

# Cost Considerations



### Introduction

Adaptive reuse of buildings for housing can pose various cost challenges depending on the initial condition of the building and its configuration. There are also a number of potential cost benefits that are important to consider.

### Managing Costs & Budget

The best approach to anticipate estimated costs is to seek expert advice early in the design process. Engaging a licensed Quantity Surveyor to provide cost estimates and advice based on compliance and design requirements will allow informed decisions to be made about the financial feasibility of a project.

Obtaining design advice from an Architect or Building Designer regarding layouts, yield and efficient use of space will assist in developing realistic and feasible budgets. Input from other specialist consultants such as Building Surveyors, Structural Engineers and Services Engineers may also be beneficial in understanding the requirements for an adaptive reuse project.



### Cost Benefits of Adaptive Reuse

Adaptive reuse of existing buildings comes with a number of potential cost benefits that are important to consider. Benefits include:

- Existing structure and building fabric is retained, which reduces demolition and waste disposal costs
- Existing building materials are repurposed, reducing the need for sourcing and manufacturing new materials
- Speed of development – adaptive reuse projects can save time as the basic structure is already in place which allows projects to generate revenue or returns sooner, reduces holding costs and improves the time to market
- Retrofitting with modern energy efficient technologies can lower operational costs in the long-term providing cost savings for residents and owners
- Access to incentives and grants (e.g. ARCHI, heritage incentives, and incentives for sustainability)
- Heritage buildings and unique living spaces can create a premium product attracting higher rental or resale return on investment.

## Checklist & Key Considerations

- Have you sought advice from a Cost Consultant or Quantity Surveyor?
- Have you considered costs such as consultant and approval fees?
- Have you sought advice regarding building condition and possible upgrades that might be required?
- Do you have a contingency allowance in your budget for potential unforeseen issues?
- Have you checked if your project is eligible for any grants or incentives?
- Investigate and check your eligibility for accessing Green Loans for energy efficiency upgrades.

### Finance and Incentives

Adaptive reuse projects often involve renovation or repurposing of older buildings, so loans or funding that support building upgrades, energy improvements, and preservation of heritage features can be beneficial.

The City of Adelaide has a number of incentive schemes that can provide funding to assist with adaptive reuse projects. These include:

- ARCHI Incentives Scheme
- Sustainability Incentives Scheme
- Noise Management Incentives
- Heritage Incentives Scheme.

Please visit the City of Adelaide and ARCHI websites for further information.

The Department for Environment & Water offer grants to assist with projects that will result in the conservation or protection of significant fabric or heritage values of a State Heritage Place or a place within a State Heritage Area. To find out more about Heritage Conservation Grant eligibility and criteria, please visit the Heritage SA website.

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### Key Considerations

Some of the key factors that will influence the cost of an adaptive reuse project may include but are not limited to:

- Cost of professional fees (e.g., architecture/design, planning, engineering, heritage advice, site contamination testing, building certification)
- Development Approval lodgement/assessment fees
- The suitability of the existing structure and extent of structural remediation and/or seismic upgrades required
- Selective demolition and deconstruction costs
- The extent of upgrades required to comply with building standards for accessibility, fire and life safety, energy efficiency and structural integrity
- Mechanical, electrical and plumbing upgrade requirements
- Sustainability upgrades
- Conservation works to heritage listed buildings
- Market conditions for labour and materials
- City works permits for construction works
- Unforeseen issues - older buildings may have hidden complexities that can result in unanticipated expenses for remediation or repairs (it is recommended that a contingency is included in all project budgets)
- Internal finishes and design.

### Green Loans

In Australia, green loans are an increasingly popular option for financing energy efficiency retrofits / clean energy technology upgrades, such as installing solar panels and battery systems, upgrading insulation, or replacing heating and cooling systems. These loans often come with lower interest rates and may be eligible for government rebates, making them an attractive choice for homeowners looking to reduce energy costs and environmental impact.

Several Australian banks offer green home loans, which may include interest rate discounts or cashback incentives for energy-efficient properties or upgrades.