

Reflections on Real Estate

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Winter 2004

City of Tracy Releases Draft General Plan

By Mike Souza

After 19 months and 14 public workshops, the City of Tracy has released a Planning Commission and City Council Review Draft of their new general plan. The first workshop to review the draft and take public comment was held on November 15.

The Planning Area is the same as the 1993 general plan, and the sphere of influence has been marginally modified. It was expanded to include the Cordes Ranch property on the west end of Tracy.

The significant land use change was removing the large urban center designations around the periphery of the existing city. In the 1993 plan, all the areas planned for eventual urbanization

around the city were broken up into large urban centers. Each urban center was to comprehensively plan all the properties within it. This proved to be a very cumbersome process.

The new general plan breaks the area up into much smaller "urban reserve" areas. These new boundaries more closely reflect natural barriers and property ownerships. Instead of designating land uses within each urban reserve, a mix of uses is identified, and the location and relationship of those uses is put off to the specific plan stage.

The cornerstone of the new general plan is the Community Character element. This element is intended to set the bar for the quality of new development. It discusses what neighborhoods

should look like, how they connect, and how they function. It is based on new urbanist principals, and attempts to create a more walkable city at a more human scale. It relies on creating neighborhoods of no more than ½ mile across that will center around a focal point, such as a retail area, park, school, community clubhouse, etc. Each residential neighborhood will strive to provide a mix of residential types and densities.

A public input workshop is scheduled for December 13, after which a schedule for hearings will be determined. The general plan will probably be approved sometime in 2005.

Substantiating Charitable Contributions

By Jerry Schluer

Many people wait until year-end to make their charitable contributions, or at least to make the bulk of them. Therefore, now is a good time to think about how to substantiate these

contributions. Outlined below are the various requirements for substantiating charitable contributions.

CASH CONTRIBUTIONS OF LESS THAN \$250

Taxpayers making a charitable contribution of less than \$250 in cash must keep (i) a cancelled check, electronic funds transfer

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Happy Holidays!
from the staff of SR&D

Contributions continued

receipt or credit card receipt, (ii) a written letter or other communication from the charity acknowledging receipt of the contribution, and the contribution date and amount, or (iii) other reliable written record showing the name of the donee, and the contribution date and amount. However, cancelled checks aren't automatic proof of charitable contributions. A contributor whose return is examined may have to support a deduction by furnishing a statement from the charity because the full amount of the check may not be deductible if the taxpayer receives a benefit.

CASH CONTRIBUTIONS OF \$250 OR MORE

Taxpayers making a charitable contribution of \$250 or more in cash must keep a written acknowledgment from the donee organization, as a cancelled check is not enough for substantiation purposes. The written acknowledgment must include: (i) the amount of cash; (ii) whether the donee organization provided any goods or services in consideration, in whole or in part, for the contribution; and (iii) a description and good-faith estimate of the value of those goods or services or, if the goods or services consist entirely of intangible religious benefits, a statement to that effect. The written acknowledgment must be obtained on or before the date on which the taxpayer files his return for the tax year of the contribution or, if earlier, the due date (including extensions) of the return.

GOODS OR SERVICES RECEIVED FOR CASH CONTRIBUTIONS

If a payment to a charity is more than \$75 and is partly a contribution and partly for goods and services, the donee must keep a written statement from the organization that provides a good faith estimate of the value of the goods and services received. Goods or services that have insubstantial value, such as key chains, mugs, posters, etc. with a value not in excess of \$8.20 are not taken into account in determining both the value of the goods or services received and the \$250 threshold for substantiation.

CASH CONTRIBUTION MADE THROUGH PAYROLL DEDUCTIONS

A contribution made by withholding from a taxpayer's wages and payment by the taxpayer's employer to a donee organization may be substantiated by (i) a pay stub, Form W-2, or

other document furnished by the employer that shows the amount withheld by the employer for the purpose of a payment to a donee organization, and (ii) for a single contribution of \$250 or more, a pledge card or other document prepared by the donee organization that includes a statement that the organization doesn't provide goods or services in whole or partial consideration for any contributions made to the organization by payroll deduction. Where contributions are paid by withholding from wages, the deduction from each payment of wages is treated as a separate contribution for purposes of the \$250 threshold.

