



# Property Developer's

# Guide To Success

*From Sourcing Sites to Construction*



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# Sourcing Sites 101

One of the first steps in property development is to actually find the properties.

So, where do you begin?

You could start in several different areas truthfully, but if you have some kind of foundation laid out, it will make the search much easier so you can focus your time on other important areas.

In this section we'll be discussing various methods you can use to start sourcing your next property.

## Learning Outcomes

- Grasp a general overview of property sourcing methods
- Possess a list of websites to be able to search for prospective properties

## **Sourcing Your Sites:**

### ***Where Can You Find Your Next Property to Develop?***

Now that you have decided to become a property developer, the next step is to figure out where you will find the sites you want to develop.

You can easily drive around town and pick out “for sale” signs or browse through the newspapers for listings, but if you don’t have some kind of system in place, you will be making things much more difficult for yourself. Here are some ways you can make industry contacts to find your next site.

### ***Real Estate Agents***

If you want to buy a car, you find a car dealer. If you want to buy a new stove, you find an appliance store or appliance dealer. If you want to buy property to invest in you...

I think you are getting the hint here. Real estate agents are constantly dealing with properties that are being sold. Keep in mind that not any real estate agent will do for your needs. You will need to do your due diligence in finding a real estate agent or agents to work with.

If you were looking for a new Doctor, you wouldn’t just pick anyone out of the phone book, now would you? You would do your due diligence on the individual. You would want to know that they have been in the field and have experience, that others have had positive experiences and most of all, that it would be a good fit for you.

While this could take some time, you can cut down on how much time you

spend by:

- Asking others for recommendations
- Doing online research on the potential agent (a red flag may be finding any wrongdoing or negative feedback)
- Reading reviews and testimonials that others have left about their experience with the agent

You don't want to put all of your eggs in one basket, so finding several agents to work with will serve you well. As you get to know these individuals, you will start to get a better feel as far as fit. If it's not a good fit, no harm no foul, just move on.

After all, this is your investment portfolio on the line here. There's no room for you to make bad decisions that could have otherwise been avoided.

### **Websites**

The Internet makes it that much easier to find properties that you may be interested in. There are many sites you can start using to begin checking out some properties.

Below you will find a few sites, their URLs and a brief description.

These are in addition to the obvious industry leaders you are probably already aware of – [www.realestate.com.au](http://www.realestate.com.au) and [www.domain.com.au](http://www.domain.com.au) - these are all websites you can use immediately to search online to find properties you may be interested in.

1) Real Estate View Australia / URL: <http://www.realestateview.com.au/>

Here is a description directly from their website:

*Founded in 2001, realestateVIEW.com.au is now one of Australia's leading real estate portals. Our aim is to make it easy for you to find your dream home by listing thousands of rental properties and homes for sale. To help you to plan and conduct market research, realestateVIEW.com.au offers a suite of essential tools from free property alerts and the latest sales and auction results to property reports with up-to-date median prices, historical sales results and general suburb profile data.*

*If you're looking to buy, rent or sell real estate, we also provide you with the latest tips, articles and checklists from our Research Centre or to hear about the latest trends from industry experts visit our Expert Views blog which offers the latest property market news.*

*View properties from real estate agents such as: Stockdale Leggo, Ray White, Raine & Horne, Professionals, PRD Nationwide, LJ Hooker, Laing & Simmons, Hocking Stuart, First National, Century 21, Buxton, Harcourts, Biggin Scott and Barry Plant.*

2) Real Commercial / URL: <http://www.realcommercial.com.au>

Here is a description directly from their website:

*Established in July 2002, www.realcommercial.com.au is Australia's most popular commercial real estate website (Nielsen//NetRatings). The site provides a medium for commercial agents and business brokers to advertise their listings on the internet and for potential buyers/leasees to search for.*

*The company also provides a full range of internet services to commercial*

*agents and business brokers from enhanced marketing solutions to web design and development.*

3) On The House / URL: <http://www.onthecouse.com.au/>

Here is a description directly from their website:

*Onthecouse.com.au is Australia's only real estate website that combines historical property data and Guesstimate values with what's now on the market to buy or rent. Our reports allow you to research the sales history of a property, analyses comparative properties and monitor the performance of your properties over time. You can participate in property value discussions by "claiming" a property you own or by commenting on one you are familiar with. Search over 13 million properties on the go with our free iPhone app or online and sign up for free property reports and alerts to keep on top of market changes.*

These free sites can get you up and running immediately however once you start to play a bigger game you may want to consider to subscribing to "insider" industry sites for developers such as [www.rpdata.com](http://www.rpdata.com) , [www.blockbrief.com](http://www.blockbrief.com) or [www.cordell.com.au](http://www.cordell.com.au) .

RP Data will enable you to enter site particulars and filter an area to highlight only those sites that are of interest to you as a developer in any given area. For example, you may want any site greater than 1,000m<sup>2</sup> with a frontage wider than 20m for zoning requirements and with the right dimensions to subdivide. You can ask RP Data to find you all sites in a suburb that meet this criteria and then you can approach the owners directly to see if they are open to selling or doing a deal with you to acquire the property to develop it. Blockbrief is a site that will allow you to research council requirements for



development in any given area and Cordell's is useful as it gives you information about sites that were in the planning stage but which were abandoned (a lot of this is happening lately especially because banks have clamped down on lending to foreigners which means that a lot of offshore developers cannot get finance so can no longer proceed to develop their site. Cordell keeps a list of all such sites Australia-wide. These can be a great place to identify motivated vendors.

### ***Distressed Properties***

These properties are ideal if you are willing to put in the work to make repairs or renovations and want to save some money.

The distressed property owner is someone who just cannot upkeep the property. The reason for this could be due to:

1. *Financial obligations* – Owner is missing payments on the mortgage with the home nearing foreclosure or repossession.
2. *Maintenance, renovation and repair issues* – Owner is having difficulty making the necessary repairs or renovations or just cannot maintain the property.

There are several ways that you can find a distressed property. Here are two of them.

The first would be to simply drive around your area, or have someone drive around and locate these properties.

It won't be hard to spot a home whose owner cannot keep it maintained. Once you locate these homes, you can then approach the owner to see if you can

purchase it.

Since there will be significant repairs and renovations that need to be made, you can typically get these properties at a lower market price.

The second way is to work with your real estate agent or agents. Your contacts will know why the seller is trying to get rid of the property. Knowing that the property is nearing foreclosure will help in your bid to purchase the property.

There are ways to identify distressed properties in the legal system – motivated vendors – such as bankruptcies, liquidations, mortgagee repossessions, divorces, deceased estates and sheriff sales and executors or beneficiaries of deceased estates all need to go through the legal system well before they ever hit the market for sale. My “Real Estate Rescue” program is aimed at teaching you how to identify these properties off market and acquire them directly from the owners at a discount.

# Analyzing Sites 101

Now that you have some sites in mind, it's time to see if they are a good fit for your property portfolio. You can't just choose any site.

You must remember that detailed consideration has to be given to each property, and what may seem like a good deal on the surface, may come back to haunt you if you are not careful.

In this section we will be discussing what you need to look out for when you start analyzing properties.

## Learning Outcomes

- Know the importance and value of local amenities to your site
- Understand the implications that the neighborhood and physical land can have on your development
- Consider local government and planning requirements in your analysis

## **Taking a Look at the Local Amenities**

When it comes to analyzing a site for your property development portfolio, there are some things that you can do and some things that only experts can do. One of the things that you can do is take a look at the site itself and the surrounding area, to see just how valuable that property may be.

Taking a look at specific amenities, their distance from your proposed site and how they could complement your site, will help you to determine whether the investment may be a profitable one or not. Let's take a look at a few of them:

### ***Educational Institutions***

Are there schools within walking distance from your proposed property? Do they cater to younger children or adults? Are they private or public institutions? These are the kinds of things you need to take into consideration as they will dictate the kind of development you will create and who your end market will be.

For example, if you were looking to develop an apartment building that catered to families with young children, then it would be ideal if there were several schools around the area that taught children in that age range.

### ***Shopping Centres***

What kind of shops are in the general area? Are there any to speak of? Would they make sense for your type of development? While it may not really make much of a difference to you, think about the property you are considering developing and the kind of people that may be residing in or using it.

Let's use this example. Say that you are looking to build family homes, nearby grocery store, butchers, bakery, cafes and restaurants would be ideal.

### ***Transportation Centres***

Not everyone has a vehicle to drive. In fact, some rely completely on public transportation. However, this can be extremely problematic for someone who may not live close to a public transportation spot or centre. In fact, some may choose one apartment building over another because of this concern.

If you are looking to develop some type of living space – be it a house, apartment or town homes, it would serve you well to take into consideration the kind of resident you are looking to target. When you have this kind of information, you can then determine if the area's accessibility to public transportation may hurt or help your cause.

### ***Medical Centres***

In an emergency situation, a few minutes or seconds could save someone's life – literally. How close will your development be to the nearest hospital or medical centre?

If there is a medical centre close to your development, then it may be a strong selling point for some. Not only will convenience come into play, but it would be a huge drawcard if your development, for example, was to be retirement homes or an aged care facility.

### ***Places of Worship***

Everyone has their right to worship whom they choose. If there are these types

of facilities available within the area, then this could be another selling point to your potential residents.

### ***Services***

This may sound like a silly one, but does your location offer the services you will need such as electricity, water, internet, etc.

Imagine the problem you would face if you built a large apartment building and many of your potential residents asked for Internet access, only to find that no service providers were available in the area. While it may seem like a little thing, checking to ensure that specific services are available will save you a lot of frustration.

## **Taking a Look at the Neighborhood**

If you really want to see what a place is like, then don't check it out at the same time every day. What that means is that you probably know a neighborhood or business district that functions and looks one way during the day, but during the evening or night hours could look completely different.

### ***Area Activity***

Take a drive around the area you want to develop. You may want to do so on different days, at different times of the day or even evening. Take a drive during the week and also on the weekend. School drop-offs and pickups, Sunday sport events or Saturday night partyers or "rev heads" may make the street unsuitable.

By casual observation there will be several things you can start to take note of. Things such as the following:

### ***Traffic***

What is the traffic like in the morning as opposed to midday or in the evening? What is traffic like during the week as opposed to the weekend? Is it worse during one time as opposed to another? Traffic congestion can be a big cause of concern and it's much better for you to know the traffic flow, before purchasing and developing.

### ***Pedestrian Traffic***

While you are looking at the vehicular traffic, also be sure to look at the foot traffic or pedestrian traffic and accessibility for this. Are there proper footpaths

for people to walk on? Are there designated crossings in the area? Is there ample room for people to be able to walk to the different amenities and services in the area?

Are there bike lanes for those choosing to ride their bikes rather than walk or drive? Is it safe for individuals to walk or bike in the area? These are things you will need to think about as you look at the neighborhood more closely.

### ***People***

What kinds of people are in the area at different times of the day and evening? Do you notice individuals in the area during the evening time that may be a cause for concern? There are some things to take into consideration when it comes to the people.

For one thing, unless you hire security on site 24 hours a day, then you may be opening yourself up to vandalism, theft and illegal activity during construction and afterwards, should you notice some individuals who may be a red flag.

### ***Noise Levels***

What is the noise level like in the area? Is it too loud? Is it a quiet neighborhood? Say you are looking to develop some type of living unit for elderly individuals who prefer a quiet neighborhood. You may be setting yourself up for failure if the area is extremely loud and bustling.

### ***Garbage Disposal***

Waste is not something that many like to think of, but it is a major concern. For more established areas this may not be a concern, but for developing



areas this can be a big one.

Is there proper waste disposal for the area? Do they pick up recycling or green waste? If you are developing in a new area where others may be developing as well, keep in mind that waste disposal may be an issue.

