



Aspect Architecture.

Budgeting Guide

How to keep your building project under budget



Most clients who come to see me have the same question uppermost in their mind -

“How much will the project cost?”

With careful planning and using the correct process, keeping within budget can be straight forward...

Knowing your spending limits and developing a building budget will go a long way towards keeping you out of financial trouble on your project.

Construction projects can be complex, and keeping them on scope and budget even more challenging. Processes need to be mapped out, expectations set, and target dates adhered to, which ultimately makes for a successful project. Every little detail counts—from what materials you plan to use to where you will be building.

You will need a design budget as well as a building budget—you need to ensure that you have accounted for all the different consultants you will need—this may include costs for Surveying, Architecture, Interior Design, Landscaping, Engineering, Septic Design and Quantity Surveying.

At Aspect we can help you put together your budget. We can give you some indicative prices and estimate the square metre rate as a starting point.

Just remember when putting your budget together—its better to be conservative than optimistic. Your design professionals and builders are there to guide you so don't be afraid of letting them know what your budgetary constraints are.



Choosing the Right Team

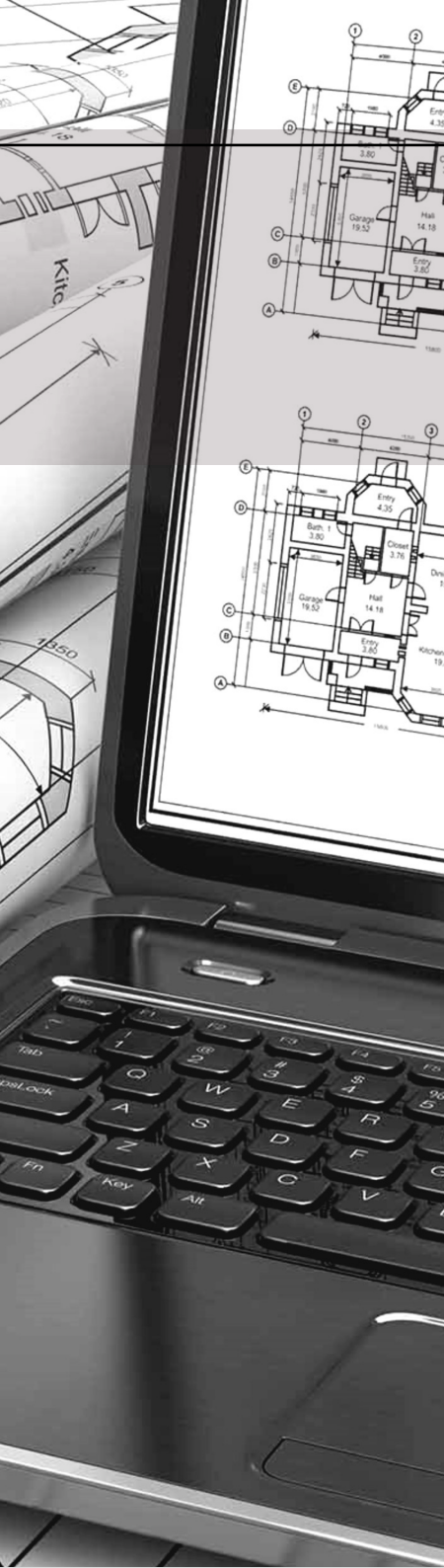


The most important part of ensuring that a project is kept on scope and on budget is having the right team in place. Your design team needs to have the right technical skill set as well as the ability to collaborate well and meet tight deadlines, so there's no oversight.

The size and complexity of the project will determine the number and type of professionals that need to be involved. For a larger project you may need to hire consultants such as landscape architects, surveyors or engineers. A team of consultants require a lot of management which is usually provided by the design team leader (usually your design professional).

Keep your team working for you until construction is complete. Confirmation is often needed from the project designer to be sure that the detailed aspects are properly understood by the builder and are included in the construction program. This can be the best guarantee – for both owner and the contractor – that the process will move smoothly, which saves money for both sides. Your design professional will stay ahead of potential problems and can find solutions early in the process, which avoids costly oversights.





Bringing a building firm or quantity surveyor into the process right from the start provides cost certainty and ensures everyone is on the same team working towards the same outcome.

Once the concept design is complete we undertake cost estimating.

Undertaking pricing at this early stage saves time and money. It is a lot cheaper to make any necessary changes early on in the design process than after consent is granted. There are two options for pricing during the design phase:

1. Early Contractor Involvement:

Bringing in a contractor for pre-construction services during the design phase is helpful for getting detailed cost estimates along the way to ensure your design ideas won't exceed your budget.