CONTRIBUTIONS OF PROPERTY WITH A VALUE LESS THAN \$250

A taxpayer making a contribution of property worth less than \$250 must keep a receipt from the charitable organization showing (i) the contribution date, (ii) the donee's name, (iii) the location of the contribution, and (iv) a detailed description of the property. The value of the property need not be stated on the receipt. Where a receipt isn't required because of impracticality (for example, leaving property at a charity's unattended drop site), the taxpayer must keep reliable written records for each item of donated property containing the above information, including the value of the property.

CONTRIBUTIONS OF PROPERTY WITH A VALUE OF \$250 OR MORE

Taxpayers making a charitable contribution in property valued at \$250 or more must keep a written acknowledgment from the donee organization, as a cancelled check is not enough for substantiation purposes. The written acknowledgment must contain a description (but not the value) of the contributed property and the information required for cash contributions of \$250 or more, as described above.

CONTRIBUTIONS OF PROPERTY WITH A VALUE GREATER THAN \$500

Taxpayers making a charitable contribution in property exceeding \$500 must maintain written records that include (i) the information described above for contributions of property over \$250, (ii) how the property was acquired (purchase, gift inheritance), (iii) the date taxpayer acquired the property and (iv) the cost or other basis of property (other than publicly-traded

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Tracy currently has over 9 million square feet of industrial space under roof with only 3.4% vacant, down from 5.7% a year ago. Tracy has added approximately 2.5 million square feet of commercial space since 1991.

City of Tracy Chamber of Commerce website

Properties For Sale

CHRISMAN ROAD, TRACY



1 ac. rural homesite southwest of Tracy near the Tracy Golf & Country Club; easy access to the Bay Area from I-580; \$295,000.

MINES ROAD, SANTA CLARA COUNTY



640 ac. hunting property near the Alameda County line; includes two trailers, a cabin, three generators, a bulldozer, and two water tanks; \$975,000.

Recent Land & Ranch Sales

CONTRA COSTA COUNTY	ACRES	PRICE	ALAMEDA COUNTY	ACRES	PRICE
3159 Morgan Territory Rd.	3.85	600,000	33311 Palomares Rd., Castro Valley	5.09	1,345,000
160 Eagle Ln., Knightsen	5.00	345,000	26473 Palomares Rd., Castro Valley	5.77	450,000
315 Bollinger Estates Ct.	6.80	369,000	3444 Little Valley Rd., Sunol	12.00	850,000
2335 Fischer Rd., Knightsen	10.00	595,000	41262 Vargas Rd., Fremont	17.74	1,060,000
Byer Rd., Byron	10.50	500,000	4627 Greenville Rd., Livermore	18.50	1,300,000
Byer Rd., Byron	16.53	627,000	Crane Ridge Rd., Livermore	20.00	330,000
20350 Marsh Creek Rd., Brentwood	30.83	1,300,000	Palomares Rd., Castro Valley	90.00	1,800,000
6901 Johnston Rd., Pleasanton	40.00	1,000,000	27745 Palomares Rd., Castro Valley	110.00	2,150,000
4490 Morgan Territory Rd.	49.10	790,000			
Highway 4, Byron	176.26	900,000			
6923 Johnston Rd., Danville	389.43	4,150,000			
			TRACY AREA	ACRES	PRICE
			15650 W. Bethany Rd.	33.08	335,000
			355 W. Vernalis Rd.	52.22	750,000
			13350 W. Valpico Rd.	56.55	2,000,000

Contributions continued

securities) held for less than 12 months before the donation, and, if the information is available, of property held for 12 months or more before the donation.