### ***Taking a Look at the Physical Location***

What kind of ground will you be building on? Have you looked at the area you will be developing in? Do you know how many squares you are actually purchasing?

Not having the exact size on hand may mean the difference between building a six-unit complex and a five unit one. The next step in analyzing your site then will be to look at the actual physical location.

### ***Squares***

It's not enough to have someone tell you what he or she thinks the area's size is. You will need to have an expert actually do the measuring for you. Nothing would be worse than planning on building 20 units when you are actually only getting space for 19.

In order to get the actual land area for the property, consult a professional surveyor to measure or survey the site to get you the actual square metres. When you are able to gain this information, you can then determine just how much space you are really working with. A good surveyor will be able to quickly and easily advise you of exact site dimensions and what this means for you.

### ***Incline / Decline***

Is the slope of the land in your favor or against it? Take a closer look. On dry land this may not be that big of a deal, but picture the area with large amounts of rain. The run off of the rain will either be in your favor or against it. Is the decline leading out to the street or is it leading in to your building area?

The slope of the area will not only be affected by the weather, but by traffic from vehicles as well. This is something to take into consideration as you look at the type of development you want to begin constructing.

A good geotechnical engineer will be able to help you with analysis in this respect.

### Landscape

What does the landscape look like? More specifically what is growing in and around the area? Are there lots of trees, bushes and hedges? Will you need to build around these types of growth or can you cut them down? Are they in the way? Does the local council protect trees in the area? This is where an arborist can advise you

Now, before you make plans to start chopping and hacking away, you need to ensure that it will even pass the local council's approval. This is another important reason that you need to look into all of the rules and regulations, especially environmental implications, before breaking ground.

### What Are You ACTUALLY Building On?

Have you ever walked on wet sand, packed sand or dry sand? Have you ever walked on packed dirt, wet dirt or mud? You more than likely have, and you more than likely know what it feels like.

This is another area that you need to take into consideration. Walking on these types of land is one thing, but can you imagine what it would be like to build on or live in a structure built on one of these?

You need to really take into consideration the kind of foundation you are building on. You want to ensure that it is solid ground that you are building upon, especially if you are planning a large building.

You may need to engage a soil specialist to advise you in this respect.

## ***Taking a Look at Governing Agencies***

Each piece of land is different and with each area or locality comes different governing agencies or local councils and planning authorities that you will need to deal with.

In your site analysis you will need to take the different agencies you will need to answer to, into consideration. For instance, if you are set on developing a large sprawling home subdivision, and the local council is against developments in general, then you may want to think twice about whether to proceed – pick your battles.

It's not as simple and easy as finding a location and developing. There are permits and others papers that need to be filed and approved. Neglecting these kinds of things could cost you not only time, but money as well.

Imagine this scenario. You have found the ideal location, you already have hired all of the contractors and vendors to do the demolition, building, construction, etc. You have gotten all of your paperwork in order, or at least you think you have.

You are all set to go, you are on time and all that's left now is to show up to the site and have the demolition crew take out the existing building.

Everything is set, when someone tells you this: "You don't have a demolition permit."

Now what?

Well, for starters, you can't do anything until you obtain that permit, and this

can take time. To help alleviate this problem, let's take a look at some governing agencies and areas you may need to give some consideration to before starting work on your development.

### Local Council

Each local council is different, and as such their requirements may vary. What may work in some areas may not necessarily apply in others. It's part of your job as the developer to do your due diligence.

Some things to keep in mind when you are perusing the local council's website is to take a close look at their local environment plan (LEP) and development control plan (DCP). Also take a look at the attitude and willingness of the council when it comes to developments.

It would be much better for you to know up front that a council may not necessarily welcome developments in the area, than to go ahead and try to develop in such a suburb – don't try and swim against the tide. Pick your battles. Working with a willing council will save you a lot of time and money.

### State, Local and Federal Considerations

Aside from the local council, you may also need to take into consideration any relevant state and federal regulations. What restrictions are set on developments in the area? Are there height restrictions on buildings? What environmental impact may your development have on the area? Have you done an analysis to ensure that your development has the best possible chance of being approved?

While it may not be fun having to look over laws and regulations, and ensure that you are abiding by them, neglecting to do so could leave you in an uncomfortable position. Check in with the local and state regulations for your area to make sure you are compliant, and save yourself a future headache. A good town planner will be able to assist you with this sort of thing.

[www.blockbief.com.au](http://www.blockbief.com.au) is a useful insider site that developers use to find all this requisite sort of information in one place online for any given area.

#### *A Word of Warning: Restrictive Covenants*

Be aware that sometimes a site may be zoned for the type of development you have in mind and the council LEP and CDP allow your development but the actual title may have a restriction on it preventing your development.

A restrictive covenant is something registered against the title of an actual property which can prohibit development.

For example, there may be a restrictive covenant on a title providing that there can only be one dwelling built on that land. This will preclude you building townhouses on that site no matter whether the council grants a DA for that purpose or not.

Restrictive covenants are very difficult to remove. You need consent of all neighbours and an order of the Supreme Court so it can be very costly and tricky to remove such an impediment.

## **Conclusion**

There is much consideration that needs to go into analyzing your next site. It is not as simple as deciding what kind of site you want and then just starting to build.

One of the best things you can do as a developer is to put yourself in the shoes of someone who may be living in or using your proposed site. For instance, if you are developing a site for apartment buildings, then you need to think about who your end buyer will be and what it would be like for them living there.

What kinds of amenities would sway you to live there if you were the end buyer? What kind of neighborhood would most likely persuade you to move in? What kind of services nearby would make the decision easier for you?

Next, be sure to check in with the local council, as well as the state and federal regulatory agencies to ensure you are compliant. Getting all of your plans in place, and making sure you have all of the permits that you need will help to move things along as seamlessly as possible.

As a property developer, you really have no one to blame if you run into problems that could have been avoided through your due diligence. Take the time beforehand to do the proper analysis of your next site. Not only will this save you time and energy, but it will also help to ensure that it is as profitable as possible.

# Feasibility 101

The word feasible is defined in the dictionary as *“capable of being done, effected or accomplished.”*

For your intents and purposes, not only do you want to know if your development will be feasible, BUT you will also want to know if it will be profitable.

Surely, you could complete the demolition of an old building and construct a new one, that in itself is entirely feasible, but will you be losing or making money?

Completing a feasibility analysis goes hand in hand with the site analysis. As you take into account the many different things that go with investigating a site – neighbouring amenities, actual neighbourhood, existing site, etc. – you will need to create a financial analysis as well.

In this section we will be taking a closer look into the feasibility and profitability of prospective sites.

## Learning Outcomes

- Understand the feasibility of a property
- Know the areas and individuals to take into account when calculating the profitability of a property development
- Learn how to complete a shortened financial feasibility form



## **Who Do I Need to Talk to?**

In general, there are obvious individuals you will need to seek out when you are developing a site such as construction and financing personnel. However, in order to identify the true feasibility of a site, you need to do your due diligence and meet with key individuals who can help you to make the best possible decision, such as:

### **Lenders or Investors**

One of the first individuals you will need to approach is an investor or a lender. When you are able to see how much you can finance or how much someone is willing to invest, you will then have a better idea of the kind of property you can go after. There's no sense in going through the process of finding a site, when you won't be able to pay for it in the end.

The flipside of that though is that if the deal is profitable, the investors will be there. It then becomes a chicken or egg thing. You can have investors lined up but they may say no to the deal you bring them.

The happy medium is to have an each way bet – have a few sources of funding in your back pocket so that when you find a site you can shop around until you find the right fit of funding for that deal.

### **Local Council**

You will need to complete a development application (DA) and other forms. Every state is different and requirements differ from council to council, so you will need to check out their website to see what is required of you as a

developer. For example, you may find that councils are more open to one type of development over another, and it's best to find that out up front, instead of wasting your time only to get your application rejected.

## **Professionals and Professional Services**

### ***Specialized Accounting Individuals***

You won't always be able to catch everything, so you may want to approach an accounting specialist who deals specifically with property developers. These kinds of individuals just may save you some time and money by pointing out areas you may have previously missed.

### ***Surveyors***

You will need to know where sewer lines are, where power lines are and actual property measurements. You'll want to defer to a surveyor to this end.

### ***Engineers***

There are several kinds of engineers that you will need in order to do different things. There are electrical engineers who will deal with the electrical side of things and civil engineers who will deal moreso with the building side of things and so on.

### ***Architect and/or Building Designer***

You will need to have someone design the property and create the plans. In fact, your DA will be incomplete if these plans are not included.

### ***Construction Company / Builders***

If you will be building or renovating, then you will need to know what costs you will incur as far as materials and labour are concerned. Do your homework when it comes to finding these key individuals. Not only will you want a reasonable price, but also you will want a company you can trust and one which has already done the kind of work you are looking for.

## Calculating it out – Expenses

Now that you know the sort of experts you will need to talk to, the next thing will be to determine what you will need to pay to these individuals, firms and agencies.

There are DA fees, surveyor's fees, engineer's fees, etc. There is specialized software experienced developers use which is capable of producing a spreadsheet to calculate the feasibility of a site. We recommend

[www.feastudy.com.au](http://www.feastudy.com.au)

Let's take a quick look at how to determine a site's costs and whether or not it will be feasible for you to move forward. For this example, let's use the cost for an existing eight town house site. The town houses will need renovations and there is enough room to build an additional two town houses, for a total of 10 town homes.

Purchase Price: \$1,500,000

Stamp Duty: \$60,000

Renovation Cost: \$25,000

Professional Costs (Accountant, Architect, Engineers, etc.): \$34,000

New Unit Construction Cost: \$400,000

Sale Costs: \$50,000

**Total Cost: \$2,069,000**

**Sale price \$270,000 per townhouse.**

= \$270,000 x 10

= \$2,700,000

**Profit: \$700,000**

Now, keep in mind that this is a quick calculation as new unit construction costs can include things such as demolition, roadwork, sewer, etc.

However, for the example we are using here, we are illustrating a quick “back of a napkin” calculation to see what our costs will be to renovate what is there and build additional dwellings. Our calculation here is over \$2,000,000.

This is your high level mud map or “back of a napkin” feasibility. From this point you can ascertain whether it is worth moving forward on this deal or to look for something more profitable in light of the time, effort and money involved.

While you may be tempted to start counting your profits ahead of time, keep in mind there are other costs involved.

It's much better to be conservative and calculate a lower number and be pleasantly surprised, as opposed to aiming for a larger number and being unfortunately disappointed. Always err on the side of conservatism and caution.

## **Is This Property Financially Feasible?**

Now that the cost and expenses are laid out, what we need to take a look at is whether or not that profit margin is reasonable.

Yes, you can make \$700,000 however there are costs that we did not factor into our equation such as contingency and other fees that could come up unexpectedly.

Given a buffer of \$200,000 in case there are any other fees that arise, you are truly looking at \$500,000.

After factoring in time and other related expenses it is up to you to decide if this is a project you would like to move forward with.

### **Questions to Ask Yourself:**

1. What profit margin would be ideal for me?
2. How long is a reasonable timeframe to realise that profit?
3. Am I willing to put in the requisite time, money and effort for that amount of profit?

## Other Considerations

While it may look good on paper, there are other things that you will need to take a look at before you decide to move forward on a development. Here are some questions and things to keep in mind:

- What is the neighborhood like?
- Will you have opposition from neighbors due to the development? Do the local council welcome new developments in the area?
- Is there a market or need for the development you plan on creating?
- For the earlier example – Is there a negative reason that these townhomes are for sale?
- What services are available in the area?
- How does the weather (rain, storm, and flood) affect the area?
- Will it make more sense for you to sell or rent out the property?
- Are people buying in that area (How does demand stack up as against supply and what is the average time on market and average vendor discount to effect a sale?) – RP Data is an essential tool for gathering the requisite data to this end.

