

Episode 113

Budgeting for our eco home – with Tara Murphy and Dimitri Daras

The show notes: www.houseplanninghelp.com/113

Intro: My guests today are self-builders Tara Murphy and Dimitri Daras. Their house, The Cut, featured on an episode of the TV programme, Building the Dream. I'm going to be asking them about budgets – what did they do, what did they learn and what advice would they give?

I started by asking them how their project came about.

Tara: We had moved west out of London and we were in a rental property. We'd sold our London flat a while ago and so I sort of said the time was right to start looking for a house and Dimitri insisted that we weren't going to look at a house, we were going to look for a plot instead.

Dimitri: We had looked at houses before moving out west and it was, it wasn't great. We weren't very impressed with what you could buy, just what you get for your money and just the quality of the houses. It was a faintly depressing experience anyway so that kind of informed us of our decision to think about building.

Ben: We're going to focus on budgets, sticking to budgets, what you've learnt about budgets today. So from that outset did you know how much you had? What that pot of money was?

Dimitri: Yeah, we set a figure to start with! [Dimitri laughs.] We had some savings from selling our flat so we came up with, we plucked a number out of the air and said we don't really want to spend over this amount, which I think was about £350,000, including buying the land. But as the build went on we had to increase that amount.

Ben: Okay, breaking up the budget then, you were on scouting duty. Were you able to go anywhere for this land and what was your budget for land?

Tara: I think having moved area was advantageous because we had no ties to anywhere in particular. So we were based in south Gloucestershire at the time, so I did widen the search over three counties. I looked in Somerset, Wiltshire and Gloucestershire. I knew that Somerset and Wiltshire were more likely. They were cheaper land prices. Gloucestershire I knew was expensive for land but I'd sort of also realised that in the Stroud area if we were going to find anything in Gloucestershire it was going to be around the Stroud area.

So we spent a year looking. We signed up on all sorts of auction websites. I was looking at properties that perhaps needed demolishing and clearing a site first. I was looking at anything that was at rock bottom price as well as trying to find just plots. So it took a long time just going and seeing and getting a feel for what was out there.

So we looked all over really and there was a few nearly's. We put in offers, unfortunately they went with developers because they knew that they would come in and be gone quite quickly. So that was depressing. And also whenever you looked at a plot you knew that a developer could come in and outbid you because they would try and put two units on the same plot, whereas you wanted a garden and things like that. So it was hard, and actually it was the very end of that year that we found this plot finally and I had pretty much given up and said it's very unlikely we're going to find anything.

Ben: And did you put in what you were expecting for land? You had to go to that top range?

Dimitri: Yes, pretty much. I think we could have stretched a little bit further or we were thinking we could have gone £10,000 / £15,000 more. We were umming and aching about that but that really was the limit.

Ben: Well you see this is tricky isn't it? Because you can play your budget any way you like really, but once you've committed that money in then it's going to reduce off the house. So how did you get this sense of this is enough land, this is right, or was it perhaps it's back to you Tara, it's just that this is the one that you were led to?

Tara: It was difficult because we were essentially looking around the £150,000 mark and that was a very tricky figure because you could find plots for £80,000 or £90,000 and they would tend to be end of an estate, things like that which wasn't necessarily where we wanted to be. And if you went up to £250,000, there seemed to be,

I mean whether or not it's always that the grass is greener, there's always plots in budget ranges that aren't yours.

So we had sort of said £150,000 would be ideal, because that would leave us about £200,000 to do the build which we felt was a reasonable amount. So every time we looked at anything about £150,000 we knew that was going to have an impact on what we'd be able to build. So occasionally I'd want to really look at a £200,000 and I'd be cautioned heavily against even considering, even going to look at it because it really, to try and build for £150,000 was really too unrealistic. So this was on for £175,000 and we put in an offer I think of £155,000 originally. But in the end we went £162,500.

Ben: It's a weird thing because I've put in two offers so far on land and buildings that I thought I'd want to buy, and one was completely blind so we had no chance on that one. We lost out by a long way. But how did you feel you were in actually putting in those bids?

Dimitri: I think it was fine. I don't think there were any other people bidding. I don't think there was much interest. I don't know why.

Tara: Crazy!

Dimitri: Because the people who came to see it subsequently were saying well you know, Charlie the architect said if he'd seen it he'd have bought it, snapped it up! So I don't really know why there was so little interest, so I don't think we'd have done anything differently.

