largely unknown. A geotechnical report is always required to determine soil classification, depth of bearing, etc. The geotech though, will not tell you the hardness of the rock or the extent of the rock, over the whole site.

If the builder has to excavate in rock, he'll require more time and equipment at an additional cost. This cost can amount to many thousands of dollars.

Retaining walls

Depending on the lay of the land, it may be quite clear that retaining walls will be needed but that doesn't mean they'll automatically be included in the contract. You must look at the drawings and the inclusions schedule to determine if retaining walls are included.

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Driveways and footpaths

As with retaining walls, it's probably clear just from looking at the site that a driveway and/or footpath are needed. They may not be in the contract, though, because they often aren't. If you want them included, get the builder to give you a quotation and get it included in the contract or as a variation. Driveways and footpaths may appear on drawings, but that may simply be for aesthetic reasons. Once again, check the inclusions schedule.

Landscaping

Builders are not landscapers and a contract to build a new house will not include landscaping, unless stated otherwise. If you require landscaping, ask for it. However, you may do better to get a separate quotation from a landscaping specialist who can come in after the house has been built. It may also be a condition that the landscaping is to be finished, before handover. So, remember to check.

Boundary fences

The reason why boundary fences are frequently excluded from the contract is that a boundary fence is the joint responsibility of you and the owner of the property next door. The builder may simply want to avoid getting into that kind of negotiation with someone else. That desire will increase if you have three or four neighbours to negotiate with.

Goods and Services Tax (GST)

If GST is not specifically mentioned in the contract then ask for confirmation (and get it included in the contract) that the price you have been quoted includes it. Also, make sure that you are not asked to pay the tax twice. If GST is included in the price of the Prime Cost items, then it shouldn't be charged again by the builder as part of the final invoice.

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Chapter Check List

- Purchasing Land?
- Registered?
- Sloping?
- Bushfire?
- Flood?
- Site Classification?
- Access?
- Developer/Covenant conditions?
- Correct License?
- Experienced?
- Reference Check?
- Registered Business?
- Use of Standard HIA or MBA Contracts?
- Trades Employed, Not Sub-contracted?
- Great Communication Skills?
- Friendly Staff Team?
- In-House or Out-Source Plans?
- Builder you can trust?

05
**THE
BUILDING
PROCESS
STAGE**



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Question

What helps make the building of your new house go smoothly?

Having a good relationship with your builder. You can't have a good relationship with your builder unless you both have good communication.

What are the steps in building a house?

You can look at a whole estate full of houses, and see that each one of them is different. However, they all went through a series of stages that will have been much the same. For all those houses and for your house too, a general outline of the process looks like this:

1.Site Preparation

- Peg out survey
- Site fencing installed
- Site toilet delivered
- Set out completed

2.Foundations

- Excavation
- Piers installed
- Slab or footings poured
- Subfloor if required

3.Frame Stage

- Erection of frames and trusses

4.Roof On

- Installation of fascia, gutter and roofing

5.Enclosed Stage

- Installation of windows
- External brickwork and/or cladding
- Installation of eaves
- Installation of external doors and garage door

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6. Rough In Stage

- Pipework run for plumbing
- Cabling run for electrical
- Ducting run for air-conditioning
- Insulation installed

7. Internal Linings

- Installation of plasterboard
- Installation of cornices

8. Fix Out Stage

- Architraves and skirtings installed
- Kitchen installed
- Tiling to wet areas completed

9. Painting

- Internal and external painting completed

10. Fit-offs

- Floor coverings installed
- Fixtures and fittings installed

11. Practical Completion

- Final internal cleans
- Site cleans completed
- Minor items completed

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Talk to your builder

Communication is the most essential part of any stage of the building process, and it's one that is often neglected. It can be confusing if you haven't built before and you will have a lot of questions. You want a builder that is happy to explain the process and answer any questions you may have.

The good news is that, if you've chosen a best practice builder, the builder thinks it would be a good idea, too. From time-to-time in this book, we've said that if something a bit untoward happens, then you know you haven't chosen a best practice builder. Here's another clue. If you ask your builder a question and get an answer that you don't really believe – or, worse, don't get an answer at all – you're not dealing with a best practice builder. Because really good builders know that their job will be much easier if you know exactly what is happening – and why.

So, talk to your builder.

One of the questions we suggested you ask builders when you're looking for the right one was: "Who do I speak to day-to-day to clarify something I'm not happy about?" Now that you're actually working with one, we can amend that, too. We amend it by taking out the last four words. What you want to know is who you speak to day-to-day to clarify things and to know what is happening. You don't need to be unhappy about what you see. You just want to know the detail.

