

Buying an old house to demolish & re-build?

# A GUIDE TO THE BUILDING PROCESS



wilson+hart  
BUILD WITH CONFIDENCE



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Talk to Wilson+Hart about any questions you have.

**08 9349 1199**

## **You've chosen a block and decided to build. You might even need to demolish an existing house. How does it all work?**

This Wilson+Hart e-book walks you through the process of building and gives you access to the tools that can help you answer the questions you have and understand the process of designing, getting approvals for and building a new home.

There's even a chapter for 1<sup>st</sup> time developers wanting to put town-houses, strata units or small apartments on the block.

What to look for in the block; when it comes to the block itself, download Wilson+Hart's ["12 Things you need to know when buying a block to build on"](#) which talks about the issues that might exist on some blocks and what you may need to consider.

Wilson+Hart have been building new homes in Perth for well over 30 years. Most of our homes are designed specifically for the owner's requirements and for the blocks they have bought. Many are in established areas, where the owners either want to stay or they want to move to so they can be close to schools, transport and work.



**Our guide describes the process of building a new home and getting to the point where work has started on site.**

**The simple process is;**

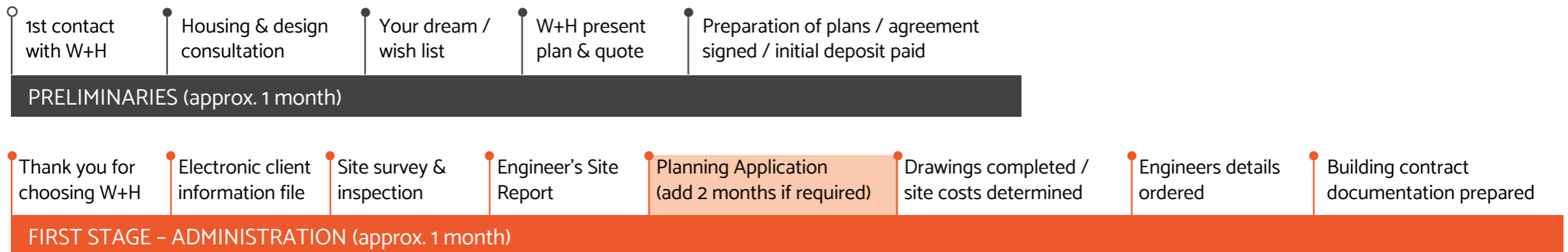
- 1. Survey**
- 2. Design**
  - What is allowable?
  - What is possible on my budget?
  - What do I actually want?
- 3. Quoted Design**
  - Possible Planning Application
  - Planning application approved  
(referred to a DA – Development Approval)
- 4. Documentation**
- 5. Building Permit application**
- 6. Start on site**
- 7. Build to finish**

## Another way to look at it is on a timeline.

In this e-book we look at the first two stages of the build timeline which you can see below. A copy of our full timeline is available to view or download [here](#).

If you've already purchased the block, you can now consider what could go on there. The first step is then to get a survey of the block.

If you're still looking at the block and considering a purchase, it's now worth considering the design implications and what could be built. We'll go through a few of those steps next.



BUILD TIMELINE | DESIGN



## 1. DESIGN

At Wilson+Hart we have plenty of experience working with our clients on designs to fit blocks and budgets. Our process is designed about getting the home that YOU want.

Our range of two storey home designs and single storey home designs can provide an easy solution for a block or we can design something specific based on your circumstances, for your block and budget.

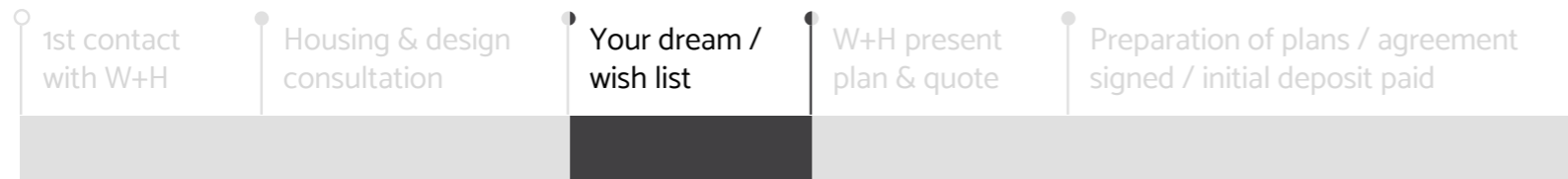
### What is allowable?