A contractor has the most up to date information about pricing and the market and can usually provide a price that has a small margin of error.

Typically the owner hires the contractor but a good design professional should be able to help you choose the best contractor for your project. An experienced architect /designer will have a list of contractors they have worked with and would recommend.

2. A Quantity Surveyor

A quantity surveyor's role is to figure out just what a construction project is going to cost. They have other roles too, especially making sure that construction costs and production are managed as efficiently as possible.

Quantity surveyors prepare a 'cost estimate' which is an estimate of the material and labour costs. This schedule will break down the elements of the build so that you can understand how the total cost is made up. It helps us to make decisions about what to change if the project is running over budget.

Getting a QS involved in the project during the design phase is a good idea if you want to take your project to tender rather than commit to a builder early on in the project.



Make the Decisions Early

Spending a little more upfront on design will save you money in the long run. It is a good idea to include everything you want in your house in the plans—if say the bathroom fittings and door handles are not included in the plans you could be in for a nasty surprise further down the track.

Work with your designer or architect to develop a good brief. Taking the time to put together the right plan is essential to avoid “scope creep” which occurs when a project is not properly defined, documented, or controlled.

At Aspect we have a guide to help you zero in on your requirements and put together your brief. Once you have your brief agreed this forms the basis of the design work undertaken by your design team.

Making changes after building has begun is expensive and can cause delays – changes to the consent documentation are expensive and can lead to mistakes when some sub-contractors may be working off outdated plans. If you have a good team they will work together throughout the design phase to ensure there are no clashes or problems that may arise during construction.

For a contractor to provide a competitive tender price they need assurance that the design has been thought through in advance and that the construction will be able to run smoothly. Contractors do not want to have to pinpoint problems and to try to solve them on site in a last minute conversation with the owner. If the designer is not around who can they ask about the design intent? It is easy to lose sight of the overall picture when the contractor is demanding an answer ASAP.





Include a Contingency

A contingency and a fixed price contract are other essentials for cost certainty. A building contract should include all the sub-contractors prices as well as the fittings they will be installing. A contingency is usually worked out as a percentage of the total cost – a 10% contingency is a safe way of ensuring you have accounted for unexpected costs or items that you want to add to the project during construction.

Sign a fixed price contract

Your builder is a crucial partner – you need a good one whom you can trust. Your builder needs to be a Licensed Building Practitioner (LBP) as he is going to sign off the work on your job. Your tradespeople also need to have the correct license/ qualifications for the job they are doing.

You need a contract with your builder—it's a legal requirement for projects over \$30,000.

Whether you are going to a tender or directly to your preferred contractor it is important to ensure that you have the total price of the construction works and that it is a fixed price.

Ask your architecture firm to supply the contract for the building works—these contracts will be New Zealand Standard contracts and will not favour either party in the way that some builder supplied contracts might.





Some clients only want to engage us for the design services only to save money. This can often lead to problems with construction management that end up costing the client a lot more.

It is a good idea to keep your architecture firm involved – they will stay on top of what's going on and to ensure your construction runs smoothly. They will help you set up and manage your contract, manage changes to the design, your health & safety plan and council compliance. They will check that the builder is following the plans and all materials used are the ones specified and are installed correctly.

If we are engaged for services during the construction stage then we will administer the contract, ensuring that:

- the builder's cost claims are checked and approved,
- provisional sums are correctly accounted for,
- work is proceeding according to the drawings, specification and the agreed timetable,
- clarification is provided when the contractor requires it,
- more information is provided when the contractor requires it, and
- the design intent is followed.

If there is a dispute between builder and owner then we can assess the differing claims according to the contract. If there is a dispute when we are not engaged for services during the construction stage, the dispute can delay work for weeks or months while resolution is sought – who wins, and at what cost? Weeks of delay can certainly cost as much as the our fee for the stage, to say nothing of the stress.

There are often variations and changes to the plans during construction. These variations can get confusing if the communications are not formally recorded. In our experience, all good contractors are happy to have us available to answer questions, and as a single point of contact for instructions – a good team gets a great result.

Clients who agree to have us continue the architectural services during the construction phase sleep better!



Aspect Architecture.

Getting started with your project and have a lot of questions?
Book in to meet with Victoria to understand more about the building process and the feasibility of your ideas.

Visit www.aspectarch.nz to book in your studio visit.

Our Studio Visit helps you understand our services and the type of work we can do for you.

It gives you an initial insight in to what is required to plan and build your dream project.