



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

\$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

\$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

\$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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