

## Why buy land and build?



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For many people, building a home can be an attractive alternative to buying an existing house or unit. It means you can build the home that will suit you and your family. You can buy the land and build the house on it, or purchase a house-and-land package.

Either way, your local Police Credit Union branch manager can assist you with your building project and answer any of your queries.

### Buying land

When you choose a location, make sure it has the services you consider necessary for a pleasant lifestyle. It is no use buying where you will not be happy to live, although your financial situation may force you to compromise.

Consider the availability of schools, child-care centres, shopping centres, parks, medical services, clubs, community swimming pools, and so on. If some services are

not yet available, find out if they are planned and when they are likely to be available.

Also important is the availability of public transport and how long it will take you to travel to and from work. Try to picture what the suburb will look like in 10 years and consider if this is still the place you want to live in.

When buying land, you should consider the costs of connecting and maintaining utility services, such as water, electricity, gas, telephone, Internet and sewerage. Access is also a key consideration, as concrete trucks and construction equipment – including bulldozers and bobcats – need to be able to enter and leave the site.

### Building options

#### House-and-land package

House-and-land packages are generally purchased from a private owner/developer who owns the land and provides different building options. Often the purchaser has the choice of builders but the land might have restrictions in the form of encumbrances which require certain standards be met, such as no front fences, landscaping, types of building materials used, or style of property.

With a house-and-land package, the land is usually purchased first. If the package

is funded by a loan, the loan will be partially drawn down on the land settlement and you will usually start to pay interest on the land purchase.

Once construction begins, the remaining balance of the loan will be progressively drawn down during construction via progress payments to the builder at certain stages of building.

### Project home

Project home companies build many new homes every year. They usually have a variety of standard designs and plans, ranging from basic budget designs to highly innovative upmarket designs. This means that project home companies can offer houses at very reasonable prices compared with custom builders.

Most project home builders have display homes already built which prospective purchasers can inspect. When looking at display homes:

- » Obtain the floor plans and measure the room sizes for yourself.
- » Make sure your furniture will fit into it.
- » Ensure the design suits your lifestyle.
- » Find out exactly what is, and is not, included in the home.
- » What choice of building materials and interior fittings are available.

### Custom built home

If you want to build your own design, a custom-built home will be your likely option. Custom builders are different from project home builders as they only build a handful of

houses each year and most of these are one-off houses. They tend to be more expensive to build than are project homes, where economies of scale can save money.

The first step is to find a suitable design. You can get an architect or draftsman to draw plans or you can draw them yourself. Sometimes the builder will be able to provide a plan for you.

### Tips

Make sure the building contract includes every aspect of construction as once you have selected a house, any changes required by you after construction has begun may be expensive and cause delays.

Before you decide on your builder, be sure to have considered plans and quotes from more than one. Ideally, you should ask three or four builders to quote on building the house on your block of land. This is important as the price tag of display homes does not include any site costs.

### Info

For more information on building a home, or if you have a longer term plan and just want to buy a block of land, call Adrian Ploksts at PCU's Tea Tree Plus branch on 8425 7011 or the PCU contact centre on 1 300 131 844.

Information is general in nature and does not take into account your own personal circumstances. Terms, conditions, fees, charges and lending criteria apply.