

RENOVATIONWORKS

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PLAN

BUILD



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**Insider
Tips to a
Successful
Renovation**

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Introduction

Construction is complex and even more so when blending an old building with a new one.

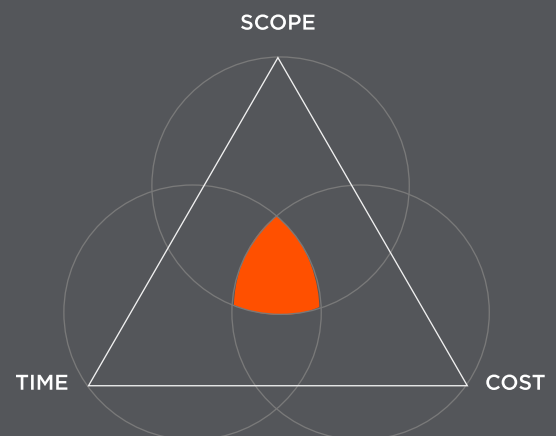
Big dreams for your home need careful planning and management by a qualified team. You are part of that team, in fact, you're the team leader, the sole decision maker.

The purpose of this book is to give you some idea of the road ahead along with some tips and time tested advice on how to keep control & achieve a result you can be proud of.

Keeping Control of Your Project

A project is a planned end result that can only be achieved with focus and careful work over a period of time. In most industries, teams of people are needed to achieve the larger plans of business owners or their clients.

In any industry the three cornerstones of a successful project must be defined and managed. These cornerstones are;



CHANGING ONE OF THESE CORNERSTONES WILL ALWAYS RESULT IN CHANGING THE OTHERS.

Construction projects are no different. Scope and budget are set by the homeowner – the principal of the project. A suitably qualified team is selected by the principal to build to the scope and manage the budget and timeframe. For most people, a major renovation or building a new home is a once in a lifetime undertaking – something you may not have experience in. You will, however, be the principal of the project and make all the key decisions. Therefore, having some of knowledge about the process and choosing the right team to work with, will put you in a good position to proceed confidently and finish up with your dream home – on time and on budget.

How Much Will it Cost?

You know what you want. The big question is – how much will it cost? As what you want becomes more defined – the cost becomes more defined. Initially, you'll start by seeking out a ballpark answer to the cost question.

Some people do this by finding a designer then telling them what they want and how much their budget is. This may seem the right way to start – design does need to happen first. But, does your designer work with actual construction costs?

Describing your ideas and consulting with a building company first is a better way to go. Why? Because building companies work with real costs on a daily basis. They also work with plans and understand the structural elements needed for your ideas and the impact these elements have on cost. An experienced building company would have undertaken a project or two similar to what you are describing and can give you some comparative examples of plans and associated costs.

Talk to a building company first. They work with costs all the time and can answer your cost questions



Take Advantage of a Free Consultation

In addition to getting some direction on costs, there are other benefits to talking to a potential main contractor builder first. Many building companies offer a free initial consultation which is an excellent opportunity to tap into these benefits.

INFORM YOURSELF ON PROCESS

Take the opportunity to meet with the main contractor without making a commitment. This is a cost effective way of educating yourself about the road ahead and potential cost involved. Be aware that some building companies employ sales people to fulfil this function and they may not always be an experienced builder. Try and find a company that provides experienced people with a good strong building background.

ASSESS THEIR COMPATIBILITY WITH YOU

You'll meet the person with whom you may establish a fairly serious and long term contractual relationship. You entrust the main contractor with potentially hundreds of thousands of dollars



PLAN

Choosing a Designer

You will need a number of professionals involved in your team:

- Designer or Architect
- Structural, geo-tech, fire and weather-tightness engineers
- Resource consent consultant
- Quantity Surveyor
- Main Contractor or Builder

and rely on his expertise in managing projects like yours. Good communication is essential to the success of a project. In your meetings you'll be able to assess early on if this is someone you could work with successfully.

FEASIBILITY FEEDBACK ON YOUR IDEAS

You will get feedback from an experienced professional on the feasibility and potential cost of the project. If you meet with two or three companies, you'll see a common theme coming through and begin to feel confident in pursuing your ideas.

REFERRALS FOR GOOD DESIGNERS

The company you feel comfortable working with will provide you with referrals for good designers. Some companies say they do drawings in-house. This is usually a white label arrangement with a contract designer. There is a high level of responsibility and potential liability for designers and builders, so having separate agreements with each helps maintain clear responsibility so any issues can be cleared up quickly.



