

# The Building Book



**CARTERS**



**The Registered Master Builder's Guide to Building and Renovating**

Registered Master Builders

**T**here are two times when the process of building a new house or renovating an existing one is a truly enjoyable experience. The first is when you're planning it and dreaming about it. The second is when it's all finished and you're living in it. And the stuff in between? Well, it's dirty, messy, noisy, disruptive, time-consuming, sometimes frustrating, and often expensive. But it's unavoidable and the trick, as we see it, is that while you're doing it, if it's not a bundle of fun, then at least it's not a tale of woe. Every year thousands of people launch themselves into the building and renovating process. Most come through it more or less smiling. Some vow they'll never do it again.

## **Everything you need to know about building and renovating (and surviving the process).**

The aim of this book is to see that when you do it, you're in the former category rather than the latter.

This book is all about the building and renovating process. It's designed to take you step-by-step through what you can expect and what you should look out for. And at the end of it, we hope, you'll be as prepared as you can be for whatever project you're about to do; whether it be as grand as building the house of your dreams, or as simple as doing minor renovations to your current house. If you're experienced in building or renovating much of what we tell you here will already be familiar. But flick through it anyway – you never know what little tip you might pick up. And if the whole process is a complete mystery, then read on.





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inspiration



## Planning, planning and more planning.

- *Plan early.*
- *Gather information and save it.*
- *Talk to friends who have built or renovated.*

The process starts the day you decide – the moment you have even an inkling that you’re going to build or renovate. That is the time to start gathering ideas. Because sometime in the future you’re going to want to go to a builder or an architect or a draughtsman and say, “This is what I want.” And the more information you can give them, the more likely it is that you will get what you’re looking for.

So gather everything. Nothing is unimportant. If you see a picture in a magazine of a house or room that appeals to you, tear it out or keep it. If you see a swatch of material that you’d quite like to use, grab it. Haunt the builders’ merchants, the plumbing supply places, the kitchen shops. Get brochures, get samples. Get a box and put everything in it. Some of it you might never refer to again but when you’re talking to someone and you’re trying to put into words what you really want and they don’t seem to understand, then there’s nothing like being able to drag something out of the box and say “I want it like that.” Look at other houses – show homes, friends’ houses, open homes, the Home Shows – you never know where a good idea or little detail is going to come from. Another thought. When you are looking at appliances and fittings and suchlike, jot down their prices on the brochure. It may make it easier closer to the time to factor it into your budget.



**If you’re looking for a builder, in addition to the yellow pages, visit [www.masterbuilder.org.nz](http://www.masterbuilder.org.nz) and get a referral list emailed to you.**

## How much can you afford?

- *Work out your budget as soon as possible.*
- *Look at different options for finance.*

There are two steps to the budgeting process. The first is knowing what you can afford to spend. The second, which we cover in the next section, is working out what you can get within that budget. First things first. Knowing what you can afford is the big curly question because it will affect every step of the process from here on. There are many options for financing new building or renovations. You may be as familiar with most of them as we are. Talk to your bank or mortgage broker about finance. Discuss what you want to do. They can give you a pretty good idea early on as to what you can afford. Shop around. Interest rates between banks and other lending institutions are usually pretty much a parity but you never know what you might find.

Another source of finance if you’re building new are the bigger housing firms. These are the companies that offer special packages for buying the land and building one of their homes on it.

Whichever way you go, do this step early. There is nothing more dispiriting than having a dream in your mind and then discovering that it’s not matched by reality.

## How much is it going to cost? The budget.

Unless you’re one of the very rare breed who can build a house without having to worry about what it costs, then at some point you’re going to have to work out what you can afford to build.