Take a closer look at what you can't see (sewer, electrical, plumbing) as they may end up costing you more if overlooked.



## Your Turn --- Expenses

Now that you have had a chance to gain an understanding of a site's feasibility, fill in the blanks with a fictitious or potential site you have had in mind. There are no wrong answers here. The activity is meant to get you thinking. An estimate or best guess answer will suffice. Even if it is a site you cannot secure just treat this as a dry run for learning.

As Confucius once said: "I hear and I forget, I see and I remember. I do and I understand"

<b>Expenses</b>	
<b>Site Fees</b>	
Site Purchase Price	\$
Stamp Duty	\$
<b>Building Fees</b>	
Demolition	\$
Construction	\$
Renovation	\$
Earthworks	\$
Roadworks	\$
<b>Fees For Individual Professional(s)</b>	
Designer	\$
Electrical Engineer	\$
Civil Engineer	\$
Property Development Accountant	\$
Surveyors	\$
<b>DA Fees</b>	
Application Fee	\$
Miscellaneous Fees	\$

<b>Selling Fees</b>	
Marketing	\$
Commissions	\$
<b>Total</b>	
	\$

## Your Turn – Profitability

Now take your total from above and list what your potential new site may yield. Remember to also subtract the marketing and commission fees and a “contingency” buffer from that total to get your estimated potential profit from this project.

<b>Potential</b>	
Constructed / Renovated Site Value	\$
Minus Expenses & Marketing and Commission Fees	\$
<b>Total</b>	\$

## Wrap Up

How did you do?

Does your potential site look profitable or at least worth the time you want to put into it?

Feasibility of a site is an important step that cannot be overlooked.

The activity purposely left out other expenses that you will need to take into account. There are certain other specific expenses you will incur which will vary from area to area.

The point of this section and exercise is to emphasize the importance of feasibility and to get you used to running numbers on the back of a napkin before you do anything.

We recommend using a feasibility software program such as Feastudy ([www.feastudy.com.au](http://www.feastudy.com.au)) that will help you to do the calculations, just be sure that you are putting the information in that needs to be calculated.

# Funding

Perhaps THE biggest barrier to a property actually being developed is securing funding.

While funding can come from many different sources (personal, investors or commercial loans), being unable to secure proper funding means everything comes to a halt.

In this section, we will be discussing the various sources of funding and this will help you to better understand funding for property development.

## Learning Outcomes

- Understand the various funding sources and how they differ
- Know what you are getting into in securing funding
- Learn what to look for and avoid when you are securing funding

## Investors

Investors are always on the lookout for projects that not only align with their goals, but ones that can also be profitable.

You can find investors everywhere. Perhaps, the most motivated ones though, would be those who are looking for a development in their local area. Think of it from the standpoint of a development coming to your neighborhood.

While you can connect with an investor through your own research and connections, CrowdfundUP now offers Australians the chance to invest as little as \$100.

From their website:

*“CrowdfundUP, Australia's first property crowdfunding company, provides a web-based, user friendly property crowdfunding platform that gives investors access to premium property development and investment opportunities across Australia.*

*CrowdfundUP allows members to invest their preferred amount across a range of development opportunities to create an online property portfolio right alongside professional property investors and institutions.*

*CrowdfundUP allows for the time and cost effective provision of property capital for development projects and asset purchases. In conjunction with this, developers gain extensive exposure and the ability to target a qualified investor market through the platform and our global partners, BDO. CrowdfundUP not only provide a level of access and transparency that has never before been possible for those investing in real estate, but also greatly reduces the time and capital*

*requirements needed to undertake the investment process.*

*CrowdfundUP's comprehensive functionality extends from developer branding and project listing right through to delivery and ongoing investor engagement. The platform capabilities include investor qualifications, offer and acceptance documentation, taxation, documentation and integrated social investing.*

*With the simple click of a button, investors now have the opportunity to browse and select property opportunities for their preferred investment budget from around the country and be alerted the moment a developer they are following lists a new opportunity."*

Source: (<https://crowdfundup.com/what-we-do>)

We also connect our graduate developers with money partners via our forum. Please note though that we do not vet or endorse these deals in any way so as with anything – risk comes with not knowing what you are doing and thorough due diligence is essential. You are responsible for your own research and investment decisions – which is empowering as your success or failure lies totally within your own control. Additionally, we have our own in - house funder for our graduate development clients as well as our dedicated venture capitalist.

Finally, our "Inner Circle" developments group is a medium whereby we facilitate investment in projects we wish to undertake with our student and investor community so that we all may profit from real deals whilst learning on the job. Our graduates find that this is a great place to start and gain experience which they can later use on their "resume" when developing alone and applying for finance.

## **Commercial Loans**

If you are unable to secure funding through investors or personal resources, you can always opt for a commercial loan.

The nice thing about commercial loans is that they mainly focus on the feasibility of the property more than the individuals' credit.

Here is some basic information on commercial loans of the style offered by banks for loans between \$250,000 and \$3,000,000. Don't be fooled by the title of "Commercial Loans". It is not a business loan, it is just that when you get to the level of developing more than four new titles on the one site, banks no longer see this as a "home" loan for residential property. They see what you are doing as a business or commercial exercise, so the lending goes to their commercial department you are no longer an owner occupier or passive investor. You are actively in the business of creating something new.

As a rule of thumb banks will lend you 65% of your total loan acquisition and construction costs via a commercial loan. It will be up to you then to come up with investors or funds to the tune of 35% of your total costs.

### ***"Commercial Fixed Rate Loan***

- Fixed interest rate for terms of 1-5 years
- Loan term is up to 20 years
- Loan redraw at the end of the fixed term only
- Loan repayment for principle and interest or interest only (maximum period 5 years)
- Paid by direct debit



- Additional payments for lump sums of up to \$20,000 per calendar year
- No monthly fees or charges

### ***Commercial Variable Rate Loan***

- Variable interest rate
- Loan term is up to 20 years
- Loan redraw with minimum of \$10,000 per redraw
- Loan repayment for principle and interest or interest only (maximum period of 5 years)
- Paid by direct debit
- No ongoing monthly fees

### ***Commercial Equity Loan***

- Variable interest rate
- Loan term is reviewed at the end of 5 years
- Loan redraw with minimum of \$10,000 per redraw"

(Source: <http://www.ingdirect.com.au/home-loans/commercial-loan.html>)

Banks like ING Direct also have loans in excess of \$3,000,000 if your property requires it. Most lenders have similar product lines available for property developers. You can learn more about obtaining a commercial loan by visiting each lender and asking to speak to someone in their commercial lending department. This type of lending may not be an "off the rack" product that the bank markets to all and sundry in that it is not "one size fits all". It is more niche lending so don't expect to see a glossy brochure advertising this loan product or have bank staff

stripping over themselves to sell it to you. As with anything that is not commonly known you may be sent on a wild goose chase through the bank's system (ie. if you wander in and ask the first teller you see for a commercial loan for a development they may not know what you are talking about). You may have to push your agenda and persevere. With time and experience you will build up a stable of lenders and contacts in the industry who will be wanting to lend to you.

## **Roadblocks, Funding Concerns and Deal Structures**

So you've found a development, but now your DA won't be approved or the bank is just not comfortable with the development.

What do you do?

Well, all is not lost. There's a very good chance that all you need is a different deal structure.

Don't give up!

Your deal structure could include one or more of the following, which we'll be discussing:

- First Mortgage Finance
- Mezzanine Debt
- Initial Equity
- Notional Equity

### **First Mortgage Finance**

First or senior mortgage financing will be financed through a principal lender or first mortgagee – this would usually be a mainstream lender such as a bank.

You can find this sort of funding through a commercial mortgage broker rather than going in cold directly to a bank – the advantage of this is that they have connections and can shop your deal around for you, but keep in mind that some commercial brokers will charge you a commission for projects typically involving four or more dwellings/new titles.

In this type of financing, LVR restraints exist. What is LVR and why is it important?

LVR stands for Loan to Valuation Ratio. Your LVR is the amount of money you want to borrow as compared to the value of the property. So in the previous section when we mentioned the bank potentially lending you 65% of your required funds for the project, we would say that the LVR was 65%.

Capitalisation of interest may also be permitted with first mortgage financing.

Lenders in this instance may be more comfortable in lending to an agreed LVR of the total costs of the development of the project.

## Mezzanine Debt

This comes right behind the first mortgage financing and sits there, making it subordinate to the first mortgagee and the bank's position. This can also be referred to as second" mortgage or caveat lending. What it means is that if things went bad with the development and the site was repossessed and sold then the first mortgagee would get paid all that they were owed from the proceeds of sale – if there is money left over then the second lender will get paid out of that. It is riskier lending for a mezzanine funder and as with anything – the greater the risk, the greater then returns. Which means that this type of funding costs more: you will pay a lot more in interest.

This kind of financing attracts lenders who look more at the development company or the developer, rather than the development itself. Because a mezzanine funder's position is precarious (being second in line to the first mortgagee in terms of security over the asset) – these funders will usually want security over the developer's other stock and assets to cover themselves in the event that the project is a failure.

Here is a formal definition of Mezzanine Financing according to Wikipedia:

*"In real estate finance, mezzanine loans are often used by developers to secure supplementary financing for development projects (typically in cases where the primary mortgage or construction loan equity requirements are larger than 10%). These sorts of mezzanine loans are often collateralized by the stock of the development company rather than the developed property itself (as would be the case with a traditional mortgage). This allows the lender to engage in a more rapid seizure of underlying collateral in the event of default and foreclosure. Standard*

*mortgage foreclosure proceedings can take more than a year, whereas stock which is a personal asset of the borrower can be seized through a legal process taking only a few months."*

If you are able to, avoid this type of financing and use it only as a last resort. Many a developer and investor have been burned by getting involved with mezzanine finance and similar styles of funding. It is fraught with danger. When we said in the previous section that banks will typically look at advancing 65% and the developer needs to come up with 35% of his/her own skin in the game – this 35% can be secured via mezzanine funding, sometimes called "seed" funding. It means the developer has none of their own money in the deal and is fully reliant on other people's money. This means other people can control the development. Mezzanine funding is so expensive because of the risk involved. If the deal goes wrong, then the banks get paid back first and if there is a shortfall it means that the mezzanine funder can be left high and dry which means they will want to attack the developer's other assets to get paid back.

## **Initial Equity**

This is the part of your development cost that will not be provided by the first mortgage financier. This is like the deposit when you buy any property – it is your skin in the game.

This type of funding can be borrowed from another source or can be cash. This could also be made up using financing from Mezzanine debt.

**Remember:** Equity is *always* better than debt, so if you have your own funds in a project you will have far more control.

## **Notional Equity**

This is what is also known as “creative” equity.

It is called ‘creative’ equity, because certain things need to happen in order for it to be created.

This type of equity is achieved by increasing the value of the property.