Each of these rely on the work of the previous professional in the flow of tasks. If you unknowingly engage a designer who draws inadequate plans, it could add thousands in unexpected costs and time delays during construction.

A comprehensive set of working drawings is one of the best investments you can make. Good plans provide clarity and certainty to your whole team and help protect you from the risk of time and budget blowout. When it comes to design the quote by author Kurt Vonnegut Jr. "In this world, you get what you pay for." Applies

IF YOU UNKNOWINGLY ENGAGE A DESIGNER WHO DRAWS INADEQUATE PLANS, IT COULD ADD THOUSANDS IN UNEXPECTED COSTS AND TIME DELAYS DURING CONSTRUCTION.



Now you'll be asking –

"How on earth do I know a good designer when I see one?" Easy. Ask your building company for a referral.

Larger building companies will have formed good working relationships with several design companies. They know how to work together and usually attend meetings together in the early stages of design. This means you'll be getting feasibility and cost feedback right up front.



When to Use an Architect

An architect is qualified to design and oversee the construction of a project. He can take the place of both designer and project manager. When you use an architect you will get a quality set of plans which include a high level of detailed drawings on construction and special design features. Interior design will also be considered and documented in his service to you. An architect can gather and compare quotes for you and help you select a builder. Your project will be put out to tender to the builders the architect works with regularly. Once construction starts the architect will monitor the builders' progress claims and assess any variation claims before he approves payment. Working with an Architect means you'll have a single point of contact – the architect

If you have the budget for it, you should consider using an architect for residential renovation design for one of two reasons:-

YOU WANT SPECIALIST INPUT FOR YOUR DESIGN.

Maybe you have a site with particularly challenging features, or perhaps you want to experiment with cutting edge building techniques. Villa restorations or the conversion of commercial buildings are also good reasons to use an architect's creative flair and area expertise

YOU DON'T WANT TO BE CLOSELY INVOLVED IN THE PROJECT DURING CONSTRUCTION.

With all the planning done and a good relationship formed with your architect, you can quite easily sit back and let your architect oversee construction, with little or no demand on you except to make claim payments as approved by your architect.



Planning Stages and Your Input

Your approach to planning can save you thousands during construction - if you take the time to do it right. As your project progresses through design and construction stages the cost of change escalates from under a few \$100 to potentially thousands plus time delays.

● **STAGE ONE: CONCEPT DRAWINGS**

Concept drawings are a work in progress and will be revisited several times. As a result of your on-site meeting with the builder and designer you will be presented with the first concept - a floor plan, some elevations and perhaps 3-D depictions if you've requested them. This is where you want to take your time. Make all the changes you want while it's economical.

Think about the spaces drawn and how you'll live in them. Do room sizes need to be changed? Maybe a north facing window should become a bi-fold or a window facing south changed to a feature sky-light. Getting feedback from friends and family can be helpful, since they are looking at the design with fresh eyes and from another perspective. However this can very easily expand your budget if not kept under control.



Some costing information here is essential for good decision making. Although these drawings do not contain construction detail, an experienced building company will be able to give you an estimated construction cost – making assumptions based on their experience in previous similar projects and knowledge of the building code.

Now is also a good time to have the new design valued by a registered property valuer, and start the process of arranging finance with your bank or mortgage broker if required.

● **STAGE TWO: WORKING DRAWINGS**

The working drawings, sometimes called the developed design or construction drawings, are the set of plans that are submitted to council for building consent along with other documentation. They must show how the new building will meet the NZ Building Code and how it complies with council rules. When you are happy with the concept drawings, your designer will start on the working drawings. This may involve several other professionals – various engineers and maybe a surveyor if your design pushes the building envelope. And it can take several weeks before they are complete – a month or more depending on the extent of your design. Expect to hear little from your designer during this time as he already has most of the information he needs from you.

● **FINISHING SPECIFICATION**

Now you've settled the big picture – the layout of the new house – move straight into detailing the finishing standard of each room included in the project. This won't be needed until later during construction, but deciding these details early will achieve two things:



→ **DETAILING FOR ACCURATE PRICING.**

If you do not have a finishing specification, your main contractor will make an allowance for things like kitchen design, bathroom furniture or tiles. These figures aren't related to any product but are just an allowance for what you could expect to spend.

But what if you select a high end kitchen design – soft close drawers, stone benchtops, thermal wrap or ply panelling? Maybe you were planning a unique mosaic tile detail in the bathroom, or a one-off stand-alone bath. Wouldn't you like to know the actual cost of these items now - while there's no pressure to make a decision?

Remember, the more detail you provide for pricing the more accurate your cost information will be. Your main contractor can provide a specification schedule for you to work on.