Now this is a little bit like the chicken and the egg. Usually you have a specific job that you want to do. You want to build a one bedroom/two bedroom/three bedroom house. Maybe you want to put in a new kitchen/ a new bathroom/ a new bedroom. Whatever. Your dilemma is that you won’t really know what you can afford to do until you know what it’s going to cost. And the people who can tell you what it’s going to cost (your builder or architect) can’t really tell you until they know the details of what you want to do. Based on this, of course, no building would ever get done, which is obviously not the case. So how do you work out what you can afford to do without going to the extent of having finished-to-the-last-detail plans? There are a couple of things you can do. Talk to your builder or architect and explain your situation. Explain what you want to do, or think you want to do, and ask him or her what they think it might cost. Try to think of everything you want, as variations to the plans or specifications during construction can increase the final cost significantly. They will ask you how much you think you’re prepared to spend so you should have some idea of this.

Builders and architects have available the latest building data which tells them what the average per-square-metre cost of building is in your area, so with a few questions and a little probing they can give you a rule-of-thumb figure of what you might be looking at. Armed with that you can then proceed with confidence knowing that what you want to do is achievable, or if it

doesn’t seem feasible, adapt your plans accordingly. A point we must make here. You should understand the difference between an estimate and a quote. An





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estimate is just that, an approximation of what the builder or architect thinks the job will cost. A quote, on the other hand, is an explicit promise (and it should be in writing) that this, based on detailed criteria, is the price that you will pay, as long as you make no later changes, either prior to or during construction.

It's a difference which is crucial particularly when you are renovating. Some builders will only give an estimate for renovating, in particular, old buildings. Their reasoning, and it's quite valid, is that they often won't know what structural repairs might be required (rotten framing or floor joists, for example) until they actually get into the job. So you should be aware that if they give you an estimate, the final cost may be higher.

A final piece of advice when it comes to working out your budget. Know what you can live with and what you can't live without. Make a list. If you absolutely must have the top-of-the-line double oven stove, say so. But if to achieve this you're prepared to accept that the bench top is laminate rather than recycled wood, then accept that this is an area that you can compromise in if push comes to shove. Make two lists. A list of what is absolutely essential and another list which is your wish list. And tell whoever is doing your plans what they are.

### Getting the plans done.

When it comes to putting your ideas onto a plan there are basically three routes that you can take. Firstly, you can use a builder to get your plans drawn up. They can work with you to achieve what you want and when the builder has a close working relationship with the designer the chances are that there will be fewer glitches. It's an approach that works best when you have a fair idea yourself of what you want. A second alternative is to use a draughtsman or designer. Their benefit is that they may cost less than an architect. You will get the best value from them if you are in the position of knowing pretty much what you want to do. Their job then is simply to draw the plans up for you. The downside? Their task begins and ends with drawing the plans. They will have some technical expertise but not at the level of an architect. Thirdly, you can use an architect. Their principal value will be in bringing a design flair to your project. They can take your umms and ahhs and general waving of arms and translate it into a design. That is their skill.

Another string to their bow is that they can administer the contract for you. In the best of all worlds you will have a situation where

you, the builder and the architect get on like a house on fire, each respecting the skills of the other and each talking to the other. When this happens you will have a good job. Using an architect will cost more than using a draughtsman or building company, but you have to weigh up the additional benefits you get from using them.



### Selecting a builder.

If you are using an architect they can manage this process for you. When the plans are completed to your approval they can put them out for tender. Or select a builder and negotiate a price based on an estimated cost provided by a Quantity Surveyor, using their knowledge of local builders to make sure that you get the right sort of builder for the job. If you are managing the process yourself then you should recognise that there are basically three types of builder that you could be dealing with.

There are what might be called "volume" residential builders. These are the big firms who will do anything from seriously large construction jobs right down to the smallest renovation. They will have building gangs, painting crews, plasterers, joiners, the works. Basically anything you want to do, they can do. Because of their size they tend to be quick and efficient.

Custom builders are those that specialise in producing a 'menu' of buildings. They will have a range of standard plans which, within certain limits, you can customise to your taste. They tend to be larger rather than smaller and certainly, with their set plans, they can be a very economical choice. And then there is the individual builder. They can range from the proverbial one-man band, to a builder that may employ a number of men or gangs and may have a number of projects on the go at once. They usually have contact with architects and/or a draughtsman as well as structural engineers.