Some builders have a built-in process that keeps everyone in the team up-to-date with what's happening on your job. And that includes you, because from the point of view of a best practice builder, you are part of the team. Even where that system does not exist, you should still have an easy and ready line to the person in the building company who can tell you what's happening. It may be your project supervisor or may be a customer service consultant. It doesn't matter what the title is – what matters is that you communicate regularly with the builder and that you are kept up-to-date with what is happening, and why.

It's a good idea, by the way, to back up the conversation you had in writing. Email is increasingly the easy way to do this. The problem with conversations that aren't recorded is that they vanish into the air. It isn't necessarily true that the person you spoke to didn't intend to do what the pair of you agreed. But things get forgotten. Builders are busy people. They discuss something with you, you agree on what's to be done and the builder has every intention of doing it. The issue is that it isn't something that has to be done right this

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minute and, by the time it should be done, the builder no longer remembers the conversation. Put it in writing and it is much less likely to be forgotten. A best practise builder will take notes onsite and send correspondence later, outlining the topics and outcomes discussed.

Visit when you can

Sometimes you're having the new home built because you're relocating, and the site may be hundreds of kilometres away from where you live now.

Most people, of course, aren't going that far, and many people are moving from one place to another within the same city. Whatever your situation, you should aim to go and look at the site from time to time just to make sure that it's progressing just as they've told you it is and that it's looking good. If there's anything you want to ask the builder about, this is the time to do it.

You would need the builder's approval to go onsite. You will also need either the builder or representative present, when you are onsite.

It's important to get any concerns out in the open and get answers to your questions. It's also important, to continue to maintain an open and friendly relationship with the builder.

Try to work on the basis that there's bound to be a good and innocent explanation for whatever it is that's worrying you, and maintain that attitude right up to the point when it becomes obvious that there isn't one.

Who are all these people onsite?

You'll find a lot of people on site, and you'll wonder who some of them are and what they're doing there. That, though, is not the question we're addressing here. Someone will be in charge of your building site and whether that someone is a project manager or supervisor, they're in charge of the site. If you've chosen a smaller building company, it could even be the owner.

The point is: the person in charge works for the building company you've chosen. Not everyone onsite will work directly for the builder. Many of them may be sub-contractors and self-employed tradesmen. Their employment status doesn't matter: what does matter is that they have to be licensed. To be licensed, they have to be qualified, and insured.

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The builder or the representative is responsible for making sure that all tradesmen and all sub-contractors are licensed and insured.

Best practice builders know the people they deal with. If they start to work with someone new, they should take the time to check them out. They will confirm they have the knowledge, skills and attitude to do the job right.

Most states have a very good system of certification to ensure that people working in the building trade have the skills, the experience and the work health and safety training that is required. That doesn't change the fact that there are quite a lot of people working in construction who don't have the required qualifications, skills or experience. You don't want people like that working on your home and neither does a best practice builder.

The contract you signed with the builder is not the only contract involved on this project. The builder should also have a contract with the sub-contractors (or does if he's a best practice builder). This contract states quality of workmanship is expected, what the timeframe is and what the penalties will be if the subcontractor does not complete the works satisfactorily. Because many builders don't have these contracts in place, they struggle to control the sub-contractors, which means they struggle to control the job.

The importance of the supervisor

The majority of the work to build your house will be done by sub-contractors or employed labour. They have to be supervised, and it's very important that the supervisor who works for the builder is very experienced.

Best practice companies employ experienced supervisors who can keep the customer informed and deliver the level of quality expected. Remember as we said earlier, it's all about communication and the supervisor onsite needs to provide the same level of communication.

Should the supervisor be on site every minute of the working day, every day? No. One supervisor may be responsible for more than one job. But he or she should be visible often enough to be able to make sure the job is done right.

Expect the unexpected

If you've managed this project as recommended in the earlier chapters of this book, a great deal of work has gone on to find out exactly what the builders will face when they start work. It would be wonderful if that meant that everything would go like clockwork

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and there would be no surprises. And, on the face of it, that's what it should mean.

But if you encounter no surprises as your house is built, then you will be in a minority. Occasionally, the builder may tell you that something has been discovered that was not expected and what would you like to do about it? If you're dealing with a best practice builder, you should at this point get several alternatives on how to proceed. The builder should explain the pros and cons of each alternative and the costs involved, so that you can make an informed decision. Listen to the builder's advice, and it's not unreasonable to ask which option he would take if it were his house.