Tara: I don't think we got an absolute bargain. I think we paid a fair price. But we had really over that year got a good sense of what plots were worth, and so we were delighted that within our budget we had a plot that had amazing views and we would have a proper garden and a proper sized house. We'd also have room to park our car and things like that because I had written off, you know when you first put down what your criteria of what the ideal plot will offer you, by the end of the year I'd said well we can scratch off a good view, we can scratch off a big garden. We might get a bit of a garden. And so this plot offered us that but obviously it was steeply sloping so we knew that there was a reason why this plot couldn't command as much as a flat plot would.

Ben: Was that worrying to you or were you going into this a little bit blindly?

Dimitri: Er, yeah. Naively it wasn't particularly worrying to us at all! But it had been partially excavated already so there was a flat surface on which a previously designed house which had been accepted for planning that was going to be built, so the ground had been prepared for that already so we figured it'd be fine!

Ben: Once you had this plot, what were the next steps?

Dimitri: The next steps were to arrange the mortgage. So we discussed it with a mortgage broker from BuildStore and went through all the figures, and he was pushing us to try and basically apply for as much as we can. He was very useful. Obviously he has experience and knows that things come in more expensive than you hope.

So we worked out a figure with him and then it was a case of getting a design. So it seemed rather cock-eyed to us that we had to come up with a design from an architect. So we had to basically employ and pay an architect before we even owned the land, in order to get the mortgage, because the mortgage company wouldn't lend on no plans at all.

Tara: It's a really frustrating process! Really frustrating. Even within the self build market which you would think would accept it, if you don't have the plans for the house you're going to build, they won't lend you the money. Which you can sort of see that, however that means that before you can buy the land, so we couldn't get a mortgage until we had the drawings done. So we had to go through architect selection and first stages of the design process before we could submit our application for a mortgage.

Ben: And before you knew that you were going to get the mortgage?

Tara: Absolutely. So it was quite a risky point in time because we had laid out up to £20,000 and we didn't yet own the plot. And in the UK system the vendor could have walked away at any point and we would have just lost all that money. There was no security whatsoever. So that was very, very frustrating and the mortgage application just took forever and yeah. We had started, we had put the offer in in June or July on the land, I think it was July, and it finally the mortgage happened and we purchased the land in January. So it took that long!

Ben: Well done for getting it through!

Tara: I know but we were just really lucky that our vendor held out. He could have walked away!

Ben: Is there anything you could have done differently or this is just what you had to do to? You needed the mortgage.

Tara: The only other thing we could have gone to do is approached another company for sort of a bridging loan, but who knows where that would have led us. No. So it's set up, the whole system, even within the self build mortgage industry seems to be set up for developers. You have to have a big big pillow of cash in order to get this process started. If you're just like us, instead of buying a normal house you just want to have a go at building a house, it's not helpful.

Ben: Dimitri, when you came to selecting the architect, what process did you go through in choosing various different architects?

Dimitri: I think that's more of a question for Tara. [Dimitri laughs.]

Ben: Okay, this is interesting then, so...

Dimitri: We checked the RIBA site, because that's what everyone says first of all, go to RIBA and they'll give you a list of architects in your area. I can't remember whether you can specify whether you want contemporary style builds or whether there are any kind of selection criteria, and Tara went about phoning them.

Ben: Just before we launch in on this, I'm intrigued as to how you, because we all have to do this as a couple, so what was your role within this and what was Tara's role?

Dimitri: We didn't formally assign roles at all. It was obvious [Dimitri laughs] that Tara was going to have to do most of it, because I was working full time, although Tara is obviously working full time with small children. But she quite quickly decided she didn't want to have anything to do with the finance or in fact the utilities as well, sorting out the services. I did all of that at the start. But other than that she did most of the work. And obviously she'd talk to me about stuff and we'd talk about things together. But once the build progressed she had so much knowledge of what was going on that I couldn't answer questions to other people as easily as she could, obviously because she had the knowledge. So it became difficult for me to take on stuff that she had been working on.

Ben: That sounds like a glowing report there! [Tara laughs.] In terms of getting your architect then, you'd gone to RIBA, you'd started down that route. Where do we go then?

Tara: So I looked up local architects and I just would look at their website and I'd have a look at their portfolios and the photographs, just to see. We knew that we wanted something contemporary. We'd always known we wanted something contemporary. So I wanted to see, and I was surprised because if you watch Grand Designs you think that everyone's doing, that all architects want to do modern buildings, but actually the majority of architects don't do contemporary, they do renovations and they do period things. So it was just about seeing some work that I liked.

