

**HOW TO  
STOP YOUR  
BUDGET  
BLOWING OUT  
ON YOUR  
NEW  
HOME**

# How to Stop Your Budget Blowing Out on Your New Home

There isn't anything much more exciting than building a new home. Often times, people dream of the day that they will be able to construct their own house from the ground up. Decades of planning often go in before breaking ground. Is that where you are? Are you ready to hire a builder and get the ball rolling? Maybe you've already found the perfect location? Maybe you've already met with Builders? No matter where you are in the process, you have to consider the most important component of any building project; the budget.

If you are considering building a house, you surely have some sort of budget in mind. Maybe it's really large and maybe it's not. Either way, managing that budget is what's going to lead to a successful and rewarding building process. If you throw caution to the wind and don't keep a handle on your budget, the process can be stressful and may produce a home that leaves much to be desired. Who wants that? No one. Take the time and effort to manage the financial aspects of building your new house and you'll end up with a home that you love and no stress and tears over a blown budget.

## A Quick Budget Primer

Before we get into the keys to keeping your budget intact, let's talk a bit about what goes into a home building budget. Sure, you've got a big chunk of money set aside for your new home, but where is all this money going to go? Do you have enough saved for the home that you've dreamed of? Are you planning an economy, mid-range, or luxury structure? Of course, you can discuss these aspects of the build with your Builder, but you might want to have an idea of costs and allocations before getting that deep in.

Some costs aren't even considered by those interested in building a home and can use a big chunk of the budget. Your builder will be able to deal more specifically with the breakdown of costs, but you don't want to be surprised by costs you didn't even know existed such as Landscaping, Fencing, Driveways and Pools if these aren't included in your Builder's price.

So how do you keep away from a budget blow-out? First, have an idea of what is involved in building a new house and then take an active role in managing the budget. However, talking about managing a budget is much easier than actually managing one. Here are 8 tips that will help keep you on track.

# 1. Get a Soil Test Done

Soil tests are one of those things that most people planning to build a house don't even think about; however, soil tests are one of the most important steps in making sure that your home is built on a strong foundation. You need to know the lay of the land before you erect any sort of structure. The land beneath the house could shift or there could be improper dumping below the surface. Without a soil test all of these factors are hidden.

How do soil tests relate to a budget blow-out? Actually, soil tests can impact your budget in a few ways.

## 1. Soil tests are extremely important.

There really is no way around it you have to have one done.

## 2. Builders will always complete their own soil tests.

If you purchase a block of land for your new home, you may be inclined to get a soil test done so that you are aware of what will be beneath your new house. That's not a bad idea; however, the company you select to build your home is going to complete another soil test and this cost will be added to your building expenses. Any respectable Builder is going to have a soil test done on the land they are preparing to build on. The test will provide them with invaluable information that will absolutely have an impact on the construction time frame and costs. However, the construction company is not going to pay for the test. The cost of the soil test will be rolled into your final bill. Therefore, it is possible that you'll pay for the same soil test twice.

## 3. The results of your soil test will impact your overall costs.

Here is the reason that a soil test is so important to the success of your new home. The quality of the soil beneath your home will have a definite impact on the overall costs of the construction project. If the soil is not of a high quality, the builder will likely develop a fortified foundation for the home. They may have to install concrete piers or vertical columns to increase the strength of your foundation. While these additional steps cannot be omitted, they will increase your costs. From the results of your soil test, you will have to determine if the block of land you desire is going to actually fit into your budget.

## Antech's Tips to Avoid a Soil Test Budget Blow-Out

- If you have already purchased a block of land and didn't have a soil test done, wait until you have selected your Builder as most builders will have their own test done irrespective of if you have had one done already.
- If you are about to purchase a block of land make sure the purchase contract is subject to a soil test. Once again, it is best to have your selected builder perform this task if possible, to avoid paying twice.
- Before entering into your final building contract, make sure that the soil testing has been done. Do the same for the footing and slab design. These items should match the builder's quote. Not having the correct information relating to soil tests and footing and slab design before a contract is signed could be a major cause of budget blow-out.

