

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 \$444,000 during the last 12 months, a buyer will spend an average of \$6,800 in closing costs, not including the prorated taxes, insurance and homeowners dues. The seller will spend on average \$40,000 based on the same 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 purchase a home for less than the cost of custom construction as many homes are selling below their original cost and/or replacement costs. The recession didn't have as much of an impact on the cost of construction as it did on the value of existing properties.

Until our housing inventory is absorbed, resulting in less selection, and we experience upward pressure on our prices, the option for custom construction will not be as attractive to the buyers. 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 1-3 years, subject to the size and complexity.

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 transactions need 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. As in the case of any project, you can always spend more money.

General Costs

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\$1,250	Septic perc, design and permit. Good for 4 years and can be renewed for a fee subject to change
\$250	If backhoe is needed to dig the perc holes
\$15,000-25,000	Septic system, subject to the type of system.
\$300	Each riser installation
\$300-2,500	All maintenance components; risers, observation ports and cleanouts.
\$800-1,200	Septic pump, subject to size of tank
\$100-200	Septic inspection and report
\$50 hour	Septic on-site labor (digging for inspection purposes)
\$550	Home inspection, additional \$50 for each outbuilding, \$250 for guest house
\$75-\$100	Roof inspection and certification
\$20,000-30,000	Well Budget. Average depth is 375 ft (\$15.50 per foot, pump @ \$1,600-3,200, plumbing, all testing, electrical and outbuilding)
\$5,000-7,000	Installed water storage tank 2300 gallons
\$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
\$300	San Juan Short List- Quality well test for 7 items
\$200	Monthly in town water, garbage and sewer minimum charge
\$24,023	In town water and sewer hook-up fee
\$21,000	Roche Harbor water and sewer hook-up fee. \$8,000 for water and \$13,000 for sewer
\$500-15,000	Water hook-up charge to various community systems
\$500-800	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
\$145 hour	Excavation equipment and clearing, plus a set up fee
\$190 hour	Rock hammer
\$85 hour	Dump truck
\$50-85 hour	Labor – chipping, shovel work, tree removal clean up
\$45 yard	Gravel/fill dirt
\$80 yard	Top soil/sand
\$5.50+ foot	Trenching in dirt for utilities
\$15.50+ foot	Trenching in rock for utilities
\$9-10.00 foot	Fiber Line trenching and installation for last mile –Island Network
\$175+ foot	Cost of construction for a low-end priced home with Formica and vinyl
\$235-250	Cost of construction for a mid-level priced home with hardwoods, marble, tile, Corian, high-end appliances
\$250+ foot	Cost of construction for high-end priced home
15%-25% more	Cost of construction on a non-ferry serviced island
\$55-75	General Contractor, licensed, bonded with tools
\$35 hour	Handy man or casual labor
\$50 hour	Landscaper- design and install
\$25-35 hour	Yard maintenance
\$25-28 hour	House cleaning person
\$35 hour	Window washer, roof and gutter cleaner
\$700-1,500	County approved Residential Plan Application (RPA) including consultant and SJC fees (SJC = \$400 + consultant)
\$1,500	Provisional Use Transient Rental Permit including consultant and SJC Fee
\$2,800	Conditional Use Permit with public hearing- Consultant and SJC Fee
\$300+ hour	Attorney’s fee
\$90-150 hour	Land Use Consultants
\$10,000 min	Design or Architectural expense for home, subject complexity
\$25,000 Avg	Design or Architectural expense for home
\$75-95 hour	Drafting/design work
\$2,000-2,200	Flood Insurance Letter of Map Amendment
\$2,500-6,000	Property Survey
\$2,000-4,000	Boundary Line Modification

\$1,500-2,500	Find corners via Surveyor and re-stake
\$2,500-6,000	Wetlands report and delineation, if needed
\$2,500-5,000	Archeologist Report, subject to parcel size and findings
\$150 per hour	Archeologist on site while excavating
\$54.87	Title Cancellation fee minimum
1.78%	Excise – Typically charged to the seller
1%	Land Bank Excise Tax – Typically charged to the buyer
25%-49%	Monthly Property Management Fee based on gross income

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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 to secure regular work 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. The lack of rental properties is an entire article in itself. If one would like more details about the problem, I recommend reading John Evans editorial in the Island Guardian titled Many Rentals, None to Rent.

I hope that this information is helpful and if you have any questions regarding our real estate market, please be sure to contact me. I have created a list of my recommended service providers, if you would like a copy; just email me your request.

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