

Dear Ecovillagers,

This letter is for everyone in our Ecovillage community who is feeling under pressure in their journey towards home ownership in this climate of uncertainty. We want you to know, we hear you and we care.

We acknowledge, again, the extraordinary building cost increases that have occurred over the past two years. Several of us in the Ecovillage team who are building homes here are also grappling with this situation. While we have about 40 houses occupied across stages 1 to 3, and another 60 under construction or due to begin shortly, we know that some of you who haven't started yet may be wondering whether you can still achieve your dream of building and living in the Ecovillage.

We have been working through the following items in our efforts to address current issues as best we can:

- Building cost increases
- Commencement date extensions
- Re-sale of undeveloped lots
- External real estate agents

If any of these issues apply to you or you are interested to know about policy changes happening in the Ecovillage, please read on.

Building cost increases

The past two and a half years have seen the convergence of a raft of extraordinary conditions, including Covid-related materials shortages, transport cost increases, unprecedented building activity spurred on by poorly thought through government stimulus grants and labour shortages. Together it has created unprecedented inflation in the building industry. The amount of inflation varies between products and suppliers, but overall we've seen increases of up to 50% over two and a half years, which is crazy! To put this in perspective, we have spoken to large building firms who are reporting between 30-40% increases over this period.

To top this off, the only mechanism that our current economic system uses to bring inflation under control is for the RBA to increase interest rates. This is a very limited and blunt approach, which disproportionately affects those who can least afford it.

We want you to know that we are doing what we can behind the scenes to address the cost barriers and achieve more affordable building options, and we'll announce these over the coming weeks, including changes to our building design guidelines (BDG's) and a range of new builders and house designs.

We have been petitioned by some to make changes to the BDG's in the interest of affordability that would compromise the sustainability objectives and the thermal performance of homes. We want to reassure you all that we will not be watering down the

requirements of the BDG's, but we are consulting with builders, and working with our thermal engineer, architect and life cycle analyst to see where we can make changes that will lead to cost savings without compromising the thermal efficiency of Ecovillage homes.

Anyone who has already built in the Ecovillage can confirm that their houses are performing incredibly well compared to typical buildings in the area, and this is testament to the expert advice, time and resources that we invested in the BDG's. Through good design and careful material selection, our stage 1-3 homes are averaging about 30% **better** than carbon neutral in their eTool Life Cycle Assessments and 8.3 NatHERS stars. This means comfort and reduced running costs for home owners, and significant reductions in greenhouse gases over the life of the building.

We believe we have identified a number of changes that will have a cost impact without compromising the performance of your homes. **We will communicate these changes to you and current builders in the Ecovillage over the coming weeks.** We will also provide some cost saving design and material information that could assist in your design choices.

We are also hopeful that we'll soon have a new range of timber framed homes that will offer an affordable alternative. We have begun discussions with another large reputable WA builder, and their initial feedback has been very positive. They are keen to be involved in the Ecovillage and already have several of their own designs that fit our Family lots. These designs only require simple modifications to meet the BDG's, so we are working with their team to pre-approve them. We also have another medium scale builder pricing up the six Ecovillage designs in modular timber frame, as well as another locally based medium scale builder who is designing a new range of affordable timber homes.

We know that some of you are considering selling as building costs are no longer meeting your budget. But if you can afford to hold on a little longer, we ask you to bear with us as we are totally committed to doing what we can to find ways to enable us all to achieve our dreams of living in our beautiful, sustainable community, within budget. If you are ready to build at the right price, please let us know, it may help the new builders know how many purchasers are ready to commit to a more affordable build.

Commencement date extensions

As we have confirmed previously, if you need an extension to your building commencement date, we are very happy to provide you with an extension.

For some background to this, the re-purchase condition which specifies your building commencement date was included in all Ecovillage contracts to:

- deter land speculators;
- to ensure that house construction didn't go on for decades in the clusters as they can do in other subdivisions; and
- to get residents on site quickly, given that you all have exclusive use areas and shared gardens to establish and maintain and community networks to build.

You can find this at Special Condition 8 or 9 in your sales contract.

We included an extenuating circumstances clause in the condition, and these are exceptional times, so if you need an extension, please contact us. You can let us know your general circumstances and we will provide approval in writing.

Selling your lot

If your circumstances have changed and you're no longer able to build in the Ecovillage, we will be very sorry to see you go, but we also appreciate that you have made a difficult decision and we want to support you in this process if we can.

To that end, we are in the process of securing a Real Estate License, which will enable Sustainable Settlements to help you on-sell your lot, at the highest price achievable. We have a huge database of potential buyers for lots in the Ecovillage and some buyers indicate they would prefer to be in our more established earlier stages. So please don't hesitate to contact our office to register your interest for an appraisal of your lot. We are obviously very familiar with your original contract and the Ecovillage bylaws, and we are well placed to market the benefits and value of Ecovillage lots to future purchasers. We will do our best to achieve the highest price we can for your lot, whilst also providing the most professional service to you and your buyer.

Using an external real estate agent

If you decide to use another real estate agent, or sell the lot yourself, please take the time to read through the original sales contract you signed with us to ensure that you meet your obligations under that contract.

This includes the requirement that a deed is signed between the original Seller (Sustainable Settlements and Perron Developments Pty Ltd) and your new purchaser (the Transferee) to ensure that the obligations of the contract are transferred to the new purchaser. This is covered under Special Condition 17.2 (or 14.2 in some contracts), which states:

17.2 Without limiting Special Condition 17.1 the Buyer must not dispose of or grant any interest in the Property prior to construction of a Dwelling unless the transferee or party taking an interest in the Property (Transferee) executes a deed in favour of the Seller on terms prepared by the Seller at the Buyer's cost under which the Transferee:

- a) agrees to be bound by and perform the then subsisting provisions of this Contract (including the Repurchase Option if applicable); and*
- b) covenants to obtain the same covenant as contained in this Special Condition 17.2 from any further purchaser, transferee or assignee in a way that is satisfactory to the Seller.*

The Buyer in this clause is the original Buyer, so the cost of preparing the deed is yours. However, we have asked our settlement agent to prepare a template deed that can be used by multiple owners.

This Special Condition ensures that future owners meet the obligations that we put in place to ensure the long-term sustainability objectives of the Ecovillage are met, but also ensures that the new purchaser has a relationship with the Developer so we can provide them with information and support regarding approval processes, sustainability requirements, participation in our community building workshops and events, etc.

Please ensure that your real estate agent has all of the documents and information necessary for the Landgate Precontractual Disclosure Statement (PDS) required for all strata sales in WA. Hopefully, you have retained all of these documents, if not, you can source your cluster's strata documents from Landgate.

Alternatively, to make things simple, we can provide all of the required documents for the PDS, including the aforementioned deed, as a comprehensive WEV Sales Document Package for a \$150 admin fee. This will also include the relevant WEV marketing plans and selected WEV licensed images to assist with your marketing.

We hope you understand that we do not have the resources to liaise with real estate agents on your behalf, or supply contracts and documents free of charge. Legally, we can't meet with or provide sales tours for potential purchasers unless we are acting on behalf of the Seller.

Please also note that you need to seek permission to use any of WEV's marketing material. We are very careful about seeking permission for images of our residents and their homes and we do not allow unapproved reuse of images by third parties.

Thank you for reading through until the end.

We will keep working through what we can do to support everyone as best we can and will send through our proposed changes to the BDG's, as well as information about the new builders' offerings as soon as we have details confirmed.

Kind regards,

Jo Thierfelder
Communications and Marketing Manager, Sustainable Settlements