For instance, an asset value can increase over a period of time due to a move in asset prices. (Capital growth)

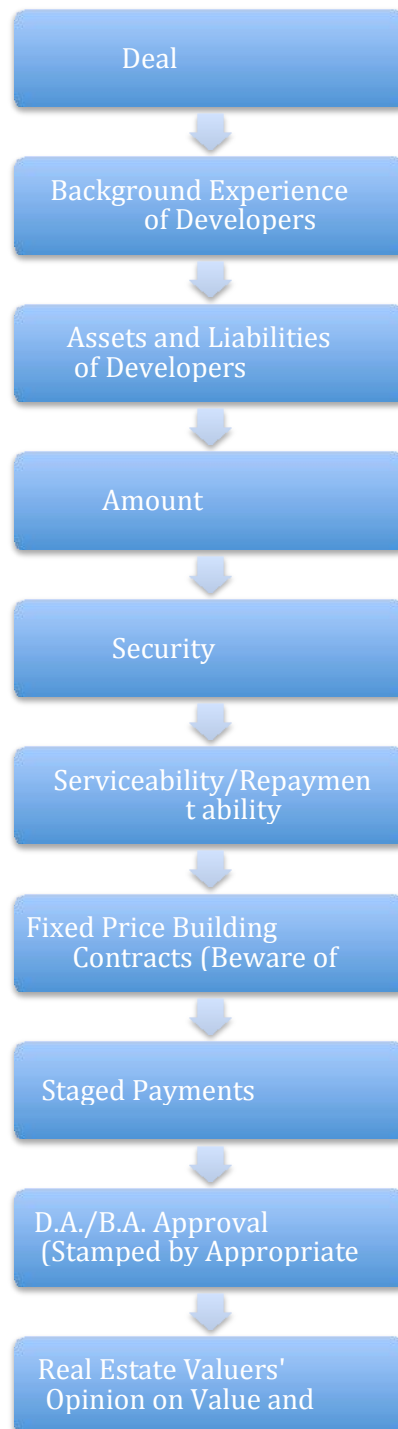
While this type of equity won’t happen all the time, it can be rather beneficial to you as the developer, which is why you need to keep your eyes and ears open at all times, to opportunities in front of you.

Buying under market property is another way to make money when you buy. This can happen more often than you think so don’t underestimate the value of our tools and resources – knowledge is very powerful and it is relatively easy (when you have the right knowledge) to find an ordinary, residential site which you can buy for \$500,000 but then obtain a DA to build 5 townhouses on it (the owner did not know this was possible so priced the site to sell as a residential home). As a 5 townhouse site (the highest and best use of the land) it now has a commercial valuation of \$900,000. Thus your knowledge and research has yielded you \$400,000 worth of notional equity.



## What Now?

Now that you have a better understanding of your funding sources, and how the deals may be structured, let's look at how the development application process will look.



## Closing Thoughts On Funding

1. Protect yourself by keeping your lenders separated. This means the lender for your equity and project shouldn't be the same. This will give you more control. Try not to offer a lender security over other assets you may have via a cross collateralised loan. This could leave your personal wealth or portfolio exposed if for whatever reason your property development fails (make sure you look at your Master Wealth Control Asset Protection before you even start out – go to [www.dominiquegrubisa.com.au](http://www.dominiquegrubisa.com.au) or call us on (02) 9986 2228 to find out more).
2. When it comes to Mezzanine debt, make this your last resort.
3. Work with a commercial broker for your first mortgage financing, NOT a residential broker.

# Development Assessment

Now that you are ready to commence construction, there are a few more key steps that you must undertake. The development assessment process is not one that you can quickly pass over.

There are important areas that you may not have experience in and/or do not have the time to complete on your own. Rather than trying to figure things out alone as you go, you'll be much better off enlisting the help of an expert.

In this section we'll be discussing the development assessment process further, so you can gain a better understanding of what will need to be undertaken in any given project.

## Learning Outcomes

- Know the steps you need to take before starting construction
- Identify key individuals who can help you through this process
- Understand where to find the information you need

## Development Process Key Steps

There are key steps that need to be completed before construction of your development can actually begin, steps such as lodgment of your application and approval. We'll be looking at the steps more closely, but we have set out an outline of these steps below to provide you with the big picture view:



## Concept Development

As you progress through this process, there are several things you need to be asking yourself, such as:

*What type of development do you have in mind?*

*Will you be developing a commercial or a residential site?*

*Will the local community welcome your development or are you setting yourself up for failure?*

*Have you taken the necessary steps beforehand to ensure that your development will not be denied?*

Getting help from a local architect will help to ensure that things go as smoothly as possible. Here are a few benefits to consulting with a good architect:

- Help you to better understand and assess a site so you can see opportunities, as well as constraints
- Appropriateness of the design for the desired site and the area
- Understanding who the target market will be for your development
- Existing knowledge of industry codes and standards
- Ability to predict obstacles that may arise in the development process
- Knowledge of sub consultants' requirements
- Provide guidance on the council requirement and design review process
- Ability to address concerns during council meetings
- Knowledge and experience to do things correctly the first time around

You can't afford to be "jack of all trades and master of none" in this business so you need to build a "dream team" of specialists – become a leader and learn to delegate to people on your team. Remember if you know more than everyone on your team then you are in trouble.

## **Should You Do The Development Assessment Yourself?**

You may be tempted to do things yourself. Just remember that there are very specialised, niche things to keep in mind when developing such as:

- Your existing knowledge of the assessment process
- Your existing experience in property development
- Your existing knowledge and experience in the specific area in which you are planning to develop

If you have the experience and knowledge to complete the assessment yourself, by all means do so. However, it won't hurt to get help from an expert such as an architect or town planner until you get some runs on the board and even then, these key "go to" experts still can pay for themselves in that they will ultimately save you a lot of time and money.

Do you have the skills and knowledge to address issues should something go wrong?

Are you aware of the pitfalls that can arise from the development you are considering?

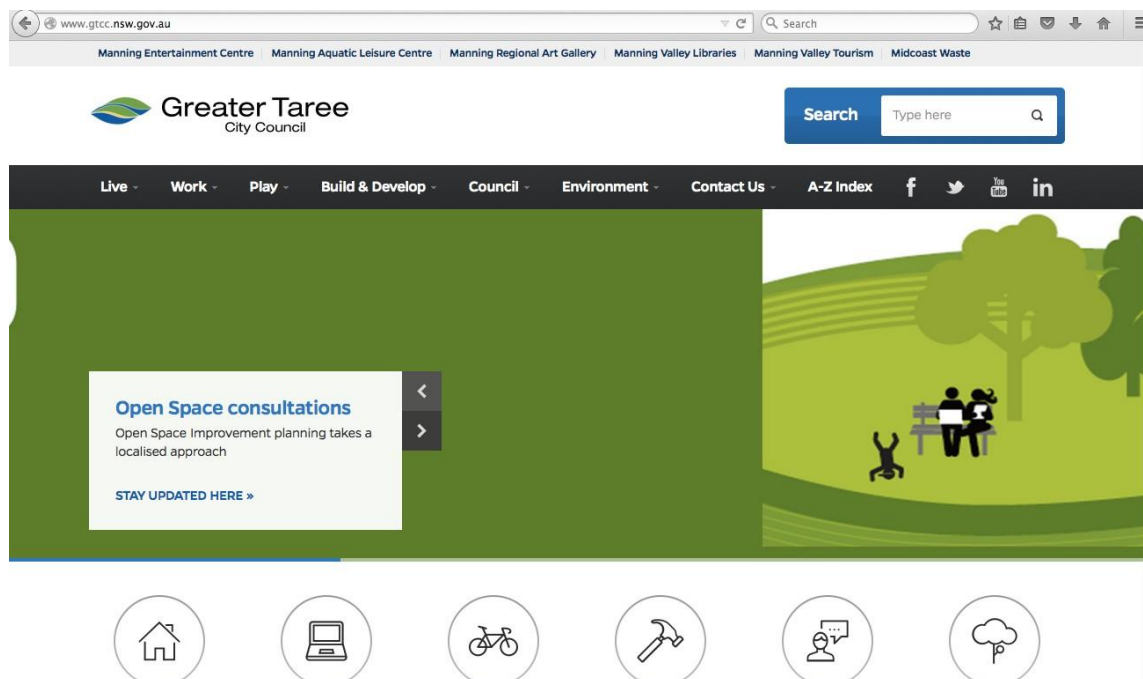
While you may want to save on cost by doing things yourself, you need to keep in mind the time and extra cost you may incur should you do things incorrectly.

If you are hesitant at all in relation to any step in the process, then it won't hurt to get help from an expert.

## Getting The Information You Need

There is specific information you will need to get going with your Development Application. Here the Internet can be your best friend. For instance, if you need DA information, just do an internet search of your local council.

As an example, if you plan on doing a development in the Greater Taree area, then just search online for “Greater Taree City Council” and you will get the following:



If you click on the “Build & Develop” link you will get all of the information you need. You can also find important information from these sites:

### ***Building Code of Australia (BCA)***

<http://www.abcb.gov.au/about-the-national-construction-code/the-building->



[code-of-australia.aspx](#)

***Australian Standards***

***[www.standards.org.au](http://www.standards.org.au)***

***One Stop Shopping***

***[www.blockbrief.com.au](http://www.blockbrief.com.au)***

## **Pre-lodgement**

In the rush to move things along, you may gloss over this part of the process but it is one of the most critical.

The pre-lodgement process can help you to save not only time, but money as well. To give you a better idea of what you can expect from a pre-lodgment advisory service, let's look at what a council typically provides:

*"This is a weekly service and is appropriate for certain types of developments – for example, flats or substantial commercial developments.*

*The service aims to provide a better understanding of the DA process and ensure there is consistency and continuity in comment provided by Council. It also provides information for the applicant's discussion with neighbours so that potential conflicts may be avoided before an application is lodged.*

*A friendly, multi-disciplinary team of officers staffs the team. You should review the planning controls relevant to your proposal before the meeting takes place (refer to the Ashfield Local Environmental Plan and any relevant Development Control Plans as appropriate). Having useful documentation available at the meeting such as preliminary plans and photographs will help us provide a meaningful response."*

(Source:[http://www.ashfield.nsw.gov.au/page/pre\\_lodgement\\_development\\_application\\_advisory\\_services.html](http://www.ashfield.nsw.gov.au/page/pre_lodgement_development_application_advisory_services.html))

Here are some things to keep in mind and questions to be asking yourself through this process:

- Do I have all of the necessary papers in order?
- Have I thought this proposal through in detail?
- Do I really want to do this?
- Is this really the development I want to move forward with?
- Is this financially feasible?
- Is this reasonable?
- Am I ready to make changes if need be?
- Am I ready to start over if I need to?
- Do I have the time and resources to see this through to completion?

## **Lodgment of the Application**

If you have taken the proper care to attend to the necessary steps up until this point, then you should be ready to start the process of lodging your application.

To ensure that there is little delay, be sure that the form is completed correctly. Take the time to review all information to ensure that what you have down is correct. Remember – measure twice, cut once.

Also, be sure to enclose the correct number of copies of plans that is required of you, and that you have addressed any issues that may have come up at pre-lodgment.

Lastly, do not breeze over your statement of Environmental Effects. Take the time necessary to ensure that this statement is succinct and accurate.

Pay close attention to your specific Council website for the lodgment of your application. Some are very clear in their directions as far as lodging an application, while some may not provide as much information.

Here are two examples.

The Maranoa Regional Council just states the following for lodging an application:

***“Lodging a Development Application***

*Please use links below for Development Application checklists and IDAS forms.*

- *Material Change of Use*
- *Operational Works*
- *Reconfiguration of a Lot (Subdivision)*
- *IDAS forms and checklists*

*Please note for an application to be lodged correctly all information on checklist must be submitted and forms completed in full.*

*If you require assistance please contact the planning department on 1300 007 662.”*

(Source: [http://www.maranoa.qld.gov.au/en\\_US/lodging---a---development---application](http://www.maranoa.qld.gov.au/en_US/lodging---a---development---application))

The Brisbane City Council states the following for lodging an application:

### ***“Lodging an application***

*Brisbane City Council offers several ways to lodge your planning assessment application. The fastest and easiest method is to use Council's eLodgment service, however you can also lodge in person or via mail. You can find out information about development assessment and compliance fees and request a fee quote.*

### ***eLodgement (via email)***

*Save time and money by emailing your application to Council. Our development application support team will email you to confirm receipt of your application within two working days.*

*You will need to prepare your files in this specific format.*

*Identify the application by including the following in the subject line of the email.*

- 1. Type of application (e.g. eDA Op Works).*
- 2. Address of the application (e.g. 123 Island St, Moorooka).*
- 3. Number of emails to the application (e.g. Email 1 of 2).*

*In this example, the subject line would be "eDA Op Works – 123 Island St, Moorooka – Email 1 of 2".*

*You can also get further assistance with eLodgement.*

*Council will check an application lodged via email to make sure it is properly made before issuing a fee quote.*

### ***In person***

*You can lodge your development application in person at any Regional Business Centre, however when you lodge your application in hard copy you will be charged a scanning fee.*

*Counter staff will issue an acknowledgement receipt when they accept your application. A fee quote must be provided before you can pay your application fee.*

*Council's application support team will check an application lodged via email to make sure it is properly made before issuing a fee quote.*

*If additional information is required, your application will be considered not properly made.*

### ***Via mail***

*You can also send your application by mail.*

*Brisbane City Council*

*GPO Box 1434*

*Brisbane Qld 4001*

*If you mail your hard copy application, you will be charged a scanning fee.*

*Council will check an application lodged via mail to make sure it is properly made before issuing a fee quote.*

### ***Processing and follow-up on your development application***

*Your application will be assigned to an assessment manager who will advise you*

*when the assessment process begins and the email address for follow up correspondence.*

(Source: <http://www.brisbane.qld.gov.au/planning-building/applying-post-approval/lodging-application>)

As you can see there is a big difference between the two.