→ **PLENTY OF TIME TO CHANGE YOUR FINISHING IDEAS**

Once construction starts every decision is under time pressure. Most items and trades have a lead in booking time, so decisions must be made well before items are due to be installed.

Changes can always be made – even at the last minute. It's good to remember that the further along you are in your project timeline the more expensive it is to make a change. And a late change will lead to not only more expense but potentially weeks of delay if re-booking of trades or rescheduling of council inspections is involved. The finish is what you'll be living with, so it's important to have clarity on price, and time to explore your options. Start working on your finishing specification as soon as you've signed off on your concept plans.

What You Should Look For in a Main Contractor

If you have involved a main contractor during the design process you will have already gone a long way toward building a good working relationship. Being able to communicate well and work out issues objectively is essential to making the renovation an enjoyable experience. If you have waited to have your plans completed before engaging with a main contractor there are a few things you can look for to assess their suitability for your project. Experience with your type of project – particularly important if your design is complex.

Cost breakdown in the pricing so you can identify where savings might be made. Licensed Building Practitioner – can do restricted building work and a member of a professional body. Track record of completing projects – ask if you can call a few of the company's previous clients. Necessary in-house systems to keep track of cost vs. budget, any variations, and good scheduling.



Understanding Your Quote

If you're calling for quotes you've come a long way –

- **YOU'VE WORKED THROUGH ALL THE DESIGN DECISIONS.**
- **YOU WOULD HAVE HAD YOUR PROPOSED PROJECT VALUED.**
- **YOU WILL HAVE COMPLETED THE FINISHING SCHEDULE.**
- **YOUR BUILDING CONSENT WILL HAVE BEEN SUBMITTED OR EVEN GRANTED**

And by this stage you'll already have a good idea of costs. You should have had at least one cost estimate from your main contractor – potentially two. The quote will follow the same format as these estimates but many of the figures could become fixed prices. The contractors' written quote will form part of the construction agreement so it is an important document to understand. Here's some things to look out for.

PROVISIONAL SUM OR ALLOWANCE

It is common in renovation work to see some items in a quote tagged with the words 'Provisional Sum' or 'Allowance'. The figures for these items are uncertain and can be anything from an educated guess right through to being measured and calculated but still uncertain. Ask the contractor about these. He should be able to explain clearly why these figures are allowances and be able to recommend a good level of contingency budget for this item.

PRIME COST

'Prime Cost' is a term used to describe a figure that could be spent on an item but may change if the client makes another choice. It is usually a sum based on supplier quotes for specific items. An Architect will often include prime costs on the tender documents he sends to builders so there will be some uniformity between the quotes.

As principal of the project, you could also use this strategy. For example, if you are using your own kitchen designer you will already have the cost for the kitchen based on your design. This is your prime cost – an amount you will actually spend. You already know it so the builder does not need to make an allowance for it in his quote.

EXCLUSIONS

Look for exclusions or items not on the quote. It is common for builders to exclude certain items that are not on the plan or in your specification. These are usually things you could get yourself such as carpet or window treatments. You will need to budget for these, so getting some idea of cost would be helpful.

SPECIAL CLAUSES

Take note of any special clauses. These are usually a summary of important parts of the construction agreement but may also tag out the unexpected – things like the removal of asbestos, working with unfavourable soil conditions or rock, meeting any conditions of building consent introduced by council during the consent process.



Types of Construction Agreements

It's a smart move to take a good look at the Construction Agreement or run it by your lawyer. Most building companies are members of professional bodies and use standardized agreements produced by them. Most people expect that the quote is a fixed price as it would be for construction of a new home, however there are other types of agreements which work better for renovations.

The Fixed Price Myth

Your bank may feel more comfortable with a construction agreement which has the title 'fixed price'. But as you read through the clauses you'll note there are circumstances under which the price can change.

INDUSTRY PRICES CHANGE DURING CONSTRUCTION. SURELY AND STEADILY, CONSTRUCTION PRICES GO UP. MOST SUPPLIERS AND TRADES WILL ABSORB INCREASES ON QUOTES THEY'VE PUT OUT. OCCASIONALLY THESE INCREASES MUST BE PASSED ON TO THE CLIENT.

THE MAIN CONTRACTORS QUOTE ATTACHED TO YOUR AGREEMENT HAS AN EXPIRY DATE THIS IS BECAUSE THE SUB-CONTRACTORS AND SUPPLIERS HE ENGAGES ALL HAVE EXPIRY DATES ON THEIR QUOTES. A RE-QUOTE IS REQUESTED BEFORE THE CONTRACTOR IS BOOKED FOR YOUR PROJECT. HIS QUOTE WILL USUALLY REMAIN THE SAME IF IT IS WITHIN 3 MONTHS OF THE FIRST QUOTE.