The first part of any design feasibility is to understand what is possible on the lot. This is normally centered around the size, the Zoning, relevant local authority town planning schemes, development policies or developer covenants.

A general understanding of these can be sought from; the local council for zoning and relevant town planning schemes; your land purchase documents for developer policies and covenants.

Together, this information frames what is possible on the lot for the designer. This is especially important on narrow lots or when considering putting multiple dwellings on the block.

BUILD TIMELINE | DESIGN



## What is possible on my budget?

It's important to consider how much you're wanting to spend before you making any decisions on building.

How much you want to spend is made up of several factors;

- Your own financial position.
- How much you paid for the block.
- What established homes are selling for in the area.
- Understanding what is in the house price the builder gives you.

As a rough guide, we see that home owners are spending about 60-90% of what they paid for the block when building. They then spend 10-15% of the build price to complete the home. This can be more if a pool or specific expensive finishes are used.

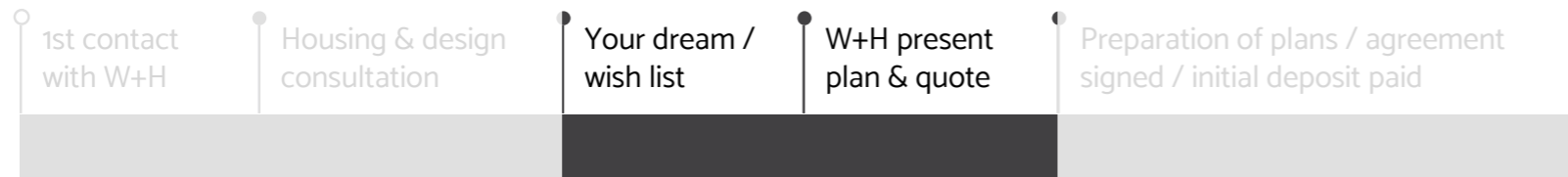
So for example, let's just say the block was \$600,000. We'd normally see an owner wanting to spend \$360,000 to \$540,000 on the build with another say \$36,000 to \$81,000 to complete the whole home.

This would cover items that the builder typically wouldn't include like;

- Living area floors
- Air conditioning
- Carpets
- Curtains and blinds
- Internal painting to walls
- Landscaping

Wilson+Hart have a New Home Budget planner that can help better understand the costs of building. It's available for download [here](#).

BUILD TIMELINE | DESIGN



## What is the established market worth?

If we use the above example of the block being \$600,000 and the home anywhere between \$360,000 and \$540,000 plus finishing of \$36,000 to \$81,000 then it adds up to a total around \$960,000 to \$1.21M.

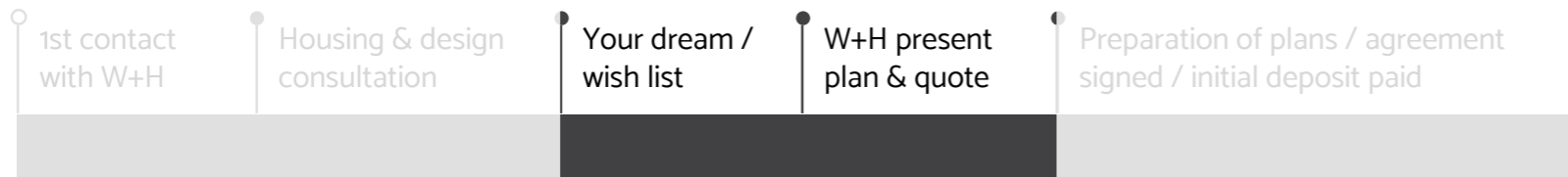
So how does that figure compare to the rest of the suburb? It's great if homes are selling all above \$1M and up to maybe \$1.5M. If the highest price home in the suburb is \$800,000 then you run the risk of overcapitalising your block.