Pay close attention to your local council website to see what you need to do to lodge your application and if in doubt go in and see them in person or call to get clarity. It will save you time in the long run.



## **Statement of Environmental Effects (SEE)**

The statement of environmental effects is a standard application form from the local council. This form includes requirements made of the applicant (developer) as it relates to effects the development may have on the environment.

Often applicants do not read this form thoroughly and fail to consider the council requirements prior to submitting an application, which could result in a delay or denial of an application.

To avoid delay or denial, ensure that your SEE is clear in letting the local council know what you plan on building and that your SEE clearly identifies any environmental issues and addresses them.

To get a better idea of what you can expect, here is an example of requirements from the Greater Taree City Council. See the following page:

# A guide to preparing a **Statement of Environmental Effects**

*This guide only applies to development applications (DA).*

## **What is a Statement of Environmental Effects?**

A Statement of Environmental Effects (SEE) is required for all development applications. When you lodge a development application, you need to provide among other, a completed application form, the relevant plans, and a SEE. (See DA Lodgement Checklist for a complete list of required documentation.)

The SEE should address the matters outlined in this guide and where additional documentation is required (by an environmental planning instrument or a development control plan) this may form part of the body of the SEE or may be included as an appendix to the SEE. For example, if you need to provide a visual impact statement, acoustic report or a traffic impact statement, these may form appendices to your SEE. The size of the SEE will therefore vary according to the proposed development and its potential to impact on the natural and built environments.

A Statement of Environmental Effects (SEE) outlines:

- the likely environmental impacts of the development;
- how the environmental impacts of the development have been identified; and
- the steps that will be taken to protect the environment or to lessen the expected harm to the environment.

Council must consider a number of statutory matters when determining your application. These are outlined in section 79C of the *Environmental Planning and Assessment Act 1979* and include:

- the provisions of any environmental planning instrument (state environmental policies (SEPP's) regional environmental plans (REP's), and local environmental plans (LEP's));
- the provisions of any draft environmental planning instrument (that is or has been placed on public exhibition);
- any development control plans (DCP's);
- the likely impacts of the development (including environmental impacts on both the natural and built environments, and social economic impacts in the locality);
- the suitability of the site for the development;
- any submissions made; and
- the public interest.

Your SEE must address these matters (with the exception of any submissions made) so that Council and any other relevant authorities have the necessary information to assess your application. Your SEE should demonstrate that in designing your proposal, you have fully considered the site constraints and the applicable legislative provisions.

#### **Why do you need a SEE?**

The *Environmental Planning and Assessment (EP&A) Regulations 2000* specify that a development application must be accompanied by a SEE except in the case of designated development. Designated development is development that is listed in Schedule 3 of the EP&A Regulations 2000 and requires a greater level of rigor in the form of an Environmental Impact Statement. In general, designated development includes heavy industry with the potential to pollute, intensive livestock industries, extractive industries, mining operations, marinas and aircraft facilities. Most development applications are for local development requiring SEE. Complying development does not require a SEE but does require a detailed description of the development.

Council will not accept your development application without an adequate and legible SEE. A SEE that does not include the required information may cause delays in the processing of your application.

#### **What information must a SEE include?**

An SEE should be a written statement clearly titled 'Statement of Environmental Effects'. It should give an understanding of the thinking behind your development and includes information about the development that cannot be shown on the plans. The SEE should address, at minimum, the matters described below. If you think something is not applicable to your application, please state why this is the case. The amount required will depend on the type and scale of your application and will include:

- A description of the site and surrounding locality
- Present and previous uses of the site
- Existing structures on the land
- A detailed description of the proposal
- Operational and management details
- Reference to any environmental planning instruments (state environmental planning policies, regional environmental plans, local environmental plans – including the zoning of the land) that are applicable
- Reference to any draft environmental planning instruments (that are or have been placed on public exhibition) that are applicable
- Reference to any development control plans that are applicable.

Anyone can prepare a SEE. You may use the pro-forma attached with this guide for your SEE if your proposal is for minor development. Minor development includes:

- Small scale advertising structures
- Agriculture
- Bed and Breakfast establishments
- Change of use (may include internal alterations/fit-out but does not include the erection of any significant structures) to building products warehouse and showroom, bulk store, bulky goods showroom, car repair station, commercial premises, retail plant nursery, industry, junk yard, light industry, motor showroom, professional consulting rooms, restaurant, shop or wholesale plant nursery.
- Demolition (not applicable to heritage items)
- Drainage
- Dwelling-houses/ Dual Occupancies and ancillary structures such as a garage or shed\*
- Earthworks
- Environmental facilities
- Foreshore development (boatsheds, jetties, slipways, boat ramps, in-ground swimming pools, inclinators, landscaping, landscaping, barbeques, or other similar structures)
- General stores
- Home business
- Home industry
- Signs
- Subdivision – minor (boundary adjustments or simple one into two lot subdivisions)

If your proposal does not fall into the above categories, Council advises that you seek the assistance of a suitably qualified professional/consultant in preparing your SEE, or please contact Council for further advice. You may still use the attached pro-forma as a guide only but you will need to provide a greater level of information and additional clauses and requirements will be applicable.

#### **Further Assistance**

Please contact Council's Customer Service Centre on phone 6592 5399 (8.30am to 4.30pm) or visit in person at 2 Pulteney Street, Taree (8.30am to 4.30pm).

(Source: <http://www.gtcc.nsw.gov.au/assets/Main---Site/Files/SD---RegulatoryServices---Forms/Guide---to---preparing---a---Statement---of---Environmental---Effects.pdf>)

## **Assessment**

Now that all your forms are in order, there are a few more things to think about, consider and keep in mind to avoid delay or denial of your application.

One of the best things you can do during the assessment process is to put yourself in the shoes of those reviewing your development application, as well as those who will be directly affected by your development.

Once you can do this, and understand things from their perspective, you'll be able to better foresee and address any issues that may arise.

Here are some tips to help make the assessment process as painless as possible:

- Take the proper time to conduct accurate research
- Don't skimp on the preparation process
- Stay in regular communication with the governing authorities
- Ask not only questions, but the right questions
- Try to think ahead to anticipate problems that may arise
- Do your homework
- Prepare your proposal as thoroughly as possible, and enlist authorities and experts such as Town Planners if required
- Be reasonable
- Keep your end goal in mind

## **Determination & Approval**

The determination of your application will typically reside with an appointed council authority, rather than having to go to a council meeting.

In this case, it would make the most sense to try to make your application as easy as possible to approve.

How?

As mentioned earlier:

- Do your homework
- Put yourself in the shoes of those approving your development or those who will be affected by it
- Ensure that all of your forms are filled out correctly such as your SEE
- Enlist the help of experts
- Stay in regular communications with governing authorities
- Don't skimp over areas such as prelodgement
- Pay attention to all the concerns that are brought up and address them

There are really only three ways this will go. Either you will be:

1. approved (possibly with conditions),
2. granted deferred commencement
3. Or denied.

If you are offered the first two, be aware of the conditions the authority may place on your development.

While you may be out to make a profit, keep in mind that there will be others who will be affected by your development.

In which case, you will need to ensure that you are meeting the conditions that are placed on you and your project.

## Construction Certificate

If you get to the point of needing a construction certificate, then congratulations! You are almost there. Getting your construction certificate approval is required before any actual building work can start.

However, there may be additional information needed. To gain a better understanding of what a construction certificate is, let's take a closer look at the requirements of Willoughby City Council:

*"After a development application is approved, a Construction Certificate is needed before building actually begins. A Construction Certificate is an approval that:*

- *Makes sure that the detailed construction plans and specifications comply with the Building Code of Australia (BCA) and any other relevant Australian standard.*
- *Certifies that the detailed construction plans and specifications are consistent with the Development Consent.*
- *Certifies that the relevant development consent conditions have been complied with.*
- *Certifies that all necessary contributions and fees have been paid.*

*A Construction Certificate can be issued by Council or a private Accredited Certifier. If issued by a private Accredited Certifier, a copy of the certificate, associated plans and specifications must be forwarded to Council within two days after the date of determination.*



*Once you have development consent and have then obtained a Construction Certificate, you need to appoint a Principal Certifying Authority (PCA) before starting work. A PCA is either Council or a private Accredited Certifier who oversees the construction or subdivision process. Council must be told who has been appointed PCA at least two days before building starts.*

*The PCA will conduct an inspection of each required stage of construction and issue an Occupation Certificate (for any building work) when all the pre--conditions specified in the development consent have been met and the building is suitable for occupation or use in accordance with its classification under the Building Code of Australia.*

*A Construction Certificate is only valid while the Development Consent is still in date, so works must be commenced before the Development Consent lapses."*

(Source: <http://www.willoughby.nsw.gov.au/development/construction---certificate/>)

And here is a closer look at the forms that will need to be filled out

31 Victor Street, Chatswood NSW 2067  
PO Box 57, Chatswood NSW 2057  
Ph (02) 9777 1000 Fax (02) 9777 1038  
Email: email@willoughby.nsw.gov.au  
Web: www.willoughby.nsw.gov.au ABN  
47 974 826 099



## CONSTRUCTION CERTIFICATE AND COMPLYING DEVELOPMENT CERTIFICATE APPLICATION FORM

Made under Sections 81A(2), 85, 85A and 109C(1)(b) of the Environmental Planning Assessment Act 1979.  
**PLEASE ENSURE RELEVANT CHECKLIST IS SUBMITTED AS APPLICATION WILL NOT BE PROCESSED WITHOUT IT.**  
Applications can be lodged by mail or in person. Please note that information provided with this application will be public information and will be published on Council's website.

- Construction Certificate (CC)
- Complying Development Certificate (CDC) –SEPP (Exempt and Complying Development Codes) 2008
- Complying Development Certificate (CDC) – SEPP (Infrastructure) 2007
- Complying Development Certificate (CDC) – SEPP (Affordable Housing) 2009

### 1. DESCRIPTION OF PROPOSAL (provide brief, concise details)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

For CC Applications only please provide:

Development Consent No.: \_\_\_\_\_ Determination Date: \_\_\_\_\_

### 2. DEVELOPMENT SITE (Please ensure all Lots and DP's are listed)

Address: \_\_\_\_\_

Lot/s No: \_\_\_\_\_ DP/SP/s No: \_\_\_\_\_

Is there a swimming pool existing on the site?  Yes  No

Classification of new building or part: \_\_\_\_\_

### 3. A GENUINE AND ACCURATE PROPOSED COST OF DEVELOPMENT (Required for CDC applications only)

\$ \_\_\_\_\_

To accompany this application form, you must provide one of the following:  
Please tick (✓) appropriate box.