Selecting a builder is, in theory, a simple rational business decision. They can do the job or they can't. Their price is right or it isn't. But there is more to it than that. You're going to have to work with these people. How do you think you're going to get on with them? Do you trust them? You may find that you are willing to sacrifice the best price if you believe you're getting a better builder. And remember that the lowest



- *Get estimates from builders or architects.*
- *The difference between an estimate and a quote.*
- *Know what you can live with and what you can't live without.*

- *Using a builder.*
- *Using a draughtsman or designer.*
- *Using an architect.*

- *"Volume" builders.*
- *Custom builders.*
- *The individual builder.*



price is not always the best price. In our experience “underpricing” has been the principal reason for builders’ insolvency and inability to complete building projects for many years. You should expect to pay a fair price for the job – remember the saying “you usually get what you pay for”. Make sure you ask for references of jobs the builder has done before. Telephone the owners and ask them to be frank and open about their experience and the quality of the work. If the owners agree, view the jobs.

A question to ask, and something to consider, is whether or not your builder is registered. A Registered Master Builder is able to offer you an independently backed guarantee. Conditions Apply. This is a comfort factor, which is important.

And one last thing, when you are getting quotes tell the builders that you’re getting other quotes.

### How can a Registered Master Builder help you?

We said at the beginning of this booklet that the aim of this was to see that you got through the building or renovating process with the maximum of enjoyment and the minimum of grief. A key part of this, of course, is your choice of builder and the relationship you have with your builder.

This is where, we believe, using a Registered Master Builder is of value. A Registered Master Builder is one who is acknowledged as having attained a high level of skill in their trade. But the requirements to become a Registered Master Builder are more than that.

A Registered Master Builder, who is an individual, has to have worked in the building industry for at least six consecutive years; and to have owned or managed a building business for at least three years.

A Registered Master Builder, who is not an individual, has to have worked in the building industry for at least eight consecutive years; and to have owned or managed a building business for at least five years.

In both cases they have to provide trade references from their banks, accountants, merchants, clients etc. They also have to be good business people, and have demonstrated their ability to run a sound and successful building business. (It’s all very well being a craftsman, but if you can’t price a job accurately and the client has to pay more than they expected, then craft skill counts for little.) They have to provide examples of work,

which is assessed, and once approved as a Registered Master Builder their work is re-inspected several times a year by a mobile Regional Service Team.

They are then completely reassessed for their suitability to be a Registered Master Builder on a regular basis. So what does this mean for you? Well, it means that if you use a Registered Master Builder you know that this is a person who has been checked by his peers, and who can offer you a Master Build Guarantee, which is only available from Registered Master Builders’.

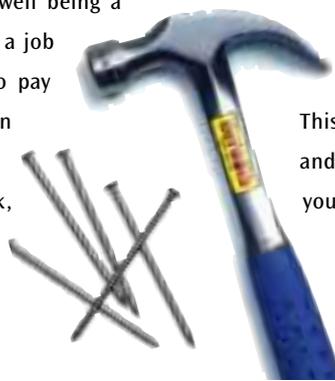


### What does your builder do and what do you do? Choosing your contract.

You’ve chosen your builder. The contract’s all signed, and work is ready to start. In most instances, the chances are that you will have a full contract. That is, the builder has undertaken to see the whole job through from beginning to end. They will supply all the materials specified. They will organise all the subcontractors – the plumbers, drainlayers, electricians. And they will take it to an agreed stage, for example, to the stage where everything is built and installed.

In this case, your main responsibility is to see that anything that you have undertaken to supply is there when the builder needs it. You, for example, will probably be responsible for selecting any appliances. You may have undertaken to select and buy the light fittings. Maybe you are going to choose the floor tiles and the builder will organise a tile layer to put them down. Whatever you undertake to do, your job is to see that when the builder reaches the stage that he needs those things, you should have them ready. There will be nothing worse than having the electrician arrive ready to wire in your kitchen appliances only to have to send him away because you haven’t got around to choosing them. It will cost you time and money. To assist you with this, visit the Registered Master Builders’ website [www.masterbuilder.org.nz](http://www.masterbuilder.org.nz), and you will find a helpful check-list of those decisions you are going to have to make.