There are really only 3 ways to deal with this; Get the block for a lower price, reduce the expectations of the build or delay or don't include some of those extra finishing items.

If the price is about the same or even if it's a little above the established house price then so long as the whole combination meets the banks valuation process, the consideration that you're getting a new home, designed for you and your block is worth a premium to something older, probably less energy efficient and designed for others.



BUILD TIMELINE | DESIGN



## What do you want in the home?

This is the big question. We've created a design brief that prompts you for some of the rooms and styles that you might consider. At Wilson+Hart, we do all the design work, we just need your input to start and we take it from there. Our design brief is available for free [here](#).

The way we suggest to start is to list all the things you actually NEED; this might be 3 bedrooms, double lockup garage with a store. Has to be two storey. Then list all the things you'd really like, these might be a scullery, a study or theatre, a rear alfresco the full width of the home.

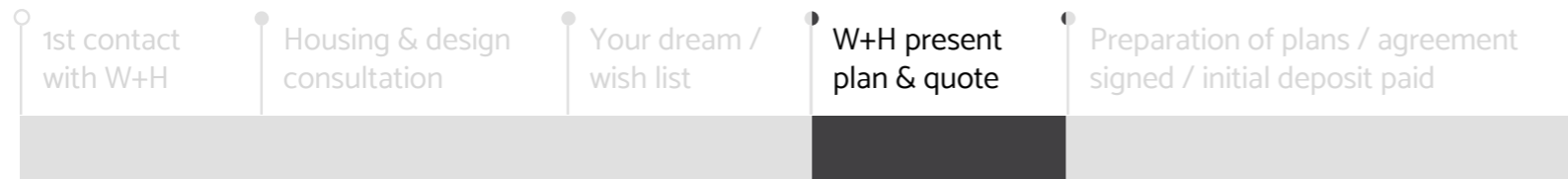
We hear a lot of clients talk about what they should have for re-sale. That is fine if you are planning on selling the home

straight away or in the very near future. If you are planning on living in the home, it's about what you want. What you need plus allowing some room for growth.

Guessing what you think the market might want overlooks that there will be people just like you who what just what you are thinking about and the more you put in the home, the more it will cost and the more likelihood that you or the buyer in the resale market can't afford it. Bigger isn't always better.

By running through our design brief, you'll soon get a clear picture of what's important to you.

BUILD TIMELINE | W&H QUOTING



## 2. OUR DESIGN QUOTING

It's very important that we understand the budget and inclusions we are looking for. There is no point us putting a great plan together for you and your block, only to find out that it's 20% more than you wanted to spend.

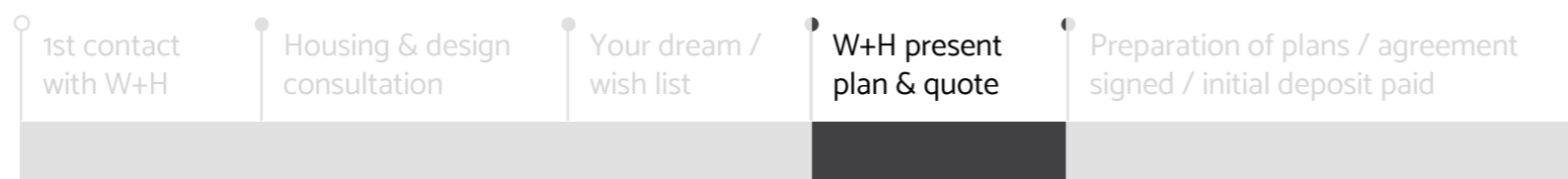
Homes 20% over budget don't get built. The problem is that you'll have seen a great design and then to go to a design that doesn't have all those inclusions and design features is a sense of "what could have been".

Wilson+Hart put as much information into the quote as we can.

Typically it's 5-6 pages. It details what we've allowed for and what specification and inclusions there are. This goes right down to what taps and door handles.

Of course every thing can be changed but that this point you now know if you are within your budget.