- \$0 – up to and including \$500,000 – a "Cost Summary Report Sheet" from a suitably qualified person (See "Guide to Estimating Cost of Works" on Council's website).
- \$500,000 – a registered quantity surveyor's "Detailed Cost Report". (Copies of the "Cost Summary Report" and "Detailed Cost Report" Sheets are available on Council's website under "Section 94A Contributions").

### 4. APPLICANT

It is important that we are able to contact you if we need more information. Please give full details:

Mr/Mrs/Ms/Other: \_\_\_\_\_ Family Name (or company): \_\_\_\_\_

Given Name/s (or ABN): \_\_\_\_\_

Postal Address (we will post all letters to this address): \_\_\_\_\_

Phone : \_\_\_\_\_ Email: \_\_\_\_\_

Mobile: \_\_\_\_\_ Fax: \_\_\_\_\_

Contact person (available during business hours): \_\_\_\_\_

### OFFICE USE ONLY

CD No.: \_\_\_\_\_ CC No.: \_\_\_\_\_ Date: \_\_\_\_\_

Amount: \_\_\_\_\_ Receipt: \_\_\_\_\_ Date: \_\_\_\_\_ Has a copy of the signed agreement been forwarded to the applicant?  Yes

#### 5. PARTICULARS OF CERTIFICATION WORKS AND RESPONSIBILITIES OF COUNCIL

##### a) Quality of Service

Willoughby City Council will carry out certification work set out below in a professional manner and in accordance with Council's code of conduct.

##### b) Issue of Certificate

Willoughby City Council will issue a Construction Certificate (CC) or Complying Development Certificate (CDC) and endorse all relevant plans, specifications and other documents where application satisfies the requirements of the Environmental Planning and Assessment Act 1979.

##### c) Fees and Charges

Fees and charges are detailed in the Schedules of Fees and Charges as approved on 1 July of each financial year and found on Council's website or by contacting Council's Customer Help and Service on 9777 1000 and are to be paid on or before lodgment of the application excluding unforeseen contingencies.

#### 6. RESPONSIBILITIES OF THE OWNER

- a) You agree to allow Willoughby City Council to inspect the premises
- b) You agree that building works will not commence prior to obtaining approval from Willoughby City Council.
- c) You agree to advise Council in writing of any change in your details or address.

#### 7. LIMITATION OF LIABILITY

##### a) Terms and warranties excluded

Apart from clause 5(a) and subject to clause 5(c) below, Willoughby City Council excludes all terms and warranties of any kind, whether statutory or otherwise, or express or implied relating in any way to this agreement or its subject matter.

##### b) Cap on liability

Subject to clause 7(c) below, Willoughby City Council's total liability for loss or damage of any kind not excluded by clause 7(a) above, however caused, in contract, tort, under any statute or otherwise (including negligence) arising from or relating in any way to this agreement or its subject matter is limited in aggregate for any and all claims to **the amount of fees paid by you**.

##### c) Non-excludable terms

Where any Act of Parliament implies in this agreement any term, and that Act voids or prohibits provisions under a contract which exclude or modify the operation of such term, the term is taken to be included in this agreement. However, Willoughby City Council's liability for breach of such term will, if permitted by law, be limited to one of the following remedies (at Willoughby City Council's option):

- i) the resupply of the services; or
- ii) the payment of the cost of resupplying the services.

##### d) Your contribution

Willoughby City Council's liability to you for loss or damage of any kind in contract, tort, under any statute or otherwise (including negligence), arising from or relating in any way to this agreement or its subject matter, is reduced to the extent that you cause or contribute to the loss or damage.

#### B. STATUTORY OBLIGATIONS

An information brochure which is to include information about statutory obligations of accredited certifiers must accompany this Agreement, if one is published by the Building Professionals Board on its website. The Board is the statutory body that accredits the Certifier and administers the *Building Professionals Act 2005*.

- A copy of the Board's Information Brochure is attached.
- The Board has not published a brochure as at the date of the agreement.

**9. CONSENT AND AGREEMENT OF OWNER TO APPOINT WILLOUGHBY COUNCIL TO DETERMINE DEVELOPMENT CERTIFICATES EXCLUDING COMPLIANCE CERTIFICATES STRATA CERTIFICATES AND SUBDIVISION CERTIFICATES**

**Multiple Owners** – Every owner of the land must sign this form, or provide authorisation under separate cover (e.g. multiple individuals or multiple companies).

**Individuals** – If you are signing on behalf as the owner's legal representative, you must state the nature of your legal authority and attach documentary evidence under separate cover (e.g. Power of Attorney, Executor, Trustee etc).

**Strata Title and Community Title** – If the property is a unit under strata title or a lot in a community title, then in addition to the owner's signature the common seal of the Owners Corporation must be stamped on this form over the signature of the owner and signed by the Owners Corporation or the appointed managing agent.

**Company** – If the owner is a company, a separate letter is to accompany this application stating acknowledgement and consent of this application. This letter is to be signed by an authorized director in accordance with the Company's memorandum and Articles of Association.

Owner/s: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Mobile: \_\_\_\_\_

Email: \_\_\_\_\_

As owner/s of the land to which this application relates, I/we consent to this application and accept the terms and conditions of this service agreement. I also consent for authorized Council Officers to enter the land to carry out inspections relating to this application and appoint Willoughby City Council to determine development certificates excluding Compliance Certificates, Strata Certificates and Subdivision Certificates.

Signature/s: \_\_\_\_\_ Date: \_\_\_\_\_

Without the owner's consent we will not accept the application. This is a very strict requirement for all applications. If unsure of the ownership, please call us to find out who owns the land, according to our records.

**NOTE TO ALL APPLICANTS AND OWNERS: Council has the policy that prohibits Council Officers from accepting any gift, benefit or hospitality.**

**10. WILLOUGHBY CITY COUNCIL'S AGREEMENT TO APPOINT (To be completed by Council)**

Name of Proposed Council Accredited Certifier: \_\_\_\_\_ Accreditation No.: \_\_\_\_\_

Note: For logistical reasons Council reserves the right to alter the nominated Certifier at any time.

Officers name: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## **Closing Thoughts**

This is a process that you cannot take lightly.

Do your homework, pay attention to the issues that arise and consult the experts when needed.

If you feel in the slightest way that you may need help in any given area, then go out and get the help that you need. Engage the appropriate expert.

There is a lot at stake with your development, and being wise about it will save you time and money in the long run.

# Construction

You're finally here. This is where it all starts to come together. If you have reached this point, then congratulations are in order. You are now ready to start building.

Now, before you start selecting any old builder and signing off on some contracts there are some things you need to know about first. There are some contracts that will be more beneficial to the builder than to you.

Understanding and knowing the differences between these contracts and costs will make your life much easier.

## Learning Outcomes

- Know the difference between the different types of contracts
- Identify the various cost involvements
- Understand the basic process of contractor selection

## **Contracts**

The word “Contract” may sound a bit scary, but understanding the differences between the many out there will help you to make the best decision possible when it comes to your site. Let’s take a look at some of the more popular building contracts.

### *Design and Construct*

Just as the name implies, this type of contract takes both areas into account – design and construction. This type of contract gets the best of both worlds as it might make sense that your builder will actually be involved in the design process.

Using your builder for both design and construction could actually end up saving you, as the builder may see things on the design end and make the necessary changes and suggestions, so as to avoid any future problems in the design process.

They may also have a suitable design ready to go that you can use, which obviously saves you much in the way of time and money. Having these together may simplify the process for you, which will ultimately make things easier.

### *Cost Plus*

This contract sets the price in a fluctuating area, which is not finalised until construction is complete. The total construction cost is added to the builder’s margin, which may either be a set fee or one generated as a percentage.

The advantage sways in your favor if there is a reduction in cost. A major disadvantage however is there is no reason for the builder to want to bring the cost down as it will not benefit him/her.

### Construction Management

As the name suggests here, you are hiring a construction manager to handle all the details. You are putting your development in someone else's hands at this point, because costs and such will be improved upon based on the manager's skills and experience.

One of the biggest drawbacks with such a contract is that you will not know what the final cost will be as someone else will be handling all the hiring and processing.



### Guaranteed Maximum Price

This is another contract that acts just as it sounds. There are two prices at play here:

- 1) The maximum amount you will be asked to spend
- 2) The estimated cost to achieve your development

The higher cost is the most you will be asked to pay and the builder will take on all costs beyond that. However, there is something that you should keep in mind when negotiating a contract on this basis and that is that your builder knows the disadvantage of this style of contract for him so he will more than likely increase the costs to ensure he will be taking on as little risk as possible.

The advantage of this type of contract though is that you will know exactly what you will be spending as a worst-case scenario right from the start.

### Lump Sum Fixed Price

This type of contract will give you two things: Final cost and expected completion time. With this in hand you will know everything you need to know, anything beyond that, as far as costs are concerned will be shouldered by the builder.

While this sounds like an advantageous contract, keep in mind that any cost saving will be to the benefit of the builder. Say for example that you are quoted

\$500,000 but the construction is finished early with a cost savings of \$20,000.

This benefit will go to the builder.

Also, keep in mind this contract does allow for slight variations on some costs.

### Turnkey

This one sounds like the previous one, however there are no allowances for any variations. All that is really involved with this type of contract is for the developer to take a thorough look at the development upon completion and pay the builder.

## **Other Important Construction Considerations**

### ***Payment***

Most of the time, with most contracts you can expect to pay the builder on a regular basis. You can expect to make an initial deposit then make payments as the development progresses.

Depending upon the agreement you have with your builder you may be making monthly payments or payments as sections are completed. In order to determine whether or not the work was completed, a quantity surveyor will be brought in to inspect the site and authorise payment.

### ***Retention***

This is a percentage of the payments you make to the builder. This portion is withheld from each payment to ensure that there is some leverage on your part in the event of substandard work – ie you can then say “I will release the balance of this payment when you rectify the following ....”. It protects the developer should the builder need to make any corrections to their work.

This amount typically represents the majority of the profit for the builder, so it is in their best interest to complete the work as required, or to make the necessary changes and corrections thereafter.

### ***Inspections***

You never want to wait until it's too late to make the changes and corrections needed. At various stages throughout the construction process, inspections will be made by the different professionals (architect, electrical engineer,

structural engineer, etc.) to ensure that the work is being done correctly.

Upon completion of the development you can expect final inspections to be done as well. This is to the benefit of all parties involved.

### ***Variation***

Things never always go as planned. There may be some variations that need to be made to the contract due to cost or materials. Keep in mind that your funding source may not make accommodations for such variations, meaning you will need to foot the cost of variations out of your own pocket.

### ***Prime Cost Items***

When you are drawing up plans and pricing materials, those items and materials may not be available when it comes time to build. In this case, other items and materials may need to be substituted at a higher or lower cost. If it's higher a difference will need to be paid out. This is just something to keep in mind.

### ***Liability Periods***

There are two liability periods. The first is the builder's liability period, which may last up to between 7 and 10 years after completion, depending on the area you live in. This accounts for defective materials and work that was done improperly.

The second is the defects liability period, which covers minor corrections that need to be made and typically lasts less than a year after completion.

Should the builder not make the corrections required, the developer can

seek out another builder and take the funds from the retention account to cover their costs.

### ***Insurance***

This is to protect you should the builder go out of business during construction or not complete the work at all. It also protects the developer upon completion of the project should there be defects or poor workmanship.

## Choosing a Builder

You can't just choose anyone out of the phone book. You could, but that wouldn't be the wisest decision. So what are you left to do?

Well, if you get an experienced architect then that person should be able to recommend someone to you. If you are unable to locate such a person to help, then you may want to go out and do your due diligence.

You can take a look at a variety of builders who have already completed work similar to what you are looking to build. You can look around your area to see what developments are similar and seek out that specific builder.