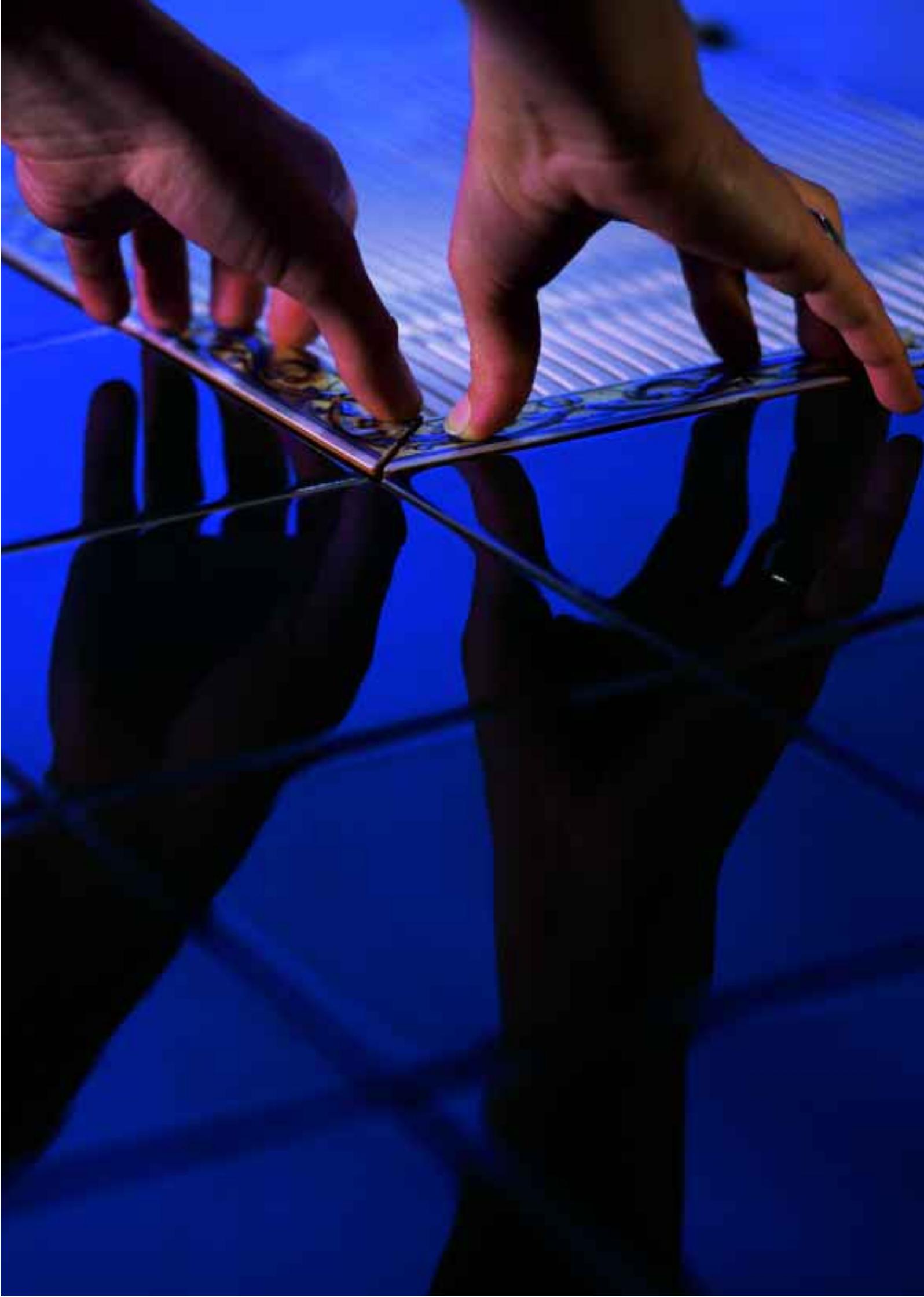
There is a second scenario. This is where your builder is working for you on a labour-only contract. This will usually be at your instigation rather than theirs and it is where you have chosen to be an owner-builder – you will manage the whole project, and the builder is