We had also said that we would like to go down Passivhaus type ideas. We were worried about that because we knew that it would cost more and obviously our budget was small and we didn't have millions of pounds to throw around. So I wanted to talk to people that were knowledgeable about that and get some ideas from them about where they thought we could be.

So eventually I got it down to a shortlist of four. And then it would come down to conversations about design and we'd talked to Charlie before this process had happened in the previous year when we'd looked at another plot, and I'd had a good conversation with him. And when I chatted with him again, because he was obviously on the shortlist, he had said something which I thought was actually, looking back, really really key. And he said "whoever you choose, and it might not be me, you need to make sure that you can be honest and you can have robust conversations and you can talk about things because there's a lot on the line, it's very emotional." And he's absolutely right. We needed to just go with who our instinct told us we would be able to be honest with, and find our way through the series of compromises that any building project presents. And you need to be able to say honestly and not worry about things. That robust conversations need to happen.

Yeah, so eventually we came down to Charlie. We liked his design work, we liked his style, we liked his enthusiasm. We loved the fact that he was very interested in the Passivhaus principles and was interested in working with them. And we also were quite keen on the fact that, because of his TV work, he has visited so many sites. And with that must bring a great deal of extra knowledge, because with every architect you're only as good as how many builds you've done, so being on site in so many places we thought that that would only benefit us. And we really needed those extra bits because our budget was so small and tight. We really needed to make sure that we maximised our opportunities.

Ben: Well let's talk about that for a moment. Can you take me through that process of how you got to this finished design for The Cut?

Dimitri: First of all we came up with a design brief, so Tara and I discussed what we wanted and eventually agreed on a form of words, and we sent it off to Charlie. And he visited the site with us, had a good look around and took photos and then we didn't really hear any more about it until he emailed us some designs. And from that point on there was more kind of more dialogue. So he came up with these initial designs which the final design didn't change that much from his original sketches.

Ben: So when you're looking at numbers, do you know straight off that it's been costed or do elements of the design have to change to fit your budget?

Dimitri: No, not really. I think Charlie worked on a, he guessed on a figure per square metre and did the designs based on that. There were certain changes that he made, or things he took into account in order to reduce the costs. So for instance, having a flat roof. The roof changed shape several times. It was initially butterfly roof and then mono-pitch, and anyway. So we settled on flat roof, partially because it was the cheapest thing to do.

Also the window designs, for the main living room, that went through several changes because initially we wanted to be able to throw it open the whole thing open to the elements and Charlie eventually said no, you can't do that, it's going to cost too much. But I think those were the only things really that were affected by the budget.

Tara: We changed internally bits and pieces but that was more aesthetic I think. I mean Charlie came up with this very simple form because again we had a small budget and this was a way of maximising our internal volume, by keeping a very simple shape.

Dimitri: I think the internal fittings were dictated by budget, so the kitchen and we have lots of ply woodwork around the house. That was dictated by budgets.

Tara: There were things like I had originally said I would like to use local materials which of course around here is Cotswold stone, and that was immediately said no, due to their cost! And now I know about building Cotswold stone walls I realise yes, that was absolutely right. We couldn't afford to do Cotswold stone walls.

Ben: You came up against these barriers very early on because it just makes sense. You were putting the money into the fabric and then... Maybe my question then should be more about how have you achieved some of these great parts of design? What of Charlie's design has really made this building what it is?

Tara: Oh, I mean lots of things. So our flooring is the slab. We power floated the slab and sanded it down and we all hoped. We had it in the plans that if it didn't work we could put some flooring down on top of it, but it worked. So that was great so that saved us a whole heap of money. Our window boards we've stripped out. We've got quite a minimal look because we've stripped out lots of extra stuff - architraving and skirting. Extra jobs on site have not been here.

Dimitri: Also initially as part of the design process, costings were done on whether we'd use concrete block or whether we go to a timber frame company to knock together the house. And that was all done with a budget in mind. He was trying to work out what difference it made to the costs and also he designed a structure in conjunction with Andrew the builder, because it's quite an unusual design. There's no cavity, it's just a single layer of blockwork and then fins basically, I-beam fins external to the blockwork which then hold the...they provide some structure and hold insulation, that sort of thing. So he designed that with Andrew and this was all as part of the costing exercise as well. They wanted to decide how they could build it and compare it to timber frame model.

Ben: And as you went through this and the building started to come about, where were the stages that costs changed?

