

What to consider before you start renovating

Why renovate?

There's an allure to working with what already exists: a home and site well known and loved by its owners is often one that can be best modified to suit changing needs and incorporate contemporary additions.

Like all worthwhile projects, there can be challenges with renovating, but with the right approach, they can be managed smoothly. Older construction methodologies and materials often deliver unknowns during a renovation, which can sometimes only be uncovered once the build has commenced. Being flexible and prepared for potential surprises is the best way to approach a build, knowing that designs and plans may need to be tweaked as you go.

Understanding the process

There are many steps to renovating a home. Understanding each of these in advance will help ensure a smooth process. Renovating your home can be a lengthy endeavour, but one that is well worth it.

Renovations are unique

When renovating, your home's construction is sometimes not well understood until after the building process has started. The original plans might not accurately reflect your home and the shape of your home may have changed over time. This is normal and means you may need to alter your design to work around what already exists. You also might need to keep existing features that you had planned to get rid of. It is best to approach this with a sense of optimism and creativity. Your builder and designer will be able to guide you through this process.

1 Step one: Developing concept plans

Once you have an idea of the changes you would like to make to your home, engage an architect to develop concept plans for your renovation. Your architect can also offer a fresh perspective and expert insight on how to get the most out of your home. If the changes are significant, your architect will let you know if a structural engineer is also required. Once your plans are developed, it is time to discuss them with a builder.

2 Step two: Getting a quote

Bring your plans to your preferred builder or contact multiple builders for their estimated quotes. We recommend you consider having around 20% extra in your budget for variations and unexpected costs. It is also important to remember that if the price a builder quotes seems too good to be true, it probably is.

3 Step three: Managing the consent process

Before work begins, you will need to obtain a building consent from your local council. Your builder or architect will usually manage this process for you. The council will require proof of ownership, detailed plans, specifications of material and building systems, and a memorandum from a licenced building practitioner. Your council will take around 20 working days, provided no further information is required. It is important to provide as much information as possible at this stage, as delays can lengthen the consent process to several months.

4 Step four: Building time

After obtaining council consent, it is time for the building work to begin. Renovations usually take three to eighteen months, depending on the scope of the project. Once work is completed, you must advise your local council and apply for a Code Compliance Certificate. Your builder will usually manage this process. Once the council is satisfied the building complies with your building consent, your renovation is complete.

The importance of good communication

Good communication is key to a successful renovation. This might sound simple and straightforward, but as the renovation process involves many people, at any point there is the potential for misunderstanding.

Miscommunication is the number one reason for disputes when renovating a home, so it is important you work with a builder who you feel comfortable talking to and can trust.

Communication is a two-way process and is critical to help avoid any disputes. Renovating your home is exciting, but it is important to talk about potential issues and challenges and how you will deal with them when they arise.

Ensure you have independent legal advice

We strongly recommend all homeowners get independent legal advice when entering into a building project. Your lawyer should review your building contract and your guarantee. They should take you through these documents to ensure you know your rights and obligations, as well as those of your builder or master builder. Ideally find a lawyer who has some experience with construction projects, as they will be best placed to explain the contracts to you and identify the key risks you face.

Remember this is one of, if not the, biggest investment you will ever make, and it is worth investing in good quality legal advice from the right lawyers.

Key areas for discussion with your builder

Contract and other documentation

Make sure you discuss your contract with your builder and get important updates and decisions in writing. Ensure you understand what is covered and what is not, including the scope of work, timelines, and payment schedules. Discuss potential risks and the implications of delays or changes. We recommend you also seek legal advice to fully understand the terms and conditions.

The Master Builders Contract (RBC1) is a market leader in New Zealand. It is long-standing, and regularly reviewed to ensure it remains relevant for New Zealand conditions and is transparent and fair. RBC1 is in line with other contracts in New Zealand, including the New Zealand Standards 3910 contract, the New Zealand Institute of Architects contract, and the Ministry of Business, Innovation and Employment (MBIE) contract.

Managing price escalation

We recommend all homeowners talk openly with their builder about their available budget and ensure the renovation plan allows contingency for price escalation. Increases in the project build cost can arise from the cost of materials increasing, or plans having to be adapted after the build process has started. Your builder will be able to guide you around product and process alternatives that may be able to help you reduce costs if required.

The Master Builder RBC1 contract has a clause for price escalation. We encourage you to be very wary of fixed-price contracts in the current environment. They may mean you are paying too much to cover all the risk of price escalation, or you are paying too little, meaning your project could become unviable and your builder may not deliver. Additionally, a Master Build 10-Year Guarantee may not be approved on a project with no allowance for price escalation.

