



Merri Ann Simonson
YOUR INFORMATION SOURCE



SAN JUAN
ISLANDS, INC.

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GENERAL COSTS TO BUY, SELL OR BUILD

Cost of construction, selling and buying real estate in the islands has continued to increase based the requirements to meet the current regulations and overall material and service cost increases. One could say that it costs more and takes longer to comply with the various regulations that govern the real estate and related construction industries.

Based on the medium home price of \$525,000 during the last 12 months, a buyer will spend an average of \$10,725 in closing costs; that includes their half of escrow, title insurance for their lender, recording fees, 1% land bank tax, ½% affordable housing and home inspection fee but it doesn't include the prorated taxes, insurance and homeowners dues or loan closing costs or well water testing. The buyer will pay monthly \$2,545 based on a \$105,000 or 20% down payment, 4.5% interest and a 30 year loan. The monthly payment includes principal, interest, insurance and taxes. Generally, our tax rate is \$8.03 per \$1,000 of assessment.

A buyer would need to make around \$108,000 annually or \$9,000 per month to qualify with a top ratio of 28% in order to purchase a \$525,000 home. The San Juan County annual Median Income is \$58,029.

To purchase a \$350,000 home, a buyer would need to make around \$72,000 per year assuming the same loan constants cited above.

The seller will spend on average \$44,500 based on the median home price. This doesn't include any repairs that may be necessary as part of the contract or the seller's prorated items; it is merely closing costs, septic inspection and a tank pump.

In the current market, a buyer can still purchase a home for less than the cost of new construction and in some cases, under the home's replacement costs, however this is changing.

The ability to purchase a home below the cost of new construction is diminishing as our housing inventory is being absorbed and the result is less selection. We are experiencing upward pressure on our prices and buyers are starting to seriously consider custom construction as the best alternative. The advantage of custom construction is a buyer is able to have built the exact home they had in mind and it will be ready for occupancy in about 1-1.5 years, more time may be needed if size and complexity are above average. The design and architectural process typically takes 1-3 months, permits take 2.5-3 months, and the actual construction will take 6-12 months.

Below is a detailed list of typical rates and fees that as a REALTOR we note in the industry when we are managing a transaction from listing or selling a property through the closing. Most real estate transactions require several of these service providers during the contract period.

The list is not meant to be all inclusive nor relied upon; it is merely for general information purposes. In most cases, I provided the actual cost or the floor of the price range but have not included sales tax. As in the case of any project, you can always spend more money.

General Costs

January 2019

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| \$1,750 | Septic perc, design and permit. Good for 4 years and can be renewed for a fee subject to change |
| \$500 | If backhoe is needed to dig the perc holes |
| \$25,000-\$40,000 | Septic system, subject to the type of system. |
| \$20,000-\$30,000 | Drain field replacement |
| \$300 | Each riser installation |
| \$300-\$2,500 | All maintenance components; risers, observation ports and cleanouts. |
| \$750-\$1,200 | Septic pump, subject to size of tank |
| \$200-\$225 | Septic inspection and report |
| \$50 hour | Septic on-site labor (digging for inspection purposes) |
| \$550-\$700 | Home inspection, additional \$50 for each outbuilding, \$250 for guest house |
| \$250-\$1000 | Sump pump for crawl space |
| \$75-\$300 | Roof inspection and certification |
| \$20,000-\$30,000 | Well Budget. Average depth is 375 ft, \$20.00 per foot. The pump, plumbing, testing, and electrical are over and above the drilling costs. The outbuilding is another \$10,000-\$15,000. |
| \$12,000-\$15,000 | Installed water storage tank and all electrical and plumbing components |
| \$100 | Bacteria test as stand-alone |
| \$2,500-\$3,000 | Draw down test on well for quantity, subject to time frame, this quote is for 4 hour flat line that takes 24 labor hours. |
| \$5,000-\$9,000 | Private hydrologist for shoreline draw down tests. Tests on the waterfront may only occur July –Oct |
| \$250 | San Juan Short List- Quality well test for 7 items |
| \$200 | Monthly in town water, garbage and sewer minimum charge |
| \$29,570 | In town water, sewer and storm water hookup fees \$13,325 water, \$14,735 sewer and \$1,510 storm water. |
| \$24,000 | Roche Harbor water and sewer hook-up fee. \$8,000-\$13,000 for water and \$16,000-\$18,000 for sewer, subject to location |
| \$500-\$15,000 | Water hook-up charge to various community systems |
| \$20,000-\$45,000 | Hook up to existing desalination plants |