Tara: So we had quite an unconventional approach. We didn't have your standard, you know when you look through the magazines and the books what the standard things to do and you then have your spec drawings and you go out to tender and then you have to change everything.

Because we'd identified and asked Andrew to be involved quite early, Andrew was involved with Charlie so there were meetings beforehand where they designed the build together. So then once those drawings were done, Andrew then basically roughly costed that. So at that point we didn't change. All we were doing was comparing if Andrew were to do the masonry skin and all of that work, how did that compare cost-wise to a timber frame building. And so it came out more advantageous for us to go down the masonry route so that's the route we went. So the costs there didn't change.

And the house, the fabric of the house came in on budget as expected. That threw up no real surprises. Where we had the complete nightmare was that we'd actually only set aside £15,000 for our groundworks, and our groundworks was considerably more. Or was it only £5,000?

Dimitri: It started off as £5,000 because we'd already, some groundworks prep had already been done. So I think we initially said, I can't remember the initial budget was about £5,000 which was crazy. Charlie quite quickly thought it was going to go up.

Ben: What happened? Maybe you can describe what those groundworks are and how the money started to sink into the ground?

Tara: The bit that had been excavated, what we were doing is we were pulling it back into the bank more. So we had to pull out more of the bank. We had to cut back into the hill even further.

So as we began to do that we came across the fact that this is an old quarry site historically, a long time ago. And we came into huge chunks of rock basically. And so then those had to be pulled out. And once we started interfering with those, it destabilised the bank. And so there was propping and all sorts of things had to go on to ensure people's safety. So the costs just escalated quite rapidly! And it took a little longer.

We'd had initially a ground worker on site who had come in with a big digger and moved things around, but it wasn't quite enough. And so Andrew and Paul, our builders, had to basically get on with it.

That was one part of the build which was a struggle, getting ground workers, finding ground workers, getting them, getting them to come out, getting them to give prices, was... They were like hens teeth! We couldn't get any! We couldn't find them. So that was a bit of a struggle, and so it ended up being what it was.

The utilities had come in as well much higher than anticipated, although some things like gas, so cheap. It was not funny. I mean I think we paid £600 for our gas connection which was not very expensive but our electricity connection had to come in from a lower road and come in on these giant cables and things like that. So yeah. The budget, groundworks budget, went over. And I think in the end we were, is it about £40,000 over where we had expected to be?

Ben: So what did this mean then when you'd gone that much over? Was it just a case of getting out another mortgage? Was it a case of reducing something inside? I don't know.

Dimitri: Well we initially had plans for a car port and kind of garage area so that got scrapped quite quickly, along with the solar panels which were going to sit on top. But after that it was yes, we've had to apply for extra mortgage.

Tara: We talked about considering changing things, but ultimately we dismissed that quite quickly because there would be more fees, more design fees. We would have to go back to planning. There were so many other costs associated that it didn't make sense to change anything really in the design.

And it wasn't the house that was proving to be out, you know the budget being pushed out. It was the groundworks. So we sort of pursued first that if we could get some more money from the mortgage company then everything would be okay, and so we did. We applied for more money and we did get that money.

Dimitri: There wasn't that much that we could have changed in the house design anyway. There weren't any marquis items that were costing us a fortune. The internal design was quite simple. There wasn't, I still don't really know where we could have reduced the costs. Once we had the initial design and the kind of passive principle and got started on that we toyed with not doing some of the internal woodwork, but we ended up doing that fairly cheap. Some bits still aren't finished but we had to complete certain parts of that, which we did. There were not many places where we could reduce costs I think.

Ben: How stressful was this whole process?

Tara: I think it was doable. It was busy. It was incredibly busy but I was lucky that Ren, my youngest, was a baby so she could just get strapped on my back and come on site. I didn't have, the older boys were at school.

Ben: No toddlers!

Tara: No, exactly! I didn't have toddlers and actually once you've got toddlers life does become much more challenging. But I don't know. We just hit the time right. It was busy. I'm not going to say it wasn't busy.

But it was fine and it was doable because actually I was at home, Andrew was on site, he was getting on with stuff. We were in telephone communication constantly and I would put the baby down for a nap and then hit the phones for an hour or two, trying to source things and all the rest of it. So it was fine.