- *A fair price for the job.*
- *Do you want a registered builder.*
- *Independently backed guarantee.*

- *The qualifications and criteria to be a Registered Master Builder.*

- *A full contract.*
- *A labour only contract.*
- *A managed labour contract.*
- *Checklists.*



simply there to build it for you. (Note: this may mean no Guarantee). We won't go too much into the pros and cons of being an owner-builder. Suffice to say that some do it because they believe that they are well capable of managing the project themselves, and that there is the additional belief that doing it this way will save them a lot of money. Few people are very good at it and have no problems managing what can be quite an involved process. What we would say is that if you choose to go down this path it is not something that you can idly play at. It is a time consuming job. If you already have a full time job then you should be prepared to leave it. Yours is the ultimate responsibility and you will have to organise everything. Materials that need to be at the site on time. All the subcontractors who also need to be at the site at the right time. All the paperwork and consents. You will have to do all this yourself.

- *Building Consents and Resource Consents.*
- *Signing the contract.*
- *Payment schedule.*

A labour-only contract, we would suggest, is not for everyone and is not recommended. There is a third option, a managed labour only contract. This is a sort of halfway house between a full contract and a labour only contract. It is where the builder will manage the building process. You will still be responsible for purchasing all materials, pricing the job, and choosing sub-contractors, but your builder will be responsible for managing the process on a day-to-day basis. With this option both parties would need to be very clear on what each others responsibilities are.

### **The nasty (but necessary) bits of paperwork.**

Unless your building project is very, very small, the chances are that you will need a building consent. While this is the owner's responsibility, it is normally taken care of by the builder or architect. Now, there may be considerable temptation, particularly if you are doing internal renovations, to think that you can get away without having to go through all the bureaucratic palaver of getting a consent. Please don't. Yes, you may get away with it in the short term. But when it comes to selling your house, most buyers will check the local Council to see what plans exist and what work has been done. If you've done work that doesn't have a building consent, you may find yourself with an uninsurable and potentially unsaleable building. So be wary.

- *Factors that cause delays.*

The other bit of paperwork that you might find you need is a Resource Management Consent. This is for example, where you are building a dwelling that is closer to the boundary, or higher or longer or larger than is normally permitted.