## 2. Share Your Ideas for Your New Home

You'll have no choice but to discuss the plans for your new home with your Builder. How else are they going to build your home? However, it's easy to forget about specifics when there are so many things to cover. A great idea is to write down information that you want to share with your builder. If you are at work and get an idea, write it down. If you're looking at magazines and see something that you like, cut out the page. If you keep a record of what you want to share with your builder it is much easier to remember.

The building process is a long one, and it's easy to assume that you have a long time to go over all the specifics of your new house. However, if you fail to share information early in the process, you may find that you're faced with extra fees and an extended completion date.

If you want to stay on budget, it's best to share information with your Builder as soon as possible. It is inevitable that changes will be made along the way. Some things are almost impossible to avoid. Doing your due diligence; however, will make these occurrences less frequent and, therefore, less costly. Four areas pose the greatest chance of creating a budget blow-out: style, inclusions, upgrades, and design requirements.

### Style

You will certainly discuss the style of your home with your Builder, but it is very important that you be as descriptive as possible. Once the building process gets started, making changes to the style of the home can be costly. Don't move through the beginning phases of the process too quickly. Take advantage of this time so that you can develop a true sense of what you want in your home. It's also a good idea to use photos, if available, to make sure that your Builder knows exactly what you want.

### Inclusions

Every person that takes on the task of building a house is going to have to decide which of the standard options that they would like included in his or her home. Most builders give a number of options to homeowners such as flooring, cabinetry, lighting options, and appliances. Make sure to review the information provided by your Builder. It can be a bit daunting to look over catalogues full of options, but it is an important step. Changing inclusions late into the process will almost always trigger additional fees.

### Upgrades

Just like inclusions, you will be given the opportunity to select upgrades of the standard options you'd like in your new home. For example, maybe you want 2Pac Cabinets instead of the standard Laminate. Maybe you'd rather have real hardwood floors instead of tiles. This will allow you to upgrade the materials or finishes that will be used in the construction of your home. Upgrades will always increase the cost of your home, however, just like inclusions, if you don't make these choices early enough in the process you'll face additional fees. It will almost always be cheaper to have as many inclusions and upgrades finalised in your original contract to avoid unnecessary variations, which will attract additional costs.

## Design Requirements

Design requirements are a little harder to forget about; however, sometimes it happens. Are there features that you “have to have” in your home? Is there a specific layout that you’re set on? Maybe you’re flexible on most options but won’t budge on the amenities in the master bathroom. If so, make sure to share those details with your builder so that a budget blow-out doesn’t happen to you.

The cost of your new home is absolutely going to change during the process and it will probably increase from the estimate that you were first given if information on inclusions is not clear. You can however, make an attempt to minimize increases by sharing information with your home builder as soon as possible.

### Antech’s Tips to Avoid an Information Budget Blow-Out

- Gather as much information relevant to your new home as possible. Every aspect of the project that is important to you should be addressed, and you should be sure you’re happy with the level of inclusions and variations before the quote is finalized and a contract is entered into. Failing to supply all of the relevant information could be a major cause of a budget blow-out.
- Where possible, try to have all of your inclusions and upgrades included in the original contract. Excessive variations will end up with items costing more than they would have if they were included in the original contract. However, some variations may be impossible to avoid depending on the size and style of home.



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# 3. Thoroughly Research Your Contactor

Building a home is one the greatest investments you will ever make. The builder you select to build your home is going to be trusted to care for your investment. Therefore, it is extremely important to research builders first. The company selected to build your home should have a good track record and a number of recommendations from past clients. One of the easiest ways to encounter a budget blow-out is to deal with a disreputable company. It is imperative that you do the research necessary to ensure that the builder you select performs quality work and stands behind it. Not sure where to start? Follow the steps below.

## Queensland BSA

Many people know that they should do research before they begin building a home, but they don't know where to start. If you are planning your new home in Brisbane, the first place to contact is the Queensland Building Services Authority (BSA). The BSA offers seminars on what to look for in a builder, and provides attendees with valuable information about builders and the home building process. The BSA offers home warranty insurance, dispute prevention and resolution. The BSA should be your first stop in the research process, and will be a priceless resource through the entire construction process.

Any builder that is planning on completing building work valued at more than \$3300 must be licensed by the BSA. Any builder that you are considering should have a BSA license. Once you have narrowed down your choices it is best to do a search to make sure that the license is actually held by the company or individual doing the work. Sometimes a company will attempt to operate under another company or individual's license.