## BUILD TIMELINE | W&amp;H QUOTING



## Design & feasibility of multi-unit projects

Multi unit investment projects require an extra level of investigation. Taking note of costs of building, land value and the established market is critical to making the most out of the investment.

At Wilson+Hart we've helped investors from first timers through to experienced developers make decisions to ensure their projects are viable. We've also had the odd one where we've said "Just can't see it stacking up".

The first question that you need to ask yourself is how much do you need to make to ask this worthwhile. Typically you need to set a % return that makes your decision viable. If you are seeking to own one of the dwellings at the end, that needs to be factored in too. Like with the rest of this guide, understanding what can be built on the site is critical to understanding the project's potential.

Wilson+Hart have a feasibility calculator that takes into account all the factors you'd need to assess a project's feasibility. We normally sit down with you to review a potential project and at the end of our meeting have a feasibility worksheet you can take off to your accountant and bank for validation.

### Our project assessment takes into account;

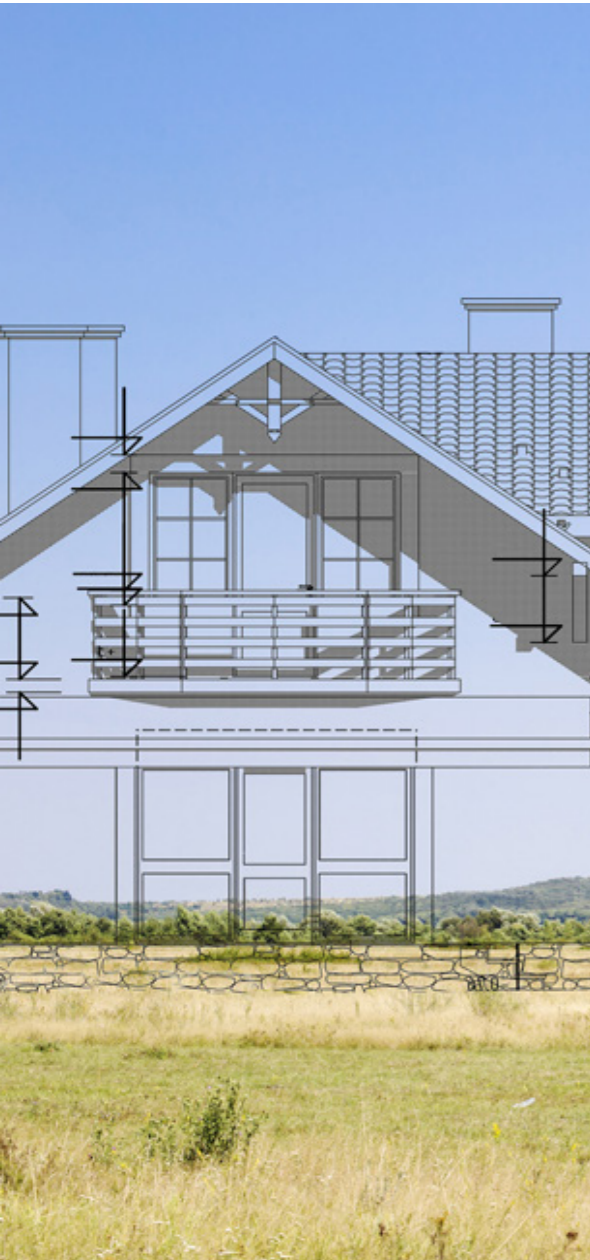
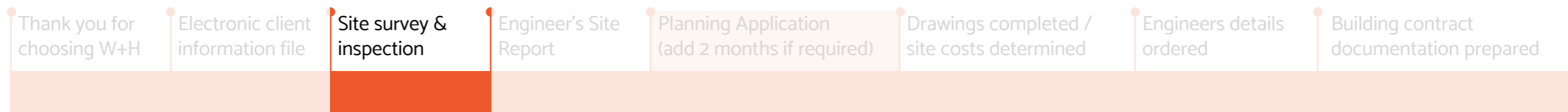
- Land Cost (or in event of previously held, the mortgage or sale value)
- Stamp duty
- Cost of development (including site costs and provisions)
- Extra costs to completion if owners doing their own works
- Planning Fees
- Headworks
- Strata Fees

- Land Holding costs
- Construction funding costs
- Land Taxes
- Potential selling prices
- Real estate selling fees
- Estimate on margin scheme tax

What you are left with is a development feasibility that shows what the likely end result is after all costs are taken into account. By taking this to your accountant or advisor they can determine with you if this fits your own financial requirements.