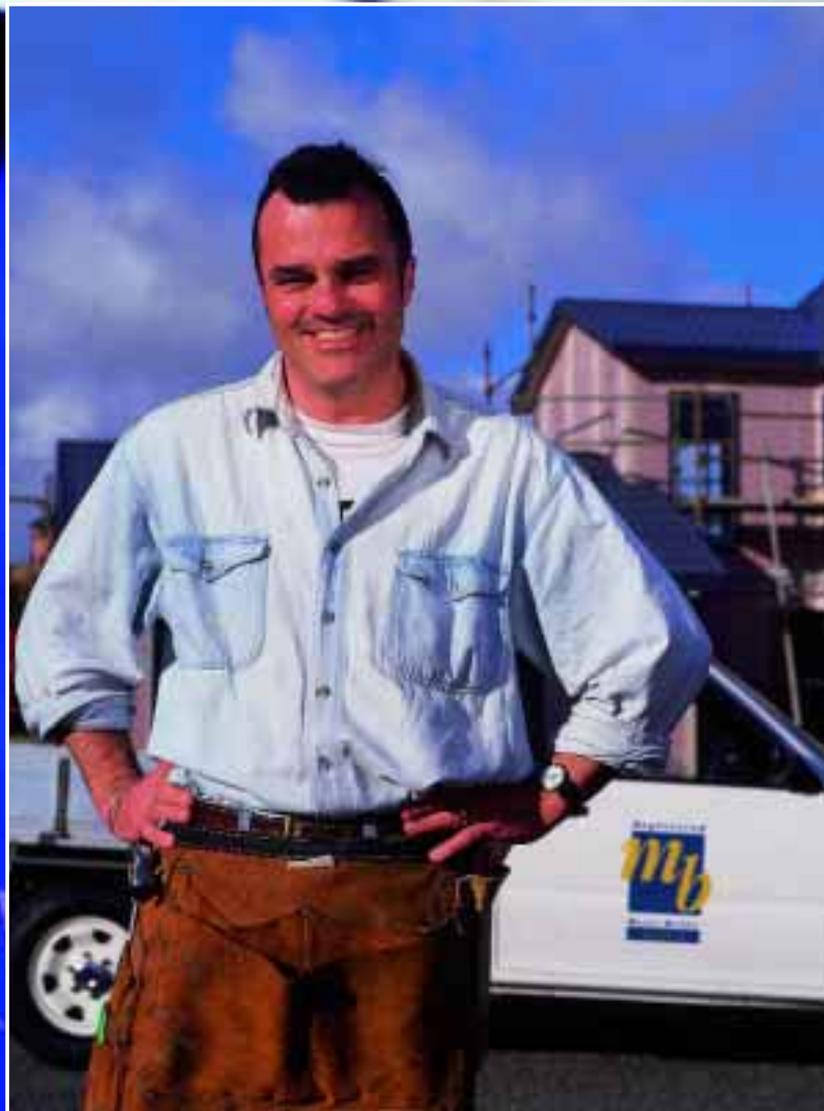
Both the Building Consents and Resource Consents do take time to process, so it pays to allow for that time in your planning. They also cost money; something to factor into your calculations.

You will need to sign the contract with your builder. This will detail (and detail is the operative word) exactly what the job entails and what it's going to cost. It will also list the expected payment schedule – what you have to pay and at what stage you have to pay it. Speaking of money, don't forget to ensure that all your finance is organised because that's another piece of paperwork again. "Roll on the building" you say.

### **So how long is it going to take?**

When you first talked to your builder the chances are that he was able to give you a reasonably accurate indication of how long it would take to do your project. It's quite possible even, that this has been built into the contract. So it's quite logical to think that when you've signed the contract you will have the job all finished in, say, twelve weeks time. Sorry, folks, it may not be quite as simple as that. Firstly, when you're ready to start may not be when the builder's ready to start. If he's involved in another project you may have to wait until he's finished that one before he can start yours. There are other factors that can delay the process. The availability of sub-trades, or the weather for example. Let's say you're building in inland areas in the middle of winter and you need a concrete foundation. No builder worth his salt will pour concrete in freezing conditions. If he does he knows it will turn to custard, or more precisely, cracked flaking cement. So be aware that you can have unrealistic expectations. The same will apply if you are using exotic materials – marble, for example – which is not commonly available in New Zealand. If it's coming from overseas and the boat's delayed, so's your job. Sorry.





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## Starting work. When to make decisions (and who makes them).

Right, so you've got your plans, you've got your price and builder, all the paperwork's done, and, at last, the work's started. This is the time when a lot of people get struck with the "what if" or "If only" bug. It's not uncommon at all. It's where you stop seeing things in plan form and start seeing them actually on the ground. It's where you think "Gosh, if only we'd put french doors in there instead of a window." It's where you realise that the kitchen cupboard would be better if it was shifted half a metre thataway. These are what is known in the trade as a "variation". If you see something that you would like to change raise it with your builder as soon as possible. There may be a very good reason why it can't be done, but if you don't ask, you'll never know. The trick is to raise the issue as soon as possible, before it has too much impact on work which follows down the line.