Deposits and advance payments

Deposits and advance payments should be discussed with your builder. When entering into a building contract with a master builder, we recommend that you use the standard RBC1 Building Contract. It includes a comprehensive payment schedule, which allows you to keep track of all monies paid and ensures you only pay for work that has been completed. This is important because in the unlikely event something goes wrong you will have enough money left to complete the renovation with someone else. This is also a key requirement of the Master Build 10-Year Guarantee.

Like most industries, deposits are required before work can get underway. The deposit allows the builder to undertake preliminary work, such as developing plans, consents, site set up, or purchasing materials to get the project underway. Typically, the deposit should be no more than 10% of the build cost for the residential sector. If your builder requires more than 10%, you will not be eligible for a Master Build 10-Year Guarantee. We recommend you discuss a deposit of more than 10% with your builder before you sign the contract to understand why this is needed.

How to manage variations and substitutions

There may be changes required, particularly with renovation projects. These changes to the contract are called variations. Your builder should get written confirmation and agreement to any variation to the contract or costs. Discuss this process with them and be clear on the process for product substitutions.

Understanding defects and tolerances

Talk to your builder about the finishing you require. While the Building Code sets out the minimum standards a builder must work to, there is also a guide to tolerances which outlines acceptable levels of workmanship. This guide is developed by the Ministry of Business, Innovation and Employment (MBIE) and it establishes the benchmark for builders to work to. We recommend homeowners review this to understand what constitutes a building defect and levels of tolerance. The guide covers aesthetic issues rather than issues of non-compliance with the Building Code. Discuss this with your builder; if you require a higher quality level of workmanship it may mean additional time and costs, and this will need to be covered in the contract specifications.

This discussion up front ensures you can manage expectations. You should also discuss how and when defects in the building work will be remedied. It is normal for there to be minor issues that need to be resolved during the build process. Some of these may require coordination with subcontractors, so may take time. Your builder will be able to advise on this process.

What to look for when selecting a builder

✔ Communication skills

It is incredibly important to select the right builder for your renovation. This will make the building process significantly easier and more fulfilling. We always recommend using a builder who can communicate clearly and is not afraid to have tricky conversations around potential price escalations and project delays. This is a sign of a trustworthy, honest, and reliable partner to guide you through your renovation.

✔ The right experience

We recommend you work with builders who have experience in renovations similar to yours. Ask the builders you are considering whether they have the technical expertise and knowledge to undertake your type of renovation. And ask to speak to previous clients who have undertaken a renovation with the builder before. This may provide you with some insights into what they are like to work with.

✔ The right price

We recommend working with builders who are upfront about how much a project could cost. If one builder is significantly cheaper, ask yourself why. Projects usually cost the same in terms of materials and time. Price escalations and project delays can inflate the cost of a renovation, which your builder should be open about.

✔ A Master Builder

Master Builders is a recognised and trusted New Zealand brand. We believe our members represent the best of the industry. To become a master builder, certain quality criteria must be met, including building experience, professional qualifications, management capabilities, and financial responsibility. We also talk to some of their previous clients. We typically accept less than half of those who apply to be master builders. When you choose a master builder, you know you will also receive the support and resources provided by the Registered Master Builders Association.

Elements of a smooth build process

Once a contract is signed with your client, both parties should commit to the following for a smoother build process.

The builder

- ✓ Provide the homeowner with the terms and conditions booklet for the Master Build 10-Year Guarantee.
- ✓ Deliver a high-quality contract process, and clearly communicate any areas of risk or concern.
- ✓ Provide clear and regular communication throughout the process.
- ✓ Deliver quality workmanship, to the standards of the Building Code and MBIE tolerance guidelines.
- ✓ Agree a clear payment schedule, starting with a reasonable deposit (i.e., no more than 10%).
- ✓ Ensure all variations and product substitutions are discussed in advance and, once agreed, recorded in writing.



YOUR ROLE

The homeowner

- ✓ Provide clear communication around expectations and budget.
- ✓ Be available to make decisions throughout the process concerning variations or product substitutions.
- ✓ Be available to attend agreed site inspections.
- ✓ Discuss the Master Build 10-Year Guarantee with your builder, and either ask to apply or sign a waiver.
- ✓ Read your contracts carefully – including the terms and conditions booklet for the Guarantee.
- ✓ Call us if you haven't received your Guarantee acceptance within 14 days of signing the application form.
- ✓ Make scheduled payments within the agreed terms of your building contract.