CONTRIBUTIONS OF PROPERTY WITH A VALUE GREATER THAN \$5,000

Taxpayers making a charitable contribution in property of an item or group of similar items exceeding \$5,000 must keep written records that include (i) the information described above for contributions of property over \$500, (ii) a qualified appraisal made no more than 60 days before the appraised property's contribution, (iii) an

appraisal summary which must also be attached to taxpayer's tax return, (iv) cost basis of the property, and (v) the date the property was acquired.

CONTRIBUTION OF STOCK OR SECURITIES

A qualified appraisal is not required for publicly-traded securities whose market quotations are readily available. A partially completed appraisal summary and the maintenance of certain records are required for (i) non-publicly traded stock for which the claimed deduction is greater than \$5,000 and no more than \$10,000, and (ii) certain publicly-traded securities for which market quotations are not readily available.

WHEN A FORM 8283 IS REQUIRED

For charitable contributions of property exceeding \$500, information must be provided on Form 8283 and attached to the taxpayer's income tax return for the year of the donation. Form 8283 must be completed by an individual, partnership, S Corporation, closely-held corporation, or personal service corporation making a charitable contribution of property exceeding \$500. A C Corporation, other than a closely-held corporation or personal service corporation, is required to complete the form only if the total property contributions exceed \$5,000.

RETURN SERVICE REQUESTED

Interest Rates

By Rich Davidson

As you can see by the interest rates at the right, short term interest rates have increased over the last 4 and 8 month periods. Interestingly, longer term rates at 5, 10 and 30 years have all decreased, keeping home loan rates very low, as well as commercial permanent loan rates.

The Federal Reserve has continued to raise the discount rate by 25 basis points at each of their last several meetings. This has been pushing the short term rates up. The CPI index was up 3.2% from one year ago, continuing to indicate moderate inflationary pressure than we have seen during the last year. The still relatively low interest rates continue to have a positive effect on residential real estate values in all of California, with continual high record prices seen.

Continuing the trend seen through-

out the year, there is plenty of liquidity for lenders to continue to make loans. Thus aggressive competition for good loans by the lenders is occurring in the construction, permanent and home loan markets.

There is much confusion in the credit markets as to why long term rates are as low as they are in the face of strong economic

data, Federal Reserve rate increases, higher stocks and other factors that would have normally led to the selling of government securities and inversely, increasing longer term interest rates. One theory is that traders are pulling money out of European bonds and

putting it into US treasuries as trading volumes surged.

I have also been following currency fluctuations, particularly with the euro. In November 2000, I recall that you could buy one euro for 85 cents. Today,

it takes \$1.30 to buy one euro. This represents a decline of the value of the dollar against the euro of a staggering 53%.

This makes our exports less expensive to Europe, and in turn, European imports, such as French wine, much more expensive. It also makes traveling in Europe 50% more expensive than it was just four years ago when you were converting dollars into euros.

KEY INTEREST RATES & INDICES			
<i>November 18, 2004</i>			
INDEX	CURRENT RATE	CHANGE FROM 7/22/04	NOTES
Bank Prime	5.00%	+0.75%	Last change: 11/10/04
1 Yr. Treasury	2.54%	+0.50%	
5 Yr. Treasury	3.47%	-0.22%	
10 Yr. Treasury	4.12%	-0.34%	
30 Yr. Treasury	4.81%	-0.38%	
LIBOR (1 Mo.)	2.14%	+0.69%	
LIBOR (6 Mo.)	2.54%	+0.61%	
LIBOR (1 Yr.)	2.84%	+0.45%	
6-Month CD	2.50%	+0.67%	
Freddie Mac 60 day	5.43%	-0.37%	30 year fixed rate
12 Month Treasury Average	1.677%	+0.296%	T average
11 th District Cost of Funds	1.931%	+0.223%	Fund Cost
Consumer Price Index	190.9 (Oct.)		Up 3.2% from a year ago