How to avoid delays

Some delays on a project will be inevitable. Things like in climate, weather, approvals, supply of materials, etc. can all contribute to a delay of a project. Most of these items are unavoidable.

One delay aspect though, is however avoidable, and if managed and acted on promptly should not become an issue. This delay is related to selections. As an owner you will be faced with a lot of selections early on, the longer you take to make a decision the longer the delay on your project. You may think; why do I need to choose my WC now, when all they are doing is preparing for the concrete slab. The type of WC needs to be known early, so that the plumbing can be placed in the correct position, the same goes for vanities, showers, baths etc. You may not need these items until the project is very advanced, but you do need to know exactly what they are so that they can be set up early. Any delay by you in making these selections, will hold up the project.

No one should expect you to make an important decision more quickly than you need to, but there's a difference between considered delay and dithering.

Cost variations

You signed a contract, which included a fixed price. However, building a home exactly the way you want it is always an expensive business, but it was a price you were prepared to pay. Then comes the first cost variation, and you're being asked to pay more than the price you contracted. How does that happen?

The most common types of contracts used for residential building in Australia are those issued by the Housing Industry Association and Master Builders Australia. Both contracts clearly state that a variation can be charged in the following circumstances:

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1. The work being done is outside the scope of the original contract;
2. Provisional Sums in the quote have been adjusted because the items have now been chosen and the accurate price is known;
3. Prime Costs are fixed and adjusted;
4. A request by the owner to alter an aspect of the construction;
and
5. A request by the builder due to a statutory requirement.

The important thing to keep in mind is that where a cost variation results from you changing or selecting a different product, then it is you who is responsible for meeting the additional cost. That cost will also include a builders' margin as indicated in the contract.

As an example, if you decide to upgrade from the builder's standard inclusions, you will have to pay the cost difference, plus the builder's stated margin. There may also be an extra cost for installation depending on what type of upgrade you decide to use. Most builder's will also charge an administration fee for any variation, whether you proceed with it or not. This fee covers the administration required to calculate the variation.

A typical variation process is as follows:

- Owner requests a variation in writing.
- Builder will respond, whether the variation can be done.
- Builder will supply a cost for the variation.
- If the owner agrees, they will sign the variation and return.
- The Builder will then invoice the owner and complete the variation.

Something else you can expect a best practice builder to do is to keep you informed of cost variations as they go along. Nobody wants to be clobbered with \$100,000 of cost increases that have been piling up throughout the construction process, but no-one said anything until the end.

As stated earlier, all variation must be in writing and signed by both parties before commencement of the variation.

It's possible to make all this sound very frightening, but it doesn't need to be. It would be an unusual build in which nothing at all changed from the first design. In most cases, changes are handled expeditiously and at reasonable cost. What we've tried to do here is

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provide a clear understanding of how a variation works and how to eliminate pitfalls that can arise.

Expiry dates

It's very unusual for a quote not to have a condition attached to it that states how long it's valid for.

Even a best practice builder will not be expected to hold the price on their quote if you don't accept it until several months have passed. In those circumstances, the builder will want to check the quote and advise you if anything has to be varied.

Things that really should be happening — but don't always

If possible, it is always a good idea to inspect a project under construction of your prospective builder.

Has he ticked the boxes on the following items?

- Is the silt fence erected and maintained? This is essential to stop mud and other contaminations flowing into the stormwater system.
- Are all the security fences erected correctly, are they coupled together or open in numerous places?
- Is the job site neat and tidy? Are storage bins available for the waste to be deposited into? An untidy site is an unsafe site.
- Is all the signage fixed properly, as required? A sign indicating the lot number and an emergency contact number should be visible. A sign indicating no access to unauthorised persons, should also be attached.

All these items are mandatory from the approval authority and should always be maintained. If you visit a site and these items are in place, it's a good indication that the builder will take the same level of care with your construction.

It's your project

You're not a builder, so you have to rely on the professionals to ensure the very best for your project. This is another reason why you need to engage in a best practice builder, who has the experience and your best interests in mind. He will ensure all trade work is performed correctly and keep you informed throughout the construction process.

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Some states don't allow architects to offer supervisory and project management services. The architect is still a very good person to refer to for advice on alternative materials to be used, but advising is not the same as project managing. Designers who take on supervisory roles have to accept a higher professional indemnity risk insurance premium; the result is that some designers won't do it. Once again, the designer can be a very good person to refer to for advice on alternative materials, but that isn't quite the same as being in overall charge as supervisor.