This is why it is important to check with the BSA to confirm the license of any company you're interested in.

## Builder's Showroom

Once you've searched the internet and narrowed down your prospective builders, make an appointment to meet with them at their showrooms. This meeting will give you an opportunity to see what sort of home you can expect to receive from them. You will see photos of homes built by the company and will begin discussing what sort of house you would like. Use this meeting as an opportunity to ask lots of questions. Think of yourself as an interviewer. You don't want to leave having only heard the sales pitch; you want real answers to your questions. Here are a few questions that you should ask potential builders:

- 1. Will I have a dedicated salesperson?**
- 2. Are there professional designers that I can work with?**
- 3. Who will be responsible for completing my final walk through?**
- 4. How long have you been in business?**
- 5. How many homes have you built?**



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6. Are you licensed?
7. Can you provide me references of past clients?
8. Can I tour a home that you've built?
9. What type of warranties do you offer?
10. What are the energy saving features you typically build into your homes?
11. Do I have to work with your own plans or can I supply my own?
12. How and when will the final price of my home be determined?
13. How often and when will I be given access to my home during construction?
14. What is the process for inspections and quality assurance during and after construction?

## Look at the Houses

Before you make a decision on your builder, it is wise to drive by homes previously built and see how the properties fare as the years pass. Ask the builder for a list of homes built that are similar to the one you are thinking of building. Take the time to drive by the homes and see if you like their appearance. This will give you an idea of how your home will look.

Being diligent about researching builders will allow you to make the best decision about who should build your home. Taking care to select the correct builder for you will be a big step in avoiding a budget blow-out.

## Antech's Tips to Avoid a Research Budget Blow-Out

- Be sure to do thorough research on companies you may be considering before making contact. Make a time to visit the builder's showroom and ask for the sales person who would be handling your build to be available for the meeting.
- In this initial meeting you should ask as many questions as possible. Your sales person should be able to answer all of your questions - after all, they will be handling one of the biggest investments of your life.
- Most importantly make sure they have a BSA License in their name or company name and are not using another person's license.



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# 4. Don't Settle for the Lowest Price

As you're doing your research, you will undoubtedly come across a wide range of quotes for your new home. Some will be rather high and some will be rather low. It is always tempting to choose the home with the lowest price. After all, why spend extra money when you don't have to, right? Not exactly. One of the ways that homeowners often experience budget blow-out is to choose the cheapest estimate for their new home.

How can this be? This is the case because the cheapest quote doesn't always turn into the cheapest finished home. Often, the cheapest quote doesn't offer the same inclusions or quality of build offered by a more expensive quote. Therefore, you'll be charged for variations on the cheaper contract as opposed to simply selecting from the inclusions on a more expensive contract. There may also be hidden fees and additional charges on the cheaper contract that you aren't aware of.

Once you've done your research and have received quotes from a few builders it is imperative that you take the time to compare the information. Make sure that similar items are included in each estimate. If not, you may want to factor additional costs into those estimates that are lacking so that you're comparing "apples with apples". This will help you make an informed decision because you know the true cost of each home.

## Antech's Tips to Avoid a Low Cost Budget Blow-Out

- **The cheapest price is not always the best choice. After all, for most people this is the biggest investment they will make and the last thing you need is the home of your dreams falling apart around you after six months.**
- **More often than not, the cheapest price will end up costing more than other quotes which offer a far better quality home with quality inclusions. This can happen for a number of reasons; such as, upgrading inclusions you were not happy with or the cost of items you assumed were included but weren't.**

# 5. Keep the Lines of Communication Open

You've now selected your builder. You have started working with your sales person, and you're sharing the specifics of your new home. You need to do your best to convey as much information as possible about the design of your home. Your design requirements are especially important, and your builder should treat them as such. If there are design elements that are important to you, stand firm on them.

Remember, this may be the largest investment you make in your entire life and you are going to have to live with it for many years to come. Get what you want. Don't allow the builder to make changes to your plans so that they will fit into the standard procedure and be easier for them to complete. You are the director of this project. This is your house, and you want to be happy with it when it's done. Your budget is optimized when there is no confusion surrounding your vision and choices. Confusion will almost always cause a budget blow-out.

## Your Builder Should be Available

When you sit down at your initial meeting, it is a good idea to get the contact number of everyone involved in the project.

