

THE BUDGET

Your budget and your design aspirations are two different things. The budget is arrived at by considering your current and future financial situation, your views on property value or capital investment. It is important to figure these things out before you speak to your designer and be clear on your financial situation. It is also important to realise that your design aspirations are distinct from these considerations. They are what, ideally, you hope to gain. However the financial and the design aspects of the project must be made compatible.

Your Architect or Designer will guide you in finding a scope of work and project size that will suit your budget and maximise the value of the investment you are making. Working through a concept design or feasibility stage forms a clear project scope to obtain a preliminary costing from a qualified Quantity Surveyor. This will allow you to see how the budget and the design brief align. Armed with this data, informed decisions about scope and budget can be made to ensure that both are realistically balanced, and the foundation is set for a successful project.



Exploring design options and working in detail with your Architect or Designer can save you money. It is best to have things decided while you're working on paper, rather than making costly changes during construction. To avoid changes late in the project it is important to be open with your Designer or Architect about your budget so they can advise you properly.



NEXT DOOR HOUSE 2

HOW TO: DEFINE YOUR DESIGN BRIEF

THE BUDGET

A. How much cash do you have access to?

This could include savings, shares or any other funds you will put towards the build.

B. How much bank finance do you have access to?

If you are financing the build with a bank loan, have a chat to your bank to find out what your position is before starting your project. If you are using a construction loan, ask them if they will be making payments only at fixed milestones of the build or will work with Architect certified monthly staged payments. This will have an impact on the terms of your construction contract.

C. Are there any foreseeable changes to your financial circumstances?

A project could run for a year or more and your financial position could change during that time. Are you expecting increased income (for example: a salary raise or change in job position), or increased expenses (for example: private school fees or additional dependant family members)?

D. 10% design contingency

We recommend having a 10% design contingency in place through the design process. From the initial costing, you may be tempted to add in little bits here and there as the design develops. Having some room to move below the cap of your construction budget will allow for this.

E. 10% construction contingency

Once the project has started construction a 10% construction contingency should be held on top of the construction price to cover any unforeseen circumstances. These could be things like rock below ground or hidden asbestos

Is the amount you have specified for your budget the total amount you have for the project or the construction cost?

During your project there will be fees for permits, certificates and multiple consultants involved to ensure your building complies with all technical requirements. As well as the Architect or Designer these could include a Geotechnical Engineer, Structural Engineer, Building Surveyor or Quantity Surveyor. During the design stages there will be design and consultant fees to pay, but over the extended length of the design process you may be able to cover these smaller costs outside of the construction budget.

How will this project give you value?

Finally, moving away from cold hard numbers - a change in financial circumstances will change your lifestyle, as will living in a beautiful new house. You may feel that your long-term aspirations for your home are worth some short-term financial discomfort, or you may value your financial comfort and need to reduce the scope and expectations of your project. Going back to review your answers to your Big Questions from last week may help. Ask yourself, at what point are the positive contributions of your new home outweighed by any additional financial burden?

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While everyone's circumstances are different you can use this simple equation as a general way to work out your construction budget, excluding consultant fees:

- A. Available cash:
 - B. Available finance:
 - C. Additional future fund:
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Total available funds (A + B + C)

- D. 10% design contingency:
 - E. 10% construction contingency:
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Construction budget (A + B + C - D - E)

...And that's it, you're done! Congratulations.

We hope that this has been an informative and enjoyable few weeks and you're feeling confident in your project's direction. This is the first step in an exciting journey and armed with this brief you are off to a great start.

Once you've recovered, if you would like to chat about any aspect of your brief or project in more detail why not book in for a free phone or video chat.

[Click here to get in touch.](#)