Let's get building!

This chapter is about the construction process. At the beginning of the chapter, we listed the various stages so let's look at them in greater detail.

Prepare the site

- Pegout Survey
- Security fencing
- Site toilet
- Demolition and tree clearing if required
- Excavation and levelling

Foundations

- Site is measured out
- Pier holes drilled and poured or screw piers installed if specified
- Slab is formed up or strip footings dug
- Any plumbing or electrical required is supplied and provided for
- Engineering and certifier inspection are carried out as required
- Slab or footings are poured. A cure agent is applied to the slab to assist with reduced cracking due to drying of the concrete.

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Framing

- Sub-floor brickwork or piers are erected if a bearers and joists construction
- Termite protection is installed
- The frame is erected (usually either steel or timber) for the walls, roof and flooring if required.
- This is the structural shell of the house
- Windows and external doors are installed
- Sarking fixed over the frame to assist against condensation
- Another inspection is carried out by the certifier

Lock Up

- The fascia and gutter are installed
- External cladding or brickwork is erected
- Roofing is installed
- Eaves are installed

Rough-ins

- Plumbing and electrical rough-ins are installed
- This is a good time for another client site visit to ensure you are happy with power point and light fitting locations
- Any ducting for A/C will also be installed at this stage
- Blocking for towel rails, wall hung TV's etc. are also installed
- Insulation to the walls and ceiling will be installed

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Internal Linings

- Internal linings are now installed
- Commonly these are plasterboard sheets to the ceiling and walls
- Villaboard is more commonly used in wet areas. Although a water check plasterboard can also be used
- Alternative wall and ceiling material can also be used. Timber lining boards and various sheeting options are other alternatives
- All plasterboard lining is set in the corners and joints cornices are added is specified
- Waterproofing of wet areas are carried out
- The certifier has another inspection for the waterproofing
- The electrician cuts out for all their G.P.O and light fittings

Fixout

- Internal doors are hung
- Architraves and skirtings are fixed into position
- Kitchen and other joinery are installed
- Tiling to wet areas is completed
- If full timber floors are being installed, they are cut in, acclimatised and laid prior to skirtings being installed

Flooring, benchtops and external grading

The project is really looking like a house now. If you walk around inside, you're walking on a hard-surface floor, which may be timber, vinyl or ceramic tiles according to the agreed design. Benchtops are also installed, though you can't yet make a cup of coffee. The external grading is finished so that drainage is in the right direction – away from the house – and landscaping may commence.

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Finish off

- Painting commences
- Electricians and plumbers fit off all appliances and fixtures
- Shower screens and mirrors are installed
- Wardrobe infills are installed
- Flooring, carpet etc is installed
- The site is dressed and cleaned up
- Driveways, paths and turf are installed if included in the contract
- A final inspection is carried out so an occupation certificate or interim certificate can be issued if this is the responsibility of the builder

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Chapter Checklist

- Stages of the building process
- Communication is key
- Meeting your site supervisor
- Understanding construction delays
- Understanding variations

06

**THE
HANDOVER
STAGE**



06 THE HANDOVER STAGE

The work is done. You have your completion certificate and you can move in but let's just remind ourselves why you did this.

You built your own house to take that once-in-a-lifetime opportunity to have exactly the life you wanted. You designed a house that would give everyone exactly what they wanted (or, if you didn't quite do that, you got as close to it as the budget would allow).

Maintaining

The house is built. You've moved in but it's not quite over. Yes, you can live happily ever after, and we hope you do, but you and the builder have probably not parted ways just yet.

What does it say in the contract you signed with your builder about the builder's responsibilities after the home has been handed over? Of course, long-term maintenance of the home is your responsibility – but there is (or there certainly should be) a maintenance period in your contract during which you can call on the builder to rectify any issues that are their responsibility.

Inspecting a completed home is one thing, and living in it is another, and it's often only when you are living in it – sleeping, showering, eating, watching TV, and swimming in that pool your children so longed for – that you realise that something needs fixing. There are statutory warranties, but if you went with a best practice builder, you should have no difficulty getting the builder to come out and rectify any items that are his responsibility.

Your builder should also provide you with a handover booklet or home owners maintenance guide, outlining landscaping tips, drying out of the home and some handy tips. It's the last step in making sure that everything to do with your new home goes absolutely smoothly.