You should be able to contact the builder and your sales person, and they should be more than happy to answer any questions you have. Don't forget to offer your builder a way to reach you. You want to be sure that you can be

## Antech's Tips to Avoid a Communication Budget Blow-Out

- **Communication is the key to a stress-free building process. Be sure to relay all information in the design process as, the design of your new home is extremely important. Make sure your builder listens to all of your requirements and these are reflected in the design.**
- **Always keep in contact with your builder throughout the entire process, your builder should always be contactable and able to answer any questions you may have.**



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# 6. Properly Calculate Your Variations

Variations are changes to your contract once it has been signed. Instead of selecting materials and finishes that come standard with your home, you can upgrade to more premium selections. You already know that it is important to share information about upgrades with your builder as soon as possible so they can be included in the original contract. By doing that, you can help to avoid a budget blow-out. However, if you aren't fully aware of the total cost of your variations, you could be in for a surprise budget blow-out.

All variations on your building contract come at a cost. You are probably going to be aware of the cost of the variation; however, it is standard for builders to charge an additional 20% on top of that cost. For example, if your variation costs \$100, you will end up paying \$120. This covers the work that the builder has to do to make changes to the item in the Building Contract. 20% is what most builders will charge; however, some may charge a little less and some may charge a little more. No matter what, this fee cannot be avoided. It is important to ask your builder about their specific fee associated with variations and add that into the money you have available for changes and upgrades.

## Be Wary of Additional Fees

Now you understand that variations will often cost more than it first seems. Armed with that knowledge you can make better decisions about what variations to include and those that you can do without. Seems pretty simple, right? It seems that way, but some builders use variations as a way to pad their pockets. In addition to the standard 20%, some builders will charge a 'change fee' for every variation. That \$100 variation that became \$120 will now increase by an additional \$250. Your small variation now costs \$370. It is easy to see how these change fees can absolutely cause a budget blow-out. Not all builders will charge a change fee, but it is imperative to find out if they do.

## Time Extension

Not only can variations cause you to incur thousands of dollars in additional fees, they have the potential to push back the completion date of your new home. Just like change fees, a time extension can wreak havoc on your budget. You could incur additional labour charges, extensions required on permits and rental equipment, and a longer waiting period before you can move into your home. Let's be realistic here, depending on the variation and when you notified the builder of your desire, there could be a legitimate time extension required. However, unscrupulous builders will use this claim in order to increase the total cost of the project.

You must make sure to discuss variations in depth with your builder. Ask them for all of the details pertaining to variations and make sure that you understand what the fees are and how they are calculated.

## Antech's Tips to Avoid a Variation Budget Blow-Out

- While it is very hard to account for all variations you may request during the construction of your new home, it is best to try to have your inclusions and selections for your new home taken into account in your original contract.
- Talk to your builder on their procedure for variations before you sign a final contract. Fewer variations make for less extra costs to the client. The job also runs more smoothly when there aren't tons of variations to attend to.



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# 7. Watch for Prime Cost and Provisional Sum Allowances

Most new homeowners don't have a clue about Prime Cost (PC) or Provisional Sum (PS) allowances. That is precisely how PC and PS allowances can cause a budget blow-out; no one knows about them. Before we go any further, let's define prime cost and provisional sum allowances.

According to the Queensland Master Builders Association (QMBA), prime cost allowances are items that either have not been selected or whose price is not known at the time the contract is entered into, and for which the cost of supply and delivery the builder has made allowance for in the contract price. Basically, prime cost allowances are items that couldn't be quoted at the time of the contract and; therefore, the price was unknown. Prime cost allowances do not include installation or any labour. The labour and installation cost for these items was included in the original contract. Common PC allowances include cook-tops, ovens, tiles, baths, and taps.

Provisional Sum allowances are a little bit different. The QMBA states that a PS allowance is used for work (including labour and materials) for which the builder, after making reasonable inquiries, cannot give a definite price at the time the contract is signed. Common examples include landscaping, concreting, retaining walls and fencing.