THERE ARE CHANGES MADE DURING CONSTRUCTION. THESE CAN BE UNFORESEEN OR CLIENT INITIATED. POTENTIALLY THESE ADDITIONAL COSTS CAN BE QUITE HEFTY. LATE OR UNEXPECTED CHANGES HAVE A RIPPLE OUT EFFECT ON THE PLANNING OF THE ENTIRE PROJECT.



Cost + Margin Agreement – Open Book

For large renovation work, Cost + Margin Agreements are becoming a popular alternative to a Fixed Price Agreement. Cost + Margin Agreements are an open book approach – you get to see the actual costs for your project and an agreed builders' margin is added to these.

Many homeowners prefer this approach for several reasons:

- They understand how costs are being managed and their dollars are being spent
- They can appreciate where savings are being made
- They can have direct involvement in how best to manage the unexpected
- They appreciate the opportunity to have multiple quotes from sub-trades and getting the best price
- It provides a foundation for an honest relationship with the main contractor
The initial pricing and quoting is presented at the same level of detail as for a fixed price agreement except that you are working with actual costs, with the builders' margin as a separate item.



Why Renovation Budgets Blow

Sometimes as the building comes together you see things you couldn't before and you need to make a 'now or never' change. And sometimes the structure of the old building is insufficient and changes need to be made. The key to managing these events is to be prepared—allow a contingency.

UNEXPECTED REBUILD ON EXISTING HOME

If the existing building is not constructed as expected or it is found to be at an insufficient standard, some extent of rebuilding will be necessary. Examples of this include floors out of level, failure or ageing of the original structure (sagging beams), uncovering previous alterations that don't comply, or unstable soil conditions.

MAKING CHANGES DURING CONSTRUCTION

Most home owners make changes. Sometimes few and simple (changing paint colour or tile selection). Sometimes many and complex – any change requiring redraw of plans requiring minor variation council approval. Plan changes during construction can become very costly.

POORLY DETAILED WORKING DRAWINGS

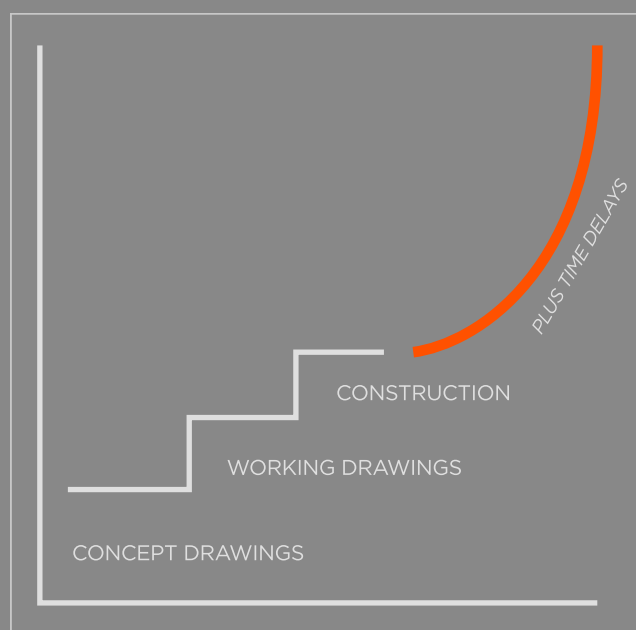
Working drawings will be used by your builder for pricing and on site for building. Plans that achieve building consent may not necessarily be detailed enough for construction which can cause all sorts of issues during the build. It is crucial you choose a designer with a reputation for drawing detailed plans. It is far more cost effective to pay a little more for a good designer at the beginning than it is to fix problems during construction.

Owner initiated changes during construction is the main cause of budget and time blow outs. Once construction starts the project is under time pressure and must keep momentum. Materials are ordered, trades are booked, and cost is incurred.



Amendments to the plan essentially stop the project. If not a cold stop then a definite slow down. And in the meantime, while waiting for council approval, costs are still incurred – scaffold and safety equipment is in place on weekly hire rates, and trades booked need to be cancelled and rescheduled.

This is all added stress to the homeowner, but if you have prepared for these situations by building a contingency into your budget, you will be more likely to remain in control and keep a good head space for rational decision making.