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| \$800-\$1,200 | Plumber's water meter installation fee |
| Varies | Cost to bring secondary power to site with transformers Call OP&L to confirm location of nearest transformer |
| \$5,000 | New Transformer |
| \$140 hour | Excavation equipment and clearing, plus a set-up fee w/\$400 minimum |
| \$190 hour | Rock hammer w/\$500 minimum |
| \$85 hour | Dump truck |
| \$85 hour | Labor – chipping, shovel work, tree removal clean up |
| \$55 yard | Gravel/fill dirt/u-haul |
| \$80 yard | Top soil/sand/u-haul |
| \$200 load | Debris hauling |
| \$16+ foot | Trenching in dirt for utilities |
| \$20+ foot | Trenching in rock for utilities |
| \$15-\$20 foot | Fiber Line trenching and installation for last mile |
| \$3,500 | SJI Average Cost of High-Speed Fiber Internet (Share of Middle and last mile) |
| 3.1% or \$16,275 | National Average added value to having high-speed fiber internet. \$16,275 is based on our Median Home price |
| \$275+ foot | Cost of construction for a low-end priced home with Formica and vinyl |
| \$300-\$400 | Cost of construction for a mid-level priced home with hardwoods, marble, tile, Corian, high-end appliances |
| \$400+ foot | Cost of construction for high-end priced home |
| \$75-100 foot | Cost of construction for garage or storage outbuildings |
| 15%-25% more | Cost of construction on a non-ferry serviced island |
| \$40 foot | Cost of cedar deck including support framing, handrails |
| \$55-75 hour | General Contractor; licensed, bonded with tools |
| \$175-\$200 | Annual service of furnace or heat pump – no parts |
| \$35 hour | Handy man or casual labor |
| \$50 hour | Landscaper- design and install |
| \$35-\$40 hour | Yard maintenance |
| \$37+ hour | House cleaning person |
| \$37+ hour | Window washer, roof and gutter cleaner |
| \$800-\$1,800 | County approved Residential Pre Application (RPA) including consultant and SJC fees (SJC = \$400 + consultant) |
| \$2,300 | Provisional Use Transient Rental Permit including consultant and SJC Fee |
| \$800 | Marine environmental impact analysis |

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| \$2500-\$5000 | Mooring Buoy install and registration |
| \$300,000-\$400,000 | Shared Dock permit, legal work and installation |
| \$2,000-\$10,000 | Conditional Use Permit with public hearing- Consultant and SJC Fee of \$2300-\$3500. |
| \$400+ hour | Attorney's fee |
| \$125-\$150 hour | Land Use Consultants |
| \$100 per tree | Tree removal plans base of \$250 + SJC fee of \$105 |
| \$15,000 min | Design or Architectural expense for home, subject complexity |
| \$28,000 Avg | Architectural expense for home |
| \$100 hour | Drafting/design work |
| \$2,200-\$2,500 | Flood Insurance Letter of Map Amendment |
| \$2,500-\$6,000 | Property Survey |
| \$2,000-\$4,000 | Boundary Line Modification |
| \$1,500-\$4,000 | Find corners via Surveyor and re-stake |
| \$600-\$2000 | Wetlands Reconnaissance |
| \$2,500-\$20,000 | Wetlands report and delineation, if needed |
| \$2,500-\$5,000 | Archeologist Report, subject to parcel size and findings |
| \$200 per hour | Archeologist on- site while excavating |
| \$3,000-\$4,500 | Biology Critical Area reports for building in the shoreline |
| \$1,150-\$1,600 | Geo-technical Reporting for Category II geo hazards |
| \$3,000-\$8,000 | Geo-technical Reporting for Category I geo hazards |
| \$8,000+ | Geo-technical for bulkheads or other shoreline stabilization measures |
| Bid Only | Civil engineering design is bid based on project |
| \$2,500-\$6,000 | Storm water management design |
| \$54.87 | Title Cancellation fee minimum |
| 1.78% | Excise – Typically charged to the seller |
| .50% | Affordable Housing Excise Tax – Typically charged 99% to the buyer and 1% to the seller. |
| 1% | Land Bank Excise Tax – Typically charged to the buyer |
| 30%-49% | Residential Monthly Property Management Fee based on gross income |
| 6% | Commercial Monthly Property Management Fee based on gross income. |

LIVING HERE: Priceless

This list of prices may be startling to some but it is the reality of living in our islands. Some of the General Contractors struggle to process competitive bids as there are so many variables and unknowns to each project. One of the largest issues is that our labor in the construction and related industries has, in some cases, become transient. If a framer can't find an affordable rental he/she will relocate to a city that not only offers a good wage but has rental housing available.

Below please find a link to a Construction Cost Guesstimator program. It allows you to estimate what it might cost you to build on San Juan Island. This program was developed by one of my very bright and techy clients that has allowed me and my other clients to use it.

<https://sanjuanislifestyle.com/guesstimatorMAS.html>

If you have any questions regarding our real estate market, please be sure to contact me. If you would like a list of the service providers including land use consultants that I recommend, please email me.

Written by:

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