Why we wrote this book

We wrote this book to assist homeowners to have an understanding of how the process of working with a builder and how constructing a home works.

What we wanted to do when we started writing this book was to bring those homebuyers face-to-face with best practice builders. Possibly the readers we had most in mind were families looking to build, and particularly those doing design and construct custom builds or large renovations, although this book should interest anyone wanting to build a house. We intended the book as a guide so you, the reader, could avoid expensive pitfalls and unforeseen risks as you embark

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on this project.

We all know there are a lot of cowboy builders around. What we wanted to bring you was confidence and the peace of mind that would come from knowing there are best practice builders out there, and that you need never fear being ripped off by a builder. This book was meant as a due diligence tool you can use and share for the rest of your life.

Why was that necessary? Because we know it's easy to feel overwhelmed, scared, uncertain and confused. There are horror stories of builders ripping people off, or going bankrupt, or both. We know there are, because we've heard them, too.

You're about to hand a large amount of money to a builder. You need to know how to find the builder you can trust. You need to know what questions you should be asking. This book is designed to assist you with that.

We wish you every joy and happiness in your new home. You worked for it.

You've earned it.

Now enjoy it!

Chapter Checklist

- Maintenance period
- Handover manual
- Due diligence

GLOSSARY OF TERMS

A/C.

An abbreviation for air conditioning.

Acoustic Batts.

Sound-insulating material used for noise reduction.

Aggregate.

A mixer of sand and stone and a major component of concrete.

Allowance(s).

A sum of money set aside in the construction contract for items which have not been selected and specified in the construction contract.

Australian Standards.

Understanding BCA & Australian Standards. All building work must comply with the requirements of the Building Code of Australia (BCA). The BCA Volume 1 and 2 are part of the National Construction Code series published by the Australian Building Code Board.

Architrave.

A moulded section covering the joint between window / door frame and wall lining.

Architect.

A person who holds a degree in architecture and trained in the planning, design and overseeing of the construction of buildings. An architect holds membership of a professional body, e.g., Australian Institute of Architects.

Backfill.

Earth that may have been removed during building excavation that is then used for other purposes such as behind a retaining wall. Backfill needs to be compacted properly or can result in the land sinking (this is also known as subsidence).

Bagging.

A process in masonry in which a thin mortar is applied to a surface with coarse material, usually imparting a textured finish.

BAL Rating.

Bushfire Attack Level, indicated the construction requirements for building within a medium threat bushfire-prone area.

GLOSSARY OF TERMS

Balustrade.

The rail, posts and vertical balustrades along the edge of the stairway or elevated walkway.

Barge.

Horizontal beam rafter that supports shorter rafters.

Barge Board.

A decorative board covering the projecting rafter (fly rafter) of the gable end.

ENERGY RATING.

Building Australia Sustainability Index is a scheme introduced by the government of New South Wales, Australia in 2004 to regulate the energy efficiency of residential buildings. It is a requirement for a new home or for any alteration or addition valued at \$50,000 or more to an existing home.

Batt.

A section of fibre-glass or rock-wool insulation measuring in various thicknesses.

Batten.

A length of squared timber or metal used to hold something in place or as fastening against a wall.

Bearers and joist floor.

Beam and joist arrangements can form a supporting frame for a floor. Beams are thicker and longer and are laid vertically; joists are typically shorter and lay across the beams to give them horizontal support. Like other framing components, beam and joist floor frames are often pre-fabricated.

Beam.

A structural member transversely supporting a load. A structural member carrying building loads (weight) from one support to another. Sometimes called a "girder". This is often used in open plan.

BCA.

Building Code of Australia. All building work must comply with the requirements of the Building Code of Australia (BCA). The BCA Volume 1 and 2 are part of the National Construction Code series published by the Australian Building Codes Board.

GLOSSARY OF TERMS

Building codes.

Community regulations governing the manner in which a home may be constructed or modified.

Building Designer.

Similar to an architect but with different education requirements (generally TAFE) and regulations. Services are generally more affordable than those of architects.

Building Envelope.

The parts of your land you are entitled to build on after taking into consideration any setbacks i.e. front, rear and side (and heights limits). May also be designated by local authority.

Building permit/approval.

Documentation issued by a building certifier or local council that allows proposed building work to commence.

Building restrictions.

Residential building limits set by the local council governing things like maximum site coverage and maximum height.

Bulkhead.

Feature used to cover a change in ceiling heights. Often used in kitchens to fill the space between top cupboards and roof.