There is also a more sophisticated way to gain contacts in the industry quickly via the internet and all the professional players subscribe to [www.cordell.com.au](http://www.cordell.com.au) an industry subscription site that will show you every single development project in Australia and who they have engaged as their team (builder, architect, town planner, surveyor, engineer and so on). You then have instant credibility in the industry as you can approach a builder and say "I know you built this and that and Joe Bloggs was your architect etc" – all the insider information is there for you in one place.

Of course, when you meet with the builder you will want to directly pose questions and ensure that you can get all the information you need to make the best possible decision.

If you are still unsure of whom to go with, you can put out a request for proposals or tenders from builders. This is basically a bidding process for the job you want completed. You will be expected to supply things such as plans

and details.

When you meet with a builder be sure that you have the things in mind that you want to ask or discuss.

***Here are some questions to get you thinking and what you may want to ask:***

*How long have they been in business?*

*Have they done the kind of work I am looking for?*

*What other developments have they done that I can take a look at? What do previous developers have to say about them?*

*What is their track record like?*

*Have they had to make rectifications on numerous jobs?*



## **Case Study: Adelaide Apartment Complex**



***Single, Two and Three Bedroom apartments in the city of Adelaide.***

***Close to shopping centres, educational institutions and medical facilities.***

## ***Introduction***

Properties were reviewed in the city of Adelaide. After much deliberation and analysis, it was found that a multilevel apartment complex would be an ideal property to develop, as the City was development friendly.

In fact, the local council was looking for developments in the area to encourage living in the city. On their website they stated:

*“One of the Council’s key policies is to encourage more people to live in the city to increase its diversity, vibrancy and economic sustainability. To achieve this, the city’s residential areas must be well designed and this is where developers can contribute.”*

The developer saw this not only as a great investment opportunity, but also a way to help align himself with the City’s policies and goals.

With essentially the council’s blessing, this was the ideal property development and investment. In fact, the city created a guide specifically for developers.

See the city’s guide on the following page:

# Multilevel Apartment Buildings

*This information is provided as a general guide only and may not be relevant to your specific circumstances. We encourage you to speak with Council's City Planning team about your specific requirements. You can access free advice from a Council Planning Officer by phoning 8203 7185.*

## Who should read this guide?

Anyone who is considering building a multi-level apartment building in the city.

## Introduction

One of Council's key policies is to encourage more people to live in the city to increase its diversity, vibrancy and economic sustainability. To achieve this, the city's residential areas must be well designed and this is where developers can contribute.

This Development Information Guide sets out what developers need to do to ensure their multi-level apartment building fits Council's and the city's requirements.

Council's Development Plan requires both medium and high scale residential or serviced apartment developments to be well designed and include:

- functional internal layouts
- maximum environmentally sensitive design and performance
- a high standard of amenity and adaptability for a variety of accommodation and living needs
- functional recreation and storage spaces.

This guide should be read in conjunction with the relevant Development Plan policies and key principles being:

- Relevant Zone and Policy Area Principles including the Desired Character
- "Medium to High Scale Residential/Serviced Apartment" Council Wide Principles

## Requirements for multi-level apartment buildings

Multi-level apartment buildings must:

- have easily recognisable, sheltered entrances
- maximise their use of natural sunlight, daylight and ventilation in living areas and private open spaces to reduce the need for artificial lighting and mechanical heating/cooling. They should not use light walls as the primary source of daylight for living rooms
- incorporate higher ceiling heights to allow for taller windows and highlight windows to facilitate natural light and enhance air circulation
- ensure that the maximum distance from a living room, dining room, bedroom or kitchen to a window providing natural light and ventilation is no more than 8 metres
- be designed and sited to minimise overlooking into the living areas and bedrooms of any adjacent developments
- include balconies that are integrated into the overall architectural form of the building
- have a minimum setback of three metres from the rear and side boundaries of neighbouring properties to provide adequate levels of amenity and privacy, not restricting development of adjacent sites
- be designed so that the bedrooms and private open spaces are placed away from noise sources such as major roads and entertainment venues (unless shielding measures are incorporated)

Adelaide City Council  
25 Pirie Street Adelaide SA 5000  
Ph: 8203 7203 | Fax: 8203 7575  
GPO Box 2252 Adelaide SA 5001

City Planning Program  
Ph: 8203 7185  
Fax: 8203 7568  
[adelaidecitycouncil.com/planning-building](http://adelaidecitycouncil.com/planning-building)



- provide a high quality and adaptable living environment by ensuring the following minimum standards:

Size of dwelling/apartment	Minimum internal floor area	Minimum private open space requirement which can include balconies or communal open space areas accessible to all occupants of the development	Minimum storage area
Studio (where there is no separate bedroom)	35 m <sup>2</sup>	No minimum requirement but some provision is desirable	8 cubic metres
1 bedroom dwelling/apartment	50 m <sup>2</sup>	8 m <sup>2</sup>	8 cubic metres
2 bedroom dwelling/apartment	65 m <sup>2</sup>	11 m <sup>2</sup>	10 cubic metres
3+ bedroom dwelling/apartment	80 m <sup>2</sup> (plus an additional 15 square metres for every bedroom over 3 bedrooms)	15 m <sup>2</sup>	12 cubic metres

*NB: Private open space should have a minimum dimension of two metres*

- be designed to suit a variety of accommodation needs such as apartment living, student housing or serviced apartment living. Apartments should also be adaptable to people's needs which vary with age, special requirements and mobility
- be designed to ensure living rooms have an adequate view to the outdoors. High level windows or skylights are not considered appropriate
- incorporate fences and walls that are detailed to provide visual interest and allow for views outwards into public spaces
- provide an appropriate area for refuse storage and collection, clothes drying and mail collection
- consider the incorporation of public art and an active street frontage
- be energy efficient and conserve and recycle water where possible
- incorporate noise reduction measures to protect both the privacy of the residents and important non-residential uses in the area
- provide on-site car parking as outlined below:

Type of Area	Car parking requirements
Residential & North Adelaide Historic (Conservation) Zones	1 space per dwelling < 200m <sup>2</sup>
	At least 2 spaces per dwelling > 200m <sup>2</sup>
	1 car parking space in every 15 spaces for use by people with disabilities
Main Street & City Frame Zones	1 space per dwelling <200 m <sup>2</sup>
	At least 2 spaces for each dwelling >200 m <sup>2</sup> (except in Main Street (Adelaide) and City Frame Zone)

- provide bicycle parking as outlined below:

Bicycle Parking	1 for every apartment less than 150m <sup>2</sup>
	2 for every apartment greater than 150m <sup>2</sup>
	1 visitor bicycle park for every 10 apartments

- have car parking areas that are safe and close to apartments. Where garages are located within a basement/undercroft, the width of the access driveway should be kept to a minimum
- vehicles should be able to safely exit the site in a forward direction and should not compromise pedestrian safety
- the height of an underground car park ceiling should not exceed one metre above the finished ground floor level
- ensure garages and car parking structures are located so that they do not visually dominate the street frontage

### Information to be submitted

A development application for a multi-level apartment building should contain the plans outlined in the Development Information Guide for Large Scale Developments, available on Council's website.

### Further Information

For further information or to discuss your specific requirements, please contact Adelaide City Council's City Planning team on 8203 7185. Development Information Guide: Large Scale Developments

Adelaide City Council  
25 Pirie Street Adelaide SA 5000  
Ph: 8203 7203 | Fax: 8203 7575  
GPO Box 2252 Adelaide SA 5001

City Planning Program  
Ph: 8203 7185  
Fax: 8203 7588  
adelaidecitycouncil.com/planning-building



## ***Site Location***

Several sites were analyzed and much was taken into account such as the topography, available amenities within walking distance and educational institutions in the area.

Each floor of the proposed apartment building would have several units with two to three bedrooms, which would be ideal for couples or smaller or younger families.

While there were sites without existing buildings on them, the chosen site already had an existing building that was previously used as business offices.

The site was chosen due to the limited vegetation around the building, soil and the grade of the land.

The existing building owner had already done an environmental impact analysis, as well as other requirements, which lead the developer to feel that any updated analysis would yield minimum problems.

The developer was also looking at demolishing the existing building, and constructing a building similar in size to the existing building, to reduce the chances of disapproval by the local council.

The reason a similar building was proposed was due to some of the assessment specifics from the council, which took into account the impact of a development such as the following;

- Potential impact of development upon adjoining buildings,

properties and people (e.g. overshadowing, overlooking, and visual dominance)

- Size, shape, orientation and layout of new allotments
- Impacts to heritage buildings – this involves building work to a heritage building as well as works adjacent to a heritage building
- Impact to the character of existing buildings in an existing street or locality
- Appropriateness of certain land uses, dependent on the relevant zoning

(Source: <http://www.adelaidecitycouncil.com/planning-development/building-renovating/development-approvals>)

### ***Next Steps: Development Application & Powerline Declaration Form***

This is not a step that can be taken lightly. The best course of action is to get exactly what is required of you from the local council. In this case, the following was required as a bare minimum:

1. Development Application (DA) Form
2. Certificate of title
3. Powerline Clearance Declaration Form
4. Construction Industry Training Levy Receipt
5. Plans & Drawings

While the Certificate of Title and Construction Industry Training Levy Receipt is self-explanatory, there is much more that is needed when it comes to the DA and Powerline Declaration Form.

Please see these on the following pages:





**LAND USE / OCCUPIER INFORMATION**

Current land use: *	Proposed land use:
Current occupier:	Proposed occupier:

**BUILDING CLASSIFICATION** (See Table Below)

Current:	Proposed:	If Class 5, 6, 7, 8 or 9 is proposed, number of employees:
If Class 9a is proposed, number of persons whom accommodation is provided:		
If Class 9b is proposed, number of occupants:		

<b>OTHER INFORMATION *</b>	Yes	No
Does Schedule 21 or 22 of the Development Regulations 2008 apply?	<input type="checkbox"/>	<input type="checkbox"/>
Has the Construction Industry Training Act 1993 levy been paid?	<input type="checkbox"/>	<input type="checkbox"/>
Has the Signed Declaration Form for clearances to powerlines been included with the development application?	<input type="checkbox"/>	<input type="checkbox"/>
Will Heritage Incentive Scheme funding be sought? <small>(Please note: Works carried out prior to a HIS allocation being approved by Council are considered retrospective and therefore ineligible for funding under the scheme)</small>	<input type="checkbox"/>	<input type="checkbox"/>
<b>3D City Model **</b>	Yes	No
Is the application over \$4.5M or 3 or more storeys (includes new building or addition to existing building)? If <b>YES</b> , please answer <b>Q1</b> and <b>Q2</b> below. If <b>NO</b> , disregard.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Q1:</b> Has the 3d Building Model Terms of Submission been included with the Development Application?	<input type="checkbox"/>	<input type="checkbox"/>
<b>Q2:</b> Has the 3D Building Model Development Proposal Checklist been included with the Development Application?	<input type="checkbox"/>	<input type="checkbox"/>

Please Note: If you are required to submit a 3D digital model of the proposed building, please refer to the following documents, available online at [www.adelaidecitycouncil.com](http://www.adelaidecitycouncil.com), in the Development / Planning and Building / 3D City Model section:

- 3D Model Development Information Guide
- 3D Model Checklist

**DECLARATION / SIGNATURE \***

I, the applicant have obtained consent from relevant rights holders to reproduce documents in support of my development application, and further indemnify Council for any alleged breach of copyright in relation to the electronic publication of documents furnished in support of this development application lodged by me.