If you'd like to meet with Wilson+Hart to discuss a development feasibility, please give us a call on **9349-1199** or use the contact us form at the end of this e-book.

BUILD TIMELINE | SURVEY



### 3. SURVEY & SITE INSPECTION

A builder will typically need a contour survey to confirm the design requirements. This will allow the builder to know what the exact dimensions of the block and also the changes in levels on the block.

The levels are very important as it affects a whole host of things, some of which can be expensive. Again see our previous e-book, “[12 Things you need to know when buying a block to build on.](#)”

It is best for a builder to order the survey as they can request particular pieces of information and also

get the electronic files compatible with their own CAD systems, for instance in older suburbs, fences can sometimes be not exactly on the boundary. The builder will have to ask for a specific type of survey to address this.

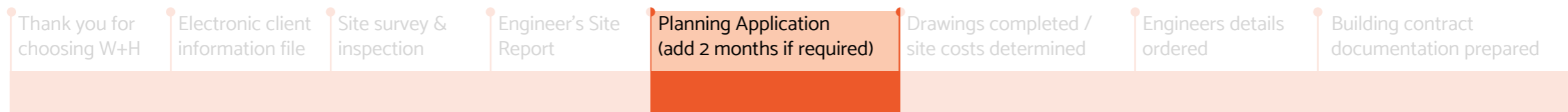
Depending on the block and survey firm, the survey will take about a week. Ones with older, established homes could take longer.

When asking a builder for a survey, the cost will range from about \$500 for a straight forward vacant flat block through to \$2000 for a complex block in an established suburb with an existing house, garden, pool etc.

The good news is if you get a survey in the right format, or from the right firm, it'll be transferable and able to be used by many builders.

If you'd like more information on getting a survey or would like us to organise one for you, please give us a call on **9349-1199** or use the contact us form at the end of this e-book.

BUILD TIMELINE | PLANNING



## 4. PLANNING OR NO PLANNING

Now that you've determined what you want to build on the block and you have a quote. The process now moves from the builder and into the approvals process.

At this stage, you've decided the initial design is close enough and the budget is acceptable so it's decision time as the builder, in order to prepare all the information required is likely to take a fee of anywhere up to 3% of the project at this point. This will typically include the fee for lodgment with council if planning is required which in itself is 0.32% of the project.

It's important to note that the owners can do their own planning application or the builder can lodge on their behalf. This is different to a building permit which happens later. Only the builder can lodge that the building permit.

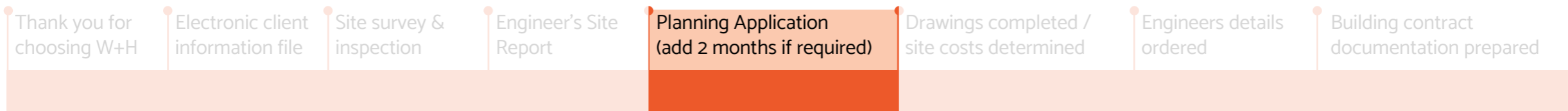
If the home or project has to go to the local council's planning department it can impact the timeline significantly. This is the uncertainty factor. Does the project have to go to planning?

Even the most straightforward planning application is likely to add six weeks at best to the timeline.

In many cases, dependant in which council, this could easily run to 6 months and for the occasional project 9-12 months.

The cost to the owners of holding the block for that period of time is significant. Many will choose to keep the property as a rental to mitigate those costs. At Wilson+Hart, our advanced **timeline process** alerts us to the ideal time to start the demolition process if there is an established house on the block.

BUILD TIMELINE | PLANNING



For this reason, designing a project where possible so that it doesn't have to go to planning reduced the holding cost to the owner. In principle, it's our experience that if the project does have to go to planning, the existing home shouldn't be demolished until a project has planning approval if required.