Be aware when you do this that making changes will cost you money. So if making the change isn't a problem, before you give the final nod to it, ask for at least an estimate in writing of what it might cost you. There is a procedure for variations that both parties should agree to. You should also be aware that what seems to you like a minor change, shifting a doorway for example, may involve a lot more than you think. If it has a material affect on the structure of a wall you will probably have to provide a new bracing schedule. And this in turn may mean that you require a new building consent. Suddenly that doorway seems really good where it was! Promptness is also important if you see something going wrong or if you're not satisfied with the way something has been done. Most of us are reluctant to criticise, particularly when we want to keep the goodwill of the builder who still has to finish the job. But unless you've got a poor builder (in which case you've got bigger problems), most builders are very concerned that they do a good job and if any mistake is made it is usually inadvertent.

If you have an architect administering the contract, raise the questions with him/her. That's what you're paying your architect for. If you don't have an architect as an intermediary then you'll just have to politely raise any concerns yourself. But do it when you see it, not at the end of the job.

## Who's the boss? A word on safety.

Your building site is a workplace. It's also, potentially, a very dangerous workplace. All workplaces are covered by quite strict health and safety regulations. And the person in charge of that workplace is the person who's ultimately responsible for the health and safety of it. With a labour only contract you may be responsible for the health and safety of the building site and those that work on it. However with a full contract the builder in most cases assumes this role.

Assuming you use a full contract there are some ramifications. If the builder is working on your house while you're still living there, he is the boss. If he asks you not to let your children in a certain area then you should listen to him. If something goes wrong; if someone is injured or, it has happened, killed; then it is his, the builder's responsibility. It doesn't matter if he's followed every rule in the book, if something goes wrong, he will ultimately be held responsible.

So please remember. When he's finished it's your house. When he's working there, it's his.

If you use a Labour only contract make sure you understand your role with regard to health and safety, because you may be ultimately responsible.

When the builder and all the sub-trades have finished everything that the contract specified, then the job is finished. Well, it is and it isn't. Most contracts, certainly full contracts, have a built-in quasi-guarantee period. It is standard practice in many contracts that there is a "withholding sum". This is a percentage of the total contract price that you don't pay until a certain period after the work is complete. This lets you settle into the new building without all the hustle and bustle of the building process. It's where you get a chance to look at what's been done. And if there are any defects that occur during this maintenance period then you can call up the builder and request that they fix it. However, if you're working with a Registered Master Builder and they have provided a Master Build Guarantee the situation is different. Because they offer a 7 year written guarantee with most contracts, backed by a separate Guarantee company, retentions are not required.



- *The "what if" bug – variations to the plans.*
- *The cost and consequences of variations.*
- *Dealing with problems.*

## The Master Build Guarantee.

If you use a Registered Master Builder to build a new house, be it Full Contract or Labour Only, or have residential alterations & additions work with a Contract Price of \$25,000 or more, then your Registered Master Builder will offer you a Master Build 7 Year Guarantee. This Guarantee covers your deposit (up to \$20,000 Inc GST), non-completion of the building work (up to \$30,000), defects in qualifying materials up to 2 years, and defects in workmanship up to 2 years, and major structural defects for a further 5 years. All Registered Master Builders are required to offer the Master Build Guarantee.

The Guarantee is not provided automatically. A written Guarantee Application must be signed by the Builder and the Owner and be accepted by Master Build Services before any construction work begins. The Guarantee is subject to the terms and conditions contained in the Guarantee Agreement, which Registered Master Builders will supply to their clients.

You get the assurance that if for whatever reason the work is not completed, that the Guarantee Company will arrange to have the job completed and pay up to 5% of any additional costs to do so. You get the assurance that if there are defects in materials, they will be fixed or replaced. And you get the assurance that if there are faults in workmanship, they will also be put right. Conditions and exclusions do apply, so you need to read the Guarantee Agreement carefully. That's the assurance that only a Registered Master Builder can offer and the assurance of the Master Build Guarantee. If you'd like to find out more, either about using a Registered Master Builder, or about the Master Build Guarantee, call the Registered Master Builders Federation in Wellington on Freephone 0800 269 119 or visit their website – [www.masterbuilder.org.nz](http://www.masterbuilder.org.nz)

- *How the guarantee works for you.*





**call us now 0800 269 119**

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