CC.

A construction certificate (CC) is an assessment on the construction of the building. You need to show how you're building above and below the ground. This process assess that your construction will comply with the Development Consent, the appropriate Australian Standards, Council's Policies, Building Code of Australia (BCA).

Chippie.

Another term for a carpenter.

Circuit.

The path of electrical flow from a power source through an outlet and back to ground.

Circuit breaker.

A device which looks like a switch and is usually located inside the electrical breaker panel or circuit breaker box. It is designed to (1) shut off the power portions or the entire house and (2) to limit the amount of power flowing through a circuit (measured in amperes).

GLOSSARY OF TERMS

Cornice.

Any Ornamental or decorative moulding installed at the junction where the wall and ceiling meet.

Conveyancer.

Someone who is licensed or regulated under state law to assist in the legal aspects of buying and selling property. Conveyancing can also be carried out by a solicitor.

Crossover.

The access point from the street to the block; for example, where a driveway is positioned.

CSD.

Cavity sliding door, this is where the door will slide into a cavity in the wall instead of swinging in or out.

Covenant.

An agreement that creates an obligation on the owner of a property not to do something. For example, a covenant could state that no more than one dwelling may be built on the land.

Custom home.

One-of-a-kind home designed specifically for you and your site.

Cut and fill.

A technique to help level a sloping lot prior to construction by using material excavated from higher ground to create a flatter platform on which to build our home.

DA.

A Development Application (DA) is a formal request for consent to carry out development. This type of Development Approval is most common way of getting development consent in NSW. You need minimal documentation and is an application for Council to assess your proposal, this ensures that your plans meet the legislative and Council requirements. You cannot start construction until you have obtained a Construction Certificate (CC), refer to CC.

Double glazing.

Consists of two glass panels approximately 3mm-4mm thick, with a 10mm gap between them used for energy efficiency and noise reduction.

GLOSSARY OF TERMS

Draftsman.

Responsible for drawing (or drafting) architectural plans.

Easement.

A section of land on your property around which building restrictions may apply, which can be accessed by someone other than you for a specific purpose. An example is a shared driveway, or sewage pipes. If you wish to build over a statutory easement, you will need to get consent from your local council. For other easements, you will need to get consent from other parties. All easements must be disclosed in the contract documents.

Eaves.

The lower portion and edge of a roof that overhangs the walls.

Electrical rough in.

Worked performed by the electrical contractor after the plumber are complete with their phase of work. Normally all electrical wires, outlets, switches and fixture boxes are installed (before insulation).

Equity.

This is the difference between the value of your home, and how much you're owing on it.

Exchanged contracts.

The stage when the buyer and seller have signed contracts completed any cooling off periods and the deposit is paid in full. From this point, they buyer and the seller are legally bound to fulfil the contract.

Face brick.

The brick used and exposed on the outside of a wall. Usually these have a finished texture.

Fall.

The height difference or slope of a block of land, generally measured from the corner points of the block.

Fascia.

Board horizontally to the lower ends of the rafters, which guttering can be fixed to.

Fill.

The amount of additional soil needed to level out a block.

GLOSSARY OF TERMS

Fittings.

Items which may be removed without damaging the property. Examples are door handles/knobs, some light pendants and shades, towel rails, toilet roll holders, window coverings etc.

Fire wall.

A solid, tight closure of a concealed space, placed to prevent the spread of fire and smoke through a space. Work performed to slow the spread of fire and smoke in the walls and ceiling (behind gyprock).

Fixed price contract.

A contract with a set price for the work.

Fixtures.

Items such as basins, toilets, baths, built-in wardrobes and kitchen stoves that are attached to the property and cannot be removed without causing damage.

Flashing.

Sheet metal or other material used in roof and wall construction to protect a building from water seepage.

Formwork.

The outer frame installed prior to concrete being poured.

Foundation.

The supporting portion of a structure below the first floor construction, or below grade, including the footings.

Frame inspection.

The act of inspecting the home's structural integrity and its complaints to BCA.

Framer.

The carpenter that installs the timber or steel and erects the frame, flooring system, interior walls, backing, trusses, rafters, decking, installs all beams, stairs, soffits and all work related to the wood structure of the home.

Gable.

The end, upper, triangle area of a home, beneath the roof.

GLOSSARY OF TERMS

Gutter.

A shallow channel of metal set below and along the (fascia) eaves of a house to catch and carry off rainwater from the roof.