### So how do you know if your project will have to go to planning?

For single homes;

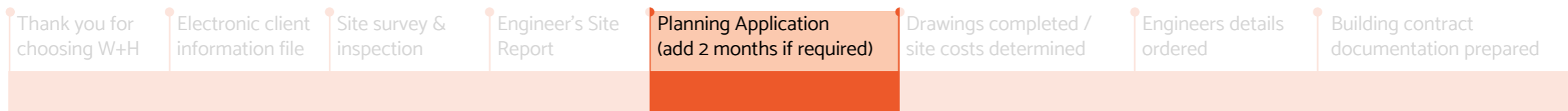
- In general, a single home on a green title block shouldn't have to go to planning.
- If the design doesn't meet the requirements of the design codes

or the local council's town planning scheme then it is likely it will have to go to planning.

- Some of the reasons for not meeting the design requirements are;
  - Changes to heights of the natural ground level and retaining walls over 500mm
  - Overlooking into neighbours property
  - Reduced front setbacks.
  - Walls being placed on boundaries

For multi dwelling / strata type projects, it's safer to assume they will go to planning as a whole host of other planning requirements apply.

BUILD TIMELINE | PLANNING



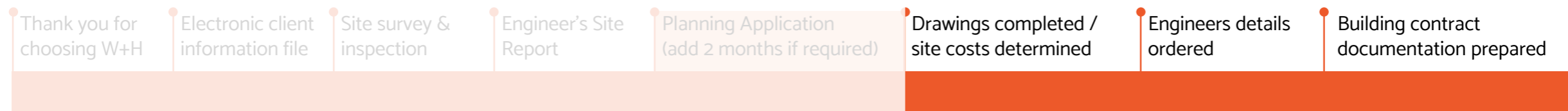
## DA – Development Approval

Once you've received your development approval, it's important to read any conditions as some of these may need to be included on the builder's building permit application. If the builder has made the application then they will document the conditions and advise if they are required prior to construction or afterwards.

### These conditions may include;

- Landscaping plans
- An approved colour scheme of the external part of the home.
- Privacy screening
- Air-conditioning screening
- Noise assessment
- Soil and drainage engineering

## BUILD TIMELINE | DOCUMENTATION &amp; SELECTIONS



## 5. DOCUMENTATION & SELECTIONS

All new homes, planning approval or not get to the juncture where documentation now has to be created to engineer and specify the home.

### This covers several areas;

- Working (technical) drawings for engineering, building permit and selections
- Addenda and plans to refine client selections
- Documentation for the contract

The builder manages the documentation required for the building application and contract and it covers multiple documents.

Also during this stage the builder and client confirm the selections. Some builders call this prestart. At Wilson+Hart, we have a

professional interior decorator that can assist owners in creating their own style. It can be as individual as you like but if you are wanting to be conservative, there's still value in having the professional input into getting colours and final designs of rooms like the kitchen correct.

### This client specification component covers;

- Colour selections to the kitchens and bathrooms

There are also the builder electrical meeting where you can add or move any of the electrical components. You can choose to have the builder install final light fittings. Plus the builder will be able to talk you through the best way to configure light points, audio and computer cabling.

### Untimely, there are 3 outputs of this process;

1. A certified building permit ready for council application
2. A building contract that can also be used for the finance approval through a bank
3. A set of final plans and addenda confirming selections prior to site start.





## Glossary of the helpful home building resources referenced in this e-book



[eBook – 12 things to consider when buying a block to build on.](#)



[New Home Budget Planner](#)



[New Home Indicative Timeline](#)



[New Home Individual Design Questionnaire](#)

# Get in contact with Wilson+Hart

Feel free to contact Wilson+Hart and let's see if we can help you get the home YOU want.

**E: [sales@wilsonandhart.com.au](mailto:sales@wilsonandhart.com.au)**

**P: 08 9349 1199**

DISCLAIMER: This e-book is for general use only and not intended as specific advice for any prospective property decision. Always discuss specific issues with suitable professionals before committing to any decision.