Signature: \*

Date: \*

Please note that fees will be determined once the application has been received. A tax invoice will then be forwarded to the applicant. Assessment of application will not take place until all relevant fees have been paid

**BUILDING CODE OF AUSTRALIA CLASSIFICATIONS**

<b>Class 1</b>	Class 1a - a single dwelling including detached houses, town houses and villa units. Class 1b - guest house, boarding house or the like accommodating not more than 12 persons and not exceeding 300 square metres.
<b>Class 2</b>	A building containing 2 or more separate dwellings, excluding building of Class 1.
<b>Class 3</b>	A residential building, other than Class 1 or Class 2, which is a common place of living for a number or unrelated persons.
<b>Class 4</b>	A dwelling in a building that is Class 5, 6, 7, 8 or 9 if it is the only dwelling in the building.
<b>Class 5</b>	An office building for professional or commercial purposes, excluding building of Class 6, 7, 8 or 9.
<b>Class 6</b>	A shop or other building for the sale of goods by retail or the supply of services direct to the public.
<b>Class 7</b>	A building which is a public carpark, or for storage of goods for sale by wholesale.
<b>Class 8</b>	A factory or a laboratory.
<b>Class 9</b>	A building of a public nature:- <ul style="list-style-type: none"> <li>• Class 9a - health care building.</li> <li>• Class 9b - an assembly building.</li> <li>• Class 9c - an aged care building.</li> </ul>
<b>Class 10</b>	A non-habitable building or structure:- <ul style="list-style-type: none"> <li>• Class 10a - an open or private garage, shed or the like.</li> <li>• Class 10b - a fence, mast, antenna, retaining or freestanding wall, swimming pool or the like.</li> </ul>

\* Must Complete \*\* If Applicable

# POWERLINE CLEARANCE DECLARATION GUIDE

This brochure provides summary information on clearances from powerlines and tips on when it's OK to sign the declaration form.

To protect people and property, minimum safe clearances from powerlines have been established in the *Regulations under the Electricity Act 1996*. The declaration form requires applicants to confirm that their development will meet these safe clearances.

The vast majority of applications will not have any powerline issues as normal residential setbacks often cause the building to comply with the clearance distances prescribed by the Electricity Act.

Particular care needs, however, to be taken for developments on major roads, commercial/industrial developments and in other cases where higher voltage powerlines exist.

Even if the proposed location of your building is closer than the clearances outlined in this brochure, it may still be compliant with the *Regulations under the Electricity Act 1996*. Please see our brochure *'Building Safely Near Powerlines'* for more details or contact the Office of the Technical Regulator. You may be required to obtain additional information from the Electricity Supplier for a nominal fee, including the maximum worst case swing and sag of the powerline.

Swimming pools are considered to be structures and are not permitted within the clearance zone. **It is unsafe to locate a swimming pool under any powerline.**

These legislated clearance distances are not the same as electricity distribution or transmission company easements for access to the powerlines.

If there is an easement for electricity supply purposes registered on your Certificate of Title you must ensure that the proposed location of your building does not encroach on the easement area. If your proposal will encroach on the

easement area you will also need to approach ETSA Utilities or ElectroNet to seek approval for your proposal.

## Overhead Powerlines

The minimum safe clearance between powerlines and buildings depends on the voltage of the powerline and the type of conductor. The different types of powerlines can usually be recognised from their construction, however, check with ETSA Utilities if you are not sure what the powerline voltage is. The Technical Regulator website contains a list of personnel at ETSA Utilities who can be contacted for voltage identification.



Most metropolitan streets contain **only low voltage, or low voltage and 11 000 volt** powerlines. In these cases, if your development will be more than 3.1 metres horizontally away it is OK to sign the declaration form.



In rural areas, a SWER (single wire earth return) powerline is commonly used, and this has a voltage of 19 000 volts. Due to the long span lengths (distance between poles) of SWER lines, it is necessary to include additional clearance distances. If there is a SWER line near your proposed development and your building will be more than 15 metres away from the powerline, then it is OK to sign the declaration form.

Some higher voltage (e.g. 66 000 volts and 132 000 volts) powerlines are on very tall stobie poles—around 15 metres or higher. If you are near one of these powerlines and your building will be more than 15 metres away from the centreline of the poles, then it is OK to sign the declaration form.



Transmission lines are very high voltage powerlines that carry electricity from power stations to major substations, or between major substations. These are normally seen in country areas or on the outskirts of towns.

If there are transmission towers near your proposed development and your building will be more than 25 metres away from the centreline of the powerline, then it is OK to sign the declaration form.

#### Underground Powerlines

If you are planning to build in an area where there are underground powerlines, you should contact **Dial Before You Dig** on telephone 1100 before starting any excavation.

It is a requirement that underground powerlines are more than 3 metres away from buildings. This does not include underground powerline lines directly supplying power to the building. Unless your building is right on the front boundary of your property or there is an electricity easement on your property, it is probably OK to sign the declaration form.

For further information refer to the brochure **Building Safety Near Powerlines**, available from:

[www.technicalregulator.sa.gov.au](http://www.technicalregulator.sa.gov.au)

Or call the Office of the Technical Regulator on (08) 8226 5500



Government  
of South Australia  
Department for Transport,  
Energy and Infrastructure

**DEVELOPMENT REGULATIONS 1993**  
**Form of Declaration**  
**(Schedule 5 clause 2A)**

To:

From:

Date of Application:    /    /

Location of Proposed Development: .....

House No: ..... Lot No: .... Street: .....Town/Suburb.....

Section No (full/part): .....Hundred: .....

Volume: ..... Folio: .....

Nature of Proposed Development:

I .....being the applicant/  
a person acting on behalf of the applicant (delete the inapplicable statement) for  
the development described above declare that the proposed development will  
involve the construction of a building which would, if constructed in accordance  
with the plans submitted, not be contrary to the regulations prescribed for the  
purposes of section 86 of the *Electricity Act 1996*. I make this declaration under  
clause 2A(1) of Schedule 5 of the *Development Regulations 1993*.

Date:    /    /

Signed: .....

**Note 1**

This declaration is only relevant to those development applications seeking  
authorisation for a form of development that involves the construction of a building  
(there is a definition of 'building' contained in section 4(1) of the *Development Act*  
*1993*), other than where the development is limited to –

- a) an internal alteration of a building; or
- b) an alteration to the walls of a building but not so as to alter the shape of the  
building.

Note 2

The requirements of section 86 of the *Electricity Act 1996* do not apply in relation to:

- a) a fence that is less than 2.0 m in height; or
- b) a service line installed specifically to supply electricity to the building or structure by the operator of the transmission or distribution network from which the electricity is being supplied.

Note 3

Section 86 of the *Electricity Act 1996* refers to the erection of buildings in proximity to powerlines. The regulations under this Act prescribe minimum safe clearance distances that must be complied with.

Note 4

The majority of applications will not have any powerline issues, as normal residential setbacks often cause the building to comply with the prescribed powerline clearance distances. Buildings/renovations located far away from powerlines, for example towards the back of properties, will usually also comply.

Particular care needs to be taken where high voltage powerlines exist; where the development:

- is on a major road;
- commercial/industrial in nature; or
- built to the property boundary.

Note 5

Information brochures 'Powerline Clearance Declaration Guide' and 'Building Safely Near Powerlines' have been prepared by the Technical Regulator to assist applicants and other interested persons. Copies of these brochures are available from council and the Office of the Technical Regulator. The brochures and other relevant information can also be found at [www.technicalregulator.sa.gov.au](http://www.technicalregulator.sa.gov.au)

Note 6

In cases where applicants have obtained a written approval from the Technical Regulator to build the development specified above in its current form within the prescribed clearance distances, the applicant is able to sign the form.

PLN/06/0024

## **Plans & Drawings**

The project was bid on by three design agencies and was ultimately awarded to a firm that had previously done similar buildings in the city. The following was required per the City of Adelaide.

Three copies each of the site plans and drawings were submitted to the council, which were also required to include:

- Site plan of a scale no less than 1:500 (1:100 or 1:200 is preferred)
- Dimensioned Floor Plans, showing both existing and proposed development if applicable
- Dimensioned Elevations of all sides of the building
- Various other plans dependent on the type of development you are proposing.

In the plans, the following was also required per unit:

<b>Size of dwelling/apartment</b>	<b>Minimum internal floor area</b>	<b>Minimum private open space requirement which can include balconies or communal open space areas accessible to all occupants of the development</b>	<b>Minimum storage area</b>
Studio (where there is no separate bedroom)	35 m <sup>2</sup>	No minimum requirement but some provision is desirable	6 cubic metres
1 bedroom dwelling/apartment	50 m <sup>2</sup>	8 m <sup>2</sup>	8 cubic metres
2 bedroom dwelling/apartment	65 m <sup>2</sup>	11 m <sup>2</sup>	10 cubic metres
3+ bedroom dwelling/apartment	80 m <sup>2</sup> (plus an additional 15 square metres for every bedroom over 3 bedrooms)	15 m <sup>2</sup>	12 cubic metres

As well as the following for car and bicycle parking:

Type of Area	Car parking requirements
Residential & North Adelaide Historic (Conservation) Zones	1 space per dwelling < 200m <sup>2</sup>
	At least 2 spaces per dwelling > 200m <sup>2</sup>
	1 car parking space in every 15 spaces for use by people with disabilities
Main Street & City Frame Zones	1 space per dwelling < 200 m <sup>2</sup>
	At least 2 spaces for each dwelling > 200 m <sup>2</sup> <i>(except in Main Street (Adelaide) and City Frame Zone)</i>
Bicycle Parking	1 for every apartment less than 150m <sup>2</sup>
	2 for every apartment greater than 150m <sup>2</sup>
	1 visitor bicycle park for every 10 apartments

In addition, since the apartments were more than three storeys, a 3D model was built for the DA.

## **Conclusion**

The Adelaide Apartment Complex was built and meant to be a long-term investment. The property was an ideal development and met many of the requirements for developments in the City of Adelaide.

While there were snags along the way, ensuring that the proper forms and requirements were met for the local and state agencies, made for a much smoother process.

There was a permit that was purposely left out of the case study. Can you identify which one?



# Case Study – Your Turn

## Day One: Choosing Your Site

1. Group off into teams
2. Time to choose your site
  - a. Site One: Residential Apartments
  - b. Site Two: Commercial offices
  - c. Site Three: Retail shopping
3. Each team will have time to review the different sites. Included in the packet of information will be pertinent information that will be needed. After reviewing each site, the team will need to choose which site they want to develop.
4. Road Block # one: Your funding source / investor just pulled out. What do you do? Teams will need to do some real time research to see what options are available to them.
  - a. Banks – Traditional loans
  - b. Investors
  - c. Personal funds
5. Teams will now be tasked with re-analyzing to see if their funding will affect their decisions.

## Day Two: Development Process

1. Teams will commence with the start of the development process.
  - a. Concept Development
    - i. What type of development are you looking at?
  - b. Pre-lodgment information needs to be filled in as if it will

actually be submitted. Questions to include things such as:

- i. Applicant's information
  - ii. Site information
    1. Address
    2. Description
  - iii. What the site was used for in the past and what it is currently being used for
  - iv. Your team's plans for the development
  - v. Supporting information
- c. Lodgment of application
  - d. Referrals/Notification
  - e. Assessment
  - f. Determination
  - g. Approval/Refusal/Deferment
  - h. Getting a CC
2. Road Block # Two: Your application was denied. You will need to do some research into why they were denied and turn them in again to your governing agencies. Council requirements? Environmental issue?

## **Day Three: Construction Phase**

1. Start off with a roadblock. Road Block # Three: There is an existing building on site that needs to be demolished before you can commence building. The companies have already been hired to complete the demolition and building and your time line is already set. However, you forgot to get a demolition permit, which will put you back several weeks. You must now figure out what you will do, consider the monetary losses and re-evaluate your plan.

## **Wrap Up**

1. How did you handle each roadblock as they came up?
2. Did you find yourself getting frustrated and wanting to give up?
3. Do you feel you are ready to move forward or do you feel like you need further training?
4. How did your team function as a whole?
5. What areas do you think you need to strengthen?