Hipped roof.

Roof roughly pyramidal in shape.

Home Warranty.

Home Warranty Insurance, or Home Building Compensation Fund (HBCF) as it is now referred to in NSW, covers in the homeowner (and subsequent owners) where the contracted building work is incomplete or defective and the builder has either died, disappeared, become insolvent during construction or has failed to respond to a rectification order within 30 days of it being issued. The cover lasts up to 6 years from completion of the domestic building work or termination of the domestic building contract. (6 years for structural defects and 2 years for non-structural).

I-beam.

A steel beam with a cross section resembling the letter I. It is used for long spans or over wide wall openings, such as a double garage door, when wall and roof loads bear down on the opening.

Insulation.

Any material high in resistance to heat transmission that reduce the rate of heat flow.

Jack rafter.

A rafter that spans the distance from the wall plate to a hip, or from a valley to a ridge.

Jamb.

The side and head lining of a doorway, window or any other openings. Includes studs as well as the frame and trim.

Joist (ceiling).

Supportive timbers that span between walls or other supports, which ceiling battens or the ceiling itself can be attached to.

Joist (floor).

Supportive timbers which the flooring is fixed to.

06 THE HANDOVER STAGE

Kit home.

The “IKEA” of homes. A pre-fabricated house that is delivered in parts ready to be put together, generally suited to owner-builders (people who build their own homes).

Laminate.

Often refers to a cabinetry finish, where a layer of plastic is bonded to the particle-board type cabinet or benchtop.

Land title.

An official record of who owns a parcel of land, including information about mortgages, covenants, caveats and easements (need to define all these i.e. caveats) Land title is transferred to the owner upon full payment for the block purchased.

Landing.

A platform between flights of stairs or at the termination of a flight of stairs. Often used when stairs change direction.

Lenders mortgage insurance (LMI).

An insurance policy taken out against you by a bank or lender in case you can no longer fulfil your requirements to service a loan. This is normally taken on loans that comprise an LVR (see below) amount greater than 80% of the valuation and is paid by the borrower either as a one-off lump sum or incorporated into monthly mortgage repayments.

Level.

A tool used to determine level.

Level 1 compaction.

Generally an industry accepted standard for lots when filled with greater than 300mm of fill material. This is generally sufficient to allow most builders to site a home on a lot without additional site costs. Determining the appropriate amount of fill a builder will accept independent research. An engineer may issue an individual fill certificate for each lot.

Lintel.

A structural item, such as a steel or timber beam, that carries loads over an opening, i.e. a timber beam over an opening in a wall that supports the weight of the roof above it.

Load bearing wall.

Includes all exterior walls and any interior walls that is aligned above

GLOSSARY OF TERMS

a support beam or girder. This is outlined on the frame layout.

Lock-up Stage (or enclosed stage).

The stage when a home's external wall cladding and roof covering is installed. The external doors and windows are fixed in place (even if those doors or windows are only temporary).

Louver.

A vented opening into the home that has a series of horizontal slats.

LVR (Loan to Value Ratio).

This metric provides guidance of your assets compared to your liabilities as a percentage. As an example, if your house is worth \$400,000 and you have a mortgage of \$300,000 against it the LVR is 75% or $\$300,000/400,000$.

Mantel.

The shelf above a fireplace opening. Also used in referring to the decorative trim around a fireplace opening.

Mortar.

A composition of lime and or cement and sand mixed with water, used in the laying of bricks.

Niche.

An alcove or indent in a wall. Often used in showers or a feature in a hallway.

OC – Occupation Certificate.

You will require this certificate if you intend to occupy or use a new building or change the use of an existing building. Occupation Certificates can be issued as an interim certificate or final certificate and can be issued for the whole or any part of a building.

Overhang.

The part of the roof that hangs out over the outside wall.

Particle board.

Manufactured material formed by bonding together flakes of wood and pressing them in to a dense sheet.

Partition.

A wall that subdivides spaces within any story of a building or room.

GLOSSARY OF TERMS

Pitch roof.

A roof sloping downwards on both sides of a central ridge line. Often refers to sloping roof constructed using individual rafters, rather than trusses.

Planning permit.

A legal document issued by a local council planning department that specifies what the land can be used for, including whether it has been zoned for residential development.

Plan of Subdivision.

The dividing of a single block of land into two or more blocks for separate houses or multi-unit development.

Plasterboard.

A rigid insulating board made of plastering material covered on both sides with heavy paper.

Plumb.