Now you know all about PC and PS allowances. But, what does this have to do with a budget blow-out? It is important to pay attention to what your builder allocates to these allowances. Some builders will add all sorts of charges to PC and PS allowances. Because most homeowners aren't aware of what is covered under these allowances they aren't able to keep an eye on it. Be wary of excessive costs being allocated to these allowances. Ask your builder if you are unsure of what a PC or PS allowance is paying for. A good builder should have no problem disclosing information related to these fees.

## Antech's Tips for Avoiding a PC and PS Allowance Budget Blow-Out

- Be very wary of the amounts allowed for in the PC or PS Allowances, and ensure that they are a reasonable price to cover the cost. Allowances for basic items such as frame timber, roofing, or windows should not be put in as an allowance amount.
- Whilst the amount of PC and PS items will vary depending on the size and style of the home, be careful of excessive use of this type of allowance



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# 8. Find Ways to be Energy Efficient

Energy costs continue to rise year after year. Because of the increased cost of running a home, homeowners are constantly looking for ways to use less energy, and thereby pay less in utility bills. One of the easiest ways to bring down the cost of running your home is to build a home with a focus on energy efficiency. Across the globe there has been a huge push for corporations, small businesses and homeowners to reduce their energy consumption. If you make a few adjustments in how your home is built, you can increase its energy efficiency, reduce your carbon footprint, and reduce your monthly running costs.

## Where do you start?

There are all sorts of really easy ways to increase your home's energy efficiency. Adding insulation, using ceiling fans instead of air conditioners, and sealing any open cracks and crevices can be done quickly and without much cost. When building your home from the ground up, you can think a bit bigger. Here are some ideas:

- **Wall Insulation**
- **Low-flow shower and tap fixtures**
- **Fluorescent or LED lighting**
- **Solar panels**
- **Ceiling Insulation**
- **Dual flush toilets**
- **Energy efficient windows**
- **Heat pump or solar hot water systems**

If an energy efficient home is of interest to you, talk to your builder about it. Some builders aren't really familiar with building efficient homes and others are experts. If you want to maximize your building budget, it is best to choose a builder that has experience in this arena. Using a builder unfamiliar with constructing energy efficient homes puts you at risk for a budget blow-out. Though they may be very excited about tackling their first energy efficient project, the lack of experience will most likely produce confusion, higher costs, and completion delays.

Before you jump head first into building an energy efficient home, it is important to know that building an energy efficient home can increase the initial cost of the property. Because no one wants a budget blow-out, take the time to look over your budget and decide which energy efficient items are a priority to you, and which can wait until later. Those that are important to you should be added into the design scheme of the house--and the budget.

## Antech's Tips to Avoid an Energy Efficiency Budget Blow-Out

- The use of energy efficient lighting and items such as pool pumps on hot water tariffs can reduce your electricity consumption.
- You can also consider orientation of the house making use of passive cooling and heating with the use of ventilation through windows and doors.
- One of the easiest and cheapest ways to create efficiency is through wall insulation. Simply insulating the external walls of your home can reduce the cooling/heating costs significantly.

# It's Time to Move Forward

Planning a new home can require a great deal of time and energy. Some homeowners often feel that the process has taken over their lives. Don't become a victim of a budget blow-out. Follow the tips given earlier in the book and you will have a much easier time moving through the building process.

If you want to deal with a builder that is reputable and will help you through the entire planning and building phases, Antech Constructions fits the bill. Antech Constructions, based in Brisbane, is a residential builder that can create the home of your dreams and keep your budget intact. Antech Constructions builds a variety of houses; single storey, two storey, split level, three storey and waterfront properties. Antech builds throughout the greater Brisbane regions, on sites including small lots and sloping sites.

Antech Constructions, run by Anthony Fiteni, is guided by three core values; Innovation, Excellence & Honesty. Dealing directly with your builder; Anthony, who is aligned with these values, ensures you will receive the latest information, quality materials, guaranteed workmanship, and total honesty through the entire build.

Antech is pleased to be as flexible as possible through the construction process so that you end up with the house you've been dreaming of. You are encouraged to visit your building site regularly so that you can get familiar with the aesthetics and practicalities while the house is still under construction.

**Come on in for a no obligation chat so we can hear what your challenges and concerns are, and can help you even further in person to build the home of your dreams at a price that is appropriate. Please contact us on 07 3821 7949 or at [info@antechconstructions.com.au](mailto:info@antechconstructions.com.au) to organise an obligation free appointment with Anthony.**



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