

Basics of Building: Step 1-Land by Michael Watson

In this 3 part series I'm going to explain what I call the "3 Costs", Land, Site Related, and the Home. All 3 of these are an intricate part of the whole picture. I have met some contractors that do not include the Land and Site Related Costs into the square foot formula of a home to make it appear they are low cost builders. As a consumer, isn't it true that all the costs need to be considered if you are buying land and building a home on it?

Of the "3 Costs" both Land and the Home are the biggest of the 3, however, the Land is definitely going to determine #2, Site Related Costs. Land is one of those fellers that just don't seem to fit the economy at times. I believe that land prices are still way too high for this current market and as home prices continue to crumble, land is attempting to hold financial strength. Based on the fact that we are in a buyers market, hold **your** ground on price and prices will continue to slowly drop. Everybody thinks they have the last great piece of property.

The size or cost of the property is not what I really want to address, it's more the location and terrain. As far as location, this will determine one major thing, Power. Although, Solar is making progress in leaps and bounds, many are still intimidated by the thought of ulterior power sources. If you're going to use solar in hopes that power poles are going to catch up with your property, it's a gamble. Now don't go thinking I'm against solar, because I'm not. It's just that technology is always making leaps and bounds and those that live on the leading edge as a consumer are paying the way for those that sit back and wait a couple of years, so my question is this, what level of technology do you invest in for the next 20 years? Although I address power in site related costs, currently plan on about \$35.00 per linear foot above ground to get power from the closet pole to your house, enough about location.

I firmly believe that, "Facts tell, stories sell"; I like to talk in pictures. So relax, and learn from others and mine mistakes.

A sharp stockbroker gives me a call and tells me he wants me to build an investment rental for him. We meet at the property and we spend hours making plans. I ask him lots of questions he does not have answers to. "Where are the property markers, have you done a survey yet, are you sure that this building will fit this land profile"? Finally, I suggest we regroup, I ask for the APN number, that's the number the county assigns to every property in it's county to keep track of it and I go back to the office to do some research. It turns out the public dirt road goes through the entire building area of the property and all he is left with is a cliff to build on. Should he have bought that property?

A young couple purchase 5 acres of land that I looked at about 2 years ago. I never did research on it as I offered their asking price and then they reconsidered asking more. We actually built the home and were nearing getting County Final Approval when the client told me they had not been able to get an access easement to the house from the neighbor, only temporary access. We had broken down subjects of responsibility and the access easement was on their "To Do" list. They had dropped the ball. They could either pay the neighbor 20k for an easement or 55k to bulldoze a road from the other side. Now they were out of money. What should they have done? Should they have bought that property?

A couple from out of the area asked us to build in a difficult and remote area. They bought the property and did little to no research. The county required them to decrease the grade to get to their house and to pave the road for fire truck access. In addition, PG&E were charging them \$18,000.00 to get power to the location; about \$10,000.00 more than they were prepared for. Combined, the two costs totaled over \$68,000.00 more than they had anticipated. Although it's a nice location, could they have compromised and found land that was more conducive to build on?

It's important to do the research, in L.A. County; seek a Certificate of Compliance (C.O.C.); in Kern County it's simply called "Due Diligence". The terrain of the land is going to determine how much you are going to spend to prepare it for a home. Although un-even lots are easy for our company to build on, it's costly to do so. If your watching your pennies I strongly suggest focusing on the living space of your home as oppose to a difficult lot. When you're discussing cost per square foot remember that all the expenses should be included, not just the costs to build the structure. Difficult terrain and remote locations are the 2 big contributors and for those who choose to live in the country like I do, those are often what we like.

In Frazier Park, a lot of the good land inventory is developed; it's surrounded by National Forest so the inventory for long-term growth is low to begin with. So what are left are difficult parcels. The challenge with that is they begin to look good, and you begin to start picking the best of what is left. Tehachapi has an

outstanding inventory of excellent build sites and everything is for sale! As a buyer you are currently king! However, that will not last forever, as a Jewish apartment complex owner told me one time, “God is currently not making anymore land.” For now, he’s right! With that in mind, now is an excellent time to make your purchase. Our company is buying anything and everything that makes sense that can fit in our budget.

So in conclusion, use common sense when searching property; if there is a ravine check for flood zones, if it’s steep, makes sure that the grade to it is acceptable by the fire department. If it’s remote, be prepared to pay for utilities. If the land is uneven, realize that excavation costs will increase. Find the balance for you!

Martin Brothers will help anyone with property due diligence when it comes to building homes. It’s not as scary as you may think. It is definitely like anything else new and foreign, but after a while it too will become second nature as long as you have a checklist and go through all the steps.

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