Exactly vertical and perpendicular.

Plumbing rough in.

Work performed by the plumbing contractor prior to foundation floor being installed. This work includes but not limited to installing all plastic drain and waste lines etc.

Plumbing stack.

A plumbing vent pipe that penetrates the roof.

Point load.

A point where a bearing/structural weight is concentrated and transferred to the foundation.

Practical completion date.

The date when building works are completed, according to the contract. May have small items still to be finalised.

Primer.

The first, base coat of paint when a paint job consists of two or more coats.

GLOSSARY OF TERMS

Prime-cost item.

A fixture or fitting that either has not been selected, or whose price is not known at the time of entering into a building contract. The builder will estimate these prime costs items when determining the total building cost.

Progress payments (also called stage payments).

Payments required to your builder on completion of various stages of home building as specified in the building contract.

Project home.

A home design which is built multiple times by a particular builder. Variations are possible, sometimes at an extra cost. The benefits of a project home are normally a more competitive price due to scale benefits i.e. cheaper prices passed down due to the same home being built multiple times.

Property title.

Legally recognised proof of an individual, people or a business owning a certain property. The document providing proof of ownership is called the "title deed" or certificate of title.

Property survey.

A survey to determine the boundaries of your property.

Provisional sum item.

An estimate of the cost of carrying out particular work for which the builder, after making all reasonable inquiries, cannot give a definite amount at the time of the contract is entered into. E.g. removal of spoil to be excavated or removed.

Rafter.

An individual timber framing item used in roof construction. Supports the roofing material.

Rake.

Slope or slanted.

Render.

A cement/mortar mix used to cover a wall surface.

Registered builder.

A personal company registered or licensed to carry out specific building work in his or her state or territory.

GLOSSARY OF TERMS

Retaining wall.

A structure that holds back a slope and prevents erosion.

Ridge.

The horizontal line at the junction of the top edges of two sloping roof surfaces.

Setbacks.

The distance from the property boundary to certain parts of your home. For example, a 5.5m front setback to the garage allows cars to be parked on the driveway without obstructing the footpath. This helps form your building envelope, which outlines what your maximum house footprint can be. This is determined after front, rear and side setbacks are taken into consideration.

Settlement (also known as handover)

This is the stage when the sale and building processes are complete and final payments have been made. You're ready to move into your new home! If you have purchased land its entities you to build on your block of land.

Skirting.

Moulding to cover the joint between floor and wall flooring.

Slab.

Concrete that has been formed up and poured, i.e. driveways, garages and foundation floor.

Slab on ground.

A type of foundation with a concrete floor which is placed directly on the soil. The edge of the slab is usually thicker and acts as the footing for the walls.

Soil test.

A test conducted to determine how a house must be built. Establishes how likely it is that the soil will move, expand and contract with different levels of moisture content.

Span.

The clear distance that a framing member carries a load without support between structural supports. The horizontal distance from eaves to eaves.

Spec home.

A house built before it is sold. The builder speculates that he can sell it at profit.

GLOSSARY OF TERMS

Specifications or specs.

A list of materials, methods, model numbers, colours, allowances and other details which supplement the information contained in the house plans.

Spoil.

Soil etc. to be removed from your block after excavation.

Suspended ceiling.

A ceiling system supported by hanging it from the overhead structural framing.

Trimmer.

The vertical stud that supports a header at a door, window, or other opening.

Truss.

An engineered and manufactured roof support member with “zig-zag” framing members. Does the same job as a rafter, but is designed to have a longer span than a rafter.

Undercoat.

A coating applied prior to the finishing on top coats of a paint job.

Underlay.

A material installed under carpet to add foot comfort, isolate sounds and to prolong carpet life.

Utility easement.

The area of the earth that has electric, gas, or telephone lines. These areas may be owned by the homeowner, but the utility company has the legal right to enter the area as necessary to repair or service the lines.

Valuation.

A process the bank uses to confirm the value of your property before proceeding to provide you with funds. The amount the valuation comes back with, will determine how much you can borrow.

Variation.

A written document which modifies the plans and specifications and/or the price of the construction contract.

GLOSSARY OF TERMS

Walkthrough.

An inspection of a home during construction, also to confirm finishes and selections.

WC.

An abbreviation for water closet (toilet).

Waffle pod slab.

A floating reinforced concrete footing and concrete slab system. It consists of a perimeter footing and a series of narrow internal beams or strip footings with one meter centres running each way. The whole system is constructed on top of the ground.



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