The Renovation Rollercoaster

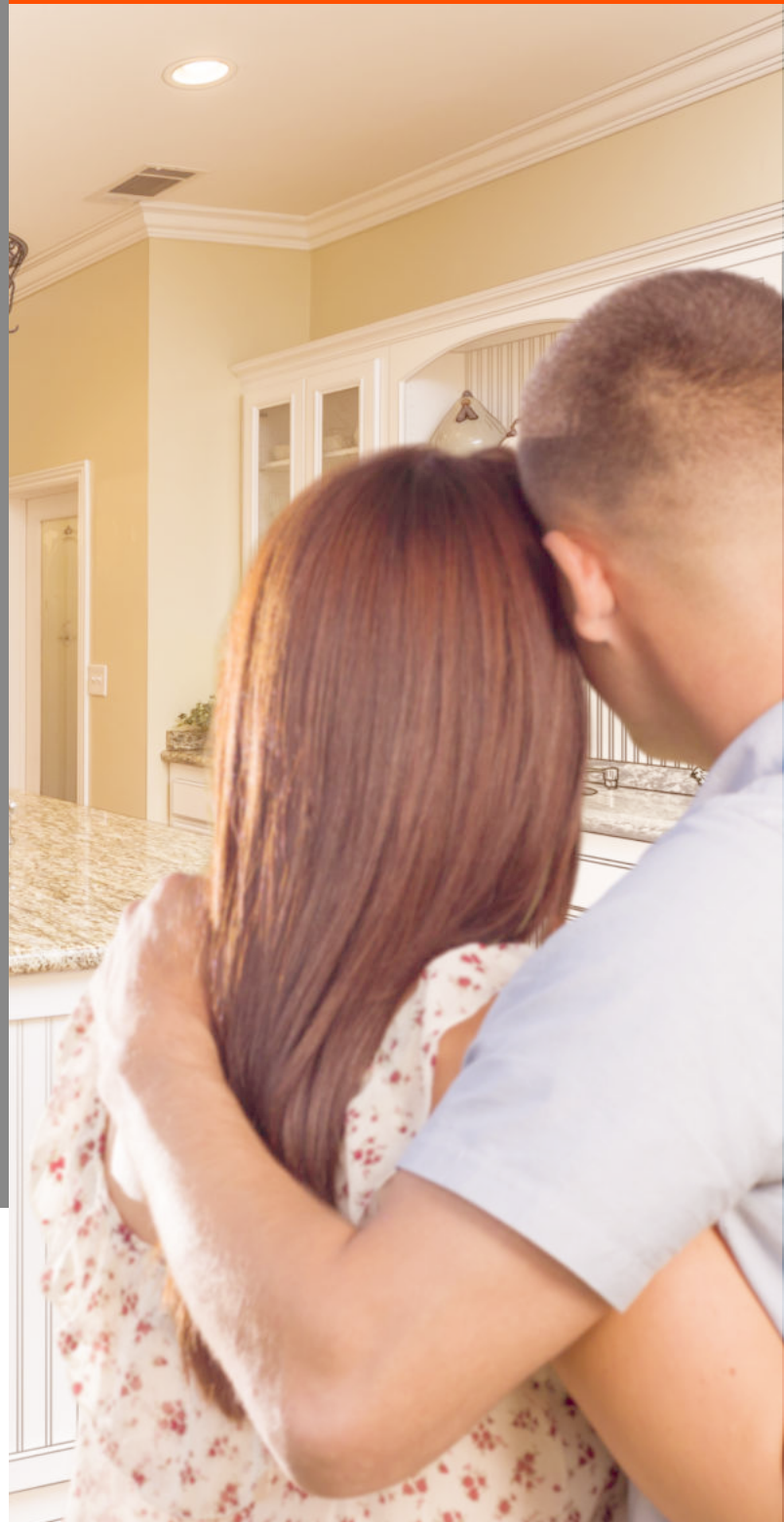
Stress and possible emotional costs of renovating cannot be overlooked, especially if you have decided to stay in the house during renovation. Living on a building site is not easy, by any stretch of the imagination. Every day you'll have strangers turning up at your place - early. It will be noisy, there will be mess, and there will be dust. You will get to the point of being over it well before the end is in sight.

Moving out to live with family or into a rented property may be a better option but has its own stress. Paying a mortgage and rent needs to be feasible. Living with family also needs to be feasible.

However you approach it, maintaining a robust mind-set and keeping your eye on the end goal will be essential for overcoming the characteristic stresses associated with renovating. Getting advice, asking questions and choosing the right team will keep you in control and deliver a result you can be proud of.

The words of Alvan Toffer neatly sum up the renovation journey:-

"You've got to think about the big things while you're doing the small things, so that all the small things go in the right direction."





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