I think actually it was more difficult once we moved in because then you're juggling family and the build in the same space and that was almost more difficult. It was easier because we didn't live on site. We stayed in our rental and that was a decision we made early on, to not maximise the outgoings on the site, but to hold a bit back. And if that meant that the house was a bit smaller, then it meant that the house was a bit smaller so that we could continue to rent for the period of the build. We really didn't want to be on site with a young family. So I think that would have been more difficult, because then you can't walk away from it!

Ben: Let's round off then on a couple of things. First of all, budgets. What have you learned? What advice would you have for someone who's going into this?

Dimitri: I would say, work out what is fundamental. What's non-negotiable and it costs what it costs. My philosophy was it costs what it costs but not to worry too much about going over budget because these are just estimates and they're often wrong. So not to get too stressed about it.

Tara: I think with budgets, I mean it was helpful for me, Andrew when we'd spreadsheeted it, because Andrew really was the one that was involved with the budgets and allocating. He had sort of said okay, so I think you'll spend £5,000 on your three bathrooms, or I think... So if he gave me a budget then I just did the very best that I could within that budget.

Now we had a lovely culture going on between the team, with Charlie and Andrew and me, especially Andrew and me, where we would be saying I saved us £600 today, or I did this. So that when the things that you couldn't save money came along, you felt like okay it's swings and roundabouts. It's okay.

And there were things that I'd say, like the flooring when we looked at the planks we have, we wanted to go with the wider plank and so we calculated it, and it was going to cost £200 / £300 more. That's £200 very well spent because you're not going to take up that floor again.

But then there's other places where you can save money. So there's a brilliant thing in our bathroom where I've used just galvanised steel which is actually my capping on my roof, and I've used that to line the window by the shower and that was £20. And that's the beauty of doing a project like this, you can't take the easy option. It is harder, but that brings its own creativity and sometimes, most of the time, the results have been really great and really satisfying and you've been involved and you know the story of it.

It's funny now because it's a year or so on and so now I can relax and I'm very happy about the choices but it was funny when you first moved in because you knew the story and every single phone call that went into every single bit. It was hard to separate but actually with time that has, it's like childbirth, the painful things have drifted away and the pleasures remain. But no, it's been a great exercise in creativity and we were really lucky.

Our team, Andrew, Charlie and I all really enjoyed, we had a good relationship, and that doesn't always mean nice! [Tara laughs.] But we were able to talk and joke and push each other to come up with the right solution in the end. It was good.

Budgets. They are estimates. Dimitri was very good, he was very philosophical about it. It costs what it costs. My only advice would be just get lots of quotes for things. Always get a number of quotes, and I think if I did things again I would be more on top of contractors about making sure that at the end of the week they're telling me how many hours they've accrued. What sort of costs we're at. Because there's nothing worse than them being on site getting on with it as if everything's okay and then a few months later or a month later when they finally put in their invoice, oh look, it's doubled what you estimated it to be, and it's too late then! And then that's when you go to war, and we chose not to do that. We chose to pay it anyway, but sometimes that leaves a bitter taste in the mouth. So I think yeah, if I did it again I'd be much more on top of saying this is the limit. If you go over that limit then that's your responsibility if you haven't informed me before then.

Ben: Finally, what do you think of your finished home and how's it been?

Dimitri: I think it's great! There are no obvious changes that I would make I think. Nothing springs to mind. Eventually it will probably be a bit small for us as the kids grow up and we'll see what we do then. House version 2 maybe!

Tara: That's effusive praise from Dimitri! No, it's brilliant! It's a pleasure to live in the light, it's great. We're pretty smug about our heating, about how warm we are and about you know. The kids are in t-shirts in the winter. We have to convince them that it's cold outside. They have no idea.

Yeah, it's been an absolute pleasure and it's a joy to live in, it really is. We don't want to go out as much as we used to. We used to be in a dark cottage and we would often go outside, and we're not doing that any more because it's just such a pleasure to be here and to be so comfortable. So no, it's absolutely great.

I'm very proud of it. When I drive in I feel very proud of it. I think it's beautiful. I would like to get the garden and the landscape done, but you know, best things come to those who wait. Just because you've built your own house doesn't mean you get everything you want straight away, and that will take time. It's just things like building the car port, and we've got some more groundworks to do, and you just think are we ever going to be able to have the £15,000 or where's that £15,000 or £20,000 going to come from. But slowly and surely we'll get there. So no, it's been great, yeah.

Ben: Well I really enjoyed hearing some of this story. I'm sure we could have gone into even more detail but I really appreciate it. Tara and Dimitri, thank you very much.

Tara: Thank you.

Dimitri: Thanks.