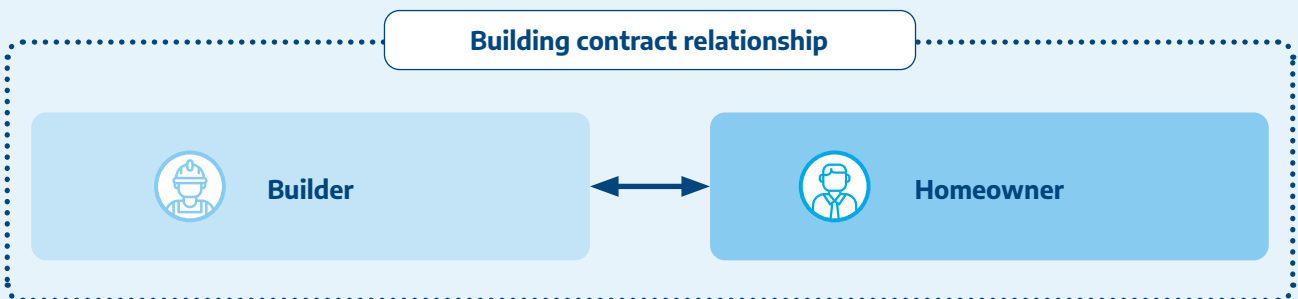
BUILDING CONTRACT

Understanding who the building contract is with

The building contract is between the homeowner and builder

Your building contract is a legal document between you and your builder. Registered Master Builders Association and Master Build Services are not a party to the contract. It is the responsibility of you and the builder to resolve any contractual disputes. Master Build Services is the subsidiary of Registered Master Builders that manages the Guarantee.

The role of the Registered Master Builders Association is to provide support to both parties. We do this through providing a standard form contract which, we believe, represents a fair and reasonable allocation of risk between the homeowner and the builder. We also provide our members and their customers with free access to an independent disputes resolution service if something does go wrong. We support our master builders to maintain high levels of business standards with leadership and development opportunities. We also provide homeowners with information and advice about the building process.



Talk to us

At any point during your Guarantee cover, we'd be happy to hear from you.



Phone:

0800 762 328 or
(04) 385 8999



Email:

help@masterbuilder.org.nz

Guides for homeowners

For more information and assistance, check out our other guides for homeowners at [masterbuilder.org.nz](https://www.masterbuilder.org.nz)



Master Build 10-Year Guarantee



What to consider before you sign your building contract



How to make a claim on your Master Build 10-Year Guarantee



What to do if something goes wrong when building

About this guide

This guide is intended to provide practical tips for homeowners before proceeding with their renovations. It is not intended as legal advice. We recommend homeowners discuss any concerns they may have about the particular building contract with their builder and, where unsure, seek legal advice.

Glossary

Building Code	Sets out the minimum standards a builder must work to. The Code is contained in regulations under the Building Act 2004. The Act governs the building sector and also sets out the rules for the construction, alteration, demolition and maintenance of new and existing buildings in New Zealand.
Defects	It is normal for there to be minor issues that need to be resolved during the build process. Your builder will address these at key stages in the project. Some of these may require co-ordination with subcontractors. It is important you understand what constitutes a defect. MBIE issues a guide to tolerances which outlines the acceptable levels of workmanship in New Zealand.
Disputes resolution service	A voluntary process which brings the builder and homeowner together for a facilitated discussion. The facilitator is a neutral external party and does not take sides with either the homeowner or the builder. They do not make decisions or provide legal advice, rather they encourage both homeowner and builder to provide options and solutions to reach resolution. This process can help resolve contract and construction issues such as communication, quality, payment, and design.
Guide to tolerances	Outlines acceptable levels of workmanship. This guide is developed by the Ministry of Building, Innovation and Employment (MBIE) and it covers aesthetic issues rather than issues of non-compliance with the Building Code.
Independent legal advice	All homeowners should seek independent legal advice when entering into a building project. Ideally your lawyer should have experience with construction projects, as they will be best placed to explain the contracts and identify the key risks. Your lawyer should review your building contract and your guarantee.
Licensed Building Practitioner	Builders who have been assessed as competent to carry out building work essential to the structure or weathertightness of residential buildings. The LBP process is managed by the Ministry of Business, Innovation and Employment (MBIE) https://www.lbp.govt.nz/ .
Master Build Services	A limited liability company, which is 100% owned by Registered Master Builders. It manages the Guarantee.
Payment schedule	Your contract should include a payment schedule, which means you pay for work as it is completed.
Substitutions	When a product is changed from what was originally specified. Your builder should get written confirmation and agreement to any substitution from what is in the contract. You should discuss the process for managing substitutions with your builder, and this should be included in your building contract.
The Master Builders Contract (RBC1)	The market leading building contract in New Zealand. It is long-standing, and regularly reviewed by an independent, expert lawyer to ensure it remains relevant for local conditions and is transparent and fair. RBC1 is in line with other contracts in New Zealand, including the Standards New Zealand 3910 contract, and the New Zealand Institute of Architects contract.
Variations	Any changes that are made to the original contract. This could be because you change your mind, or an unforeseen issue arises, or a product is unavailable. Your builder should get written confirmation and agreement to any variation to the contract or costs. You should discuss the process for managing variations with your builder, and this should be included in your building contract.