

Reflections on Real Estate

A Publication by Souza Realty & Development

Winter 2016

Gwerder Sits on CLE International Panel

Staff Notes

Souza Realty & Development strives to keep abreast of the issues most important to our customers and clients. As expected, our brokers comply with mandatory continuing education for real estate broker's licensure. But to stay ultra-informed we bolster our education by attending seminars or conferences sponsored by organizations such as the Continuing Education of the Bar (CEB), American Planning Association (APA), the Urban Land Institute (ULI), Counselors of Real Estate (CRE) and even CalTrans seminars designed for Airport Land Use Commissioners. Besides education, these are also fantastic opportunities to enhance and create new relationships to ultimately better serve our customers and clients.

This past October, Vice President of Consulting Jim Gwerder saw the other side of the equation. He was asked to

participate as a faculty member on a panel which was part of a two-day Endangered Species Act conference in San Francisco. This conference was organized by CLE International* which has been a provider of continuing professional education programs throughout the United States and Canada since 1983. The conference was chaired by esteemed land use attorney Clark Morrison of Cox, Castle, and Nicholson and well-known conservation planning guru David Zippin of ICF International.

Day One of the Endangered Species Act conference concentrated on federal Endangered Species Act (ESA) issues starting with the keynote presentation from United States Fish and Wildlife Service (USFWS) Field Supervisor Jennifer Norris providing an overview of new USFWS Regulations. The remaining topics were: A History and Recent

Updates, ESA Regulations-Mitigation Rule and the Habitat Conservation Planning Handbook, Ethics-Topics for Attorneys and Consultants, Federal Avian Species Laws-Basics and New Developments, Mitigation Banks and In-Lieu Fee Programs-Examining Issues in California, and finally Sustainable Groundwater Management Act-Avoiding "Undesirable Effects" to Endangered Species from Groundwater Withdrawal and Management.

Day Two of the conference honed in on State Endangered Species Act and Natural Communities Conservation Planning (NCCP) Act issues beginning with a presentation by Kevin Hunting, Chief Deputy Director of California Department of Fish and Wildlife. The rest of the Day Two topics included:

see Panel page 2

Community Choice Aggregation

by Jim Gwerder

Community Choice Aggregation (CCA) is a program that enables a local government to aggregate electricity demand within its jurisdiction in order to procure electricity for its customers while maintaining the existing electricity provider, Pacific Gas & Electric Company, for customer billing, transmission and distribution services. The State of California passed legislation in 2002 (Assembly Bill 117) that permits local agencies to form CCA programs for their communities

By the end of 2014 CCAs were serving nearly five percent of Americans in over 1,300 municipalities in seven states,

including California. CCAs offer local governments the opportunity to aggregate regional energy demand, set local energy goals, develop energy efficiency and demand reduction programs, and negotiate directly with energy suppliers and developers rather than the traditional utility business model that relies more heavily on fossil fuels.

In June 2014 the Alameda County Board of Supervisors passed a resolution authorizing the Community Development Agency to investigate the implementation of a CCA program for Alameda County and its cities. Since that time a

steering committee has met regularly to discuss the formulation and implementation of a CCA program. If it moves forward, the group is looking to create a Joint Powers Agreement between the County and any participating cities in early 2017. The intent is to implement the program in three phases over time with the first phase consisting of about one-third of the total load being available in October 2017.

If you are wondering how this might affect you, contact Jim Gwerder at 209-835-8330, ext. 14 (or email Jim at jgwerder@souzard.com)

Panel continued

California ESA-An Overview, State Fish and Game Code and Wildlife-How and When Should It Be Applied, Endangered Species Impacts and CEQA-How Should They Be Addressed, The NCCP Experiment in Northern California-Is It Working? A Roundtable Discussion, and finishing up the full day was a presentation called A New Paradigm in California to Conserve Endangered Species and Mitigate their Impacts.

Jim was part of the “NCCP Experiment in Northern California-Is It Working?” presentation. Also on the panel were Abby Fateman (Executive Director of the East Contra Costa County Habitat Conservancy), and Ed Sullivan (Executive Director of the Santa Clara Valley Habitat Agency).

NCCP’s created under Natural Community Conservation Planning Act are the State’s answer to federal Habitat Conservation Plans. The NCCP Act was first signed by Governor Wilson in 1991, then repealed and replaced in 2003 by Governor Davis. The Act provides strong regulatory assurances for listed and non-listed species by requiring consideration of natural communities and landscape linkages and conservation of covered species beyond mitigation for take. NCCPs call for additional formulation steps, including: a planning agreement, science advisors, stakeholder involvement and an implementing agreement.

Currently there are nine NCCPs in California. Seven are in Southern California with one completed under the new Act.

The two NCCPs in Northern California were both approved under the new Act and represented on the panel with Jim (East Contra Costa County HCP/NCCP and the Santa Clara Valley HCP/NCCP). For the presentation the two executive directors discussed the progress of their respective plans and implementation efforts, while Jim discussed the planning and implementation processes from the standpoint of landowner representative and real estate broker/consultant (specifically related to the East Contra Costa County HCP/NCCP**). The audience was fully engaged and had a multitude of thoughtful questions for the ensuing discussion.

**CLE International’s seminars, which focus on the cutting edge of emerging legal issues of vital importance to attorneys and their clients, real estate professionals, accountants, consultants and government agencies, have received wide acclaim from bench and bar for the high quality of its faculty (all of whom are recognized experts in their fields of specialty) and its efficient organization of detailed and useful information. CLE International is accredited by the bar associations of the many states where its programs are presented.*

***Jim represented property owner interests in the three year, three county Biodiversity Study (East County Pilot Study Task Force) which concluded in 1999. Jim also represented property owner interests in the multi-year East Contra Costa County Habitat Conservation Plan/Natural Communities Conservation Plan (ECCHPC/NCCP) process which culminated in a final document in 2007. He has also been a member of the Public Advisory Committee for the ECCHPC/NCCP, making recommendations to the Executive Governing Committee responsible for administering the conservation plan.*



Reflections on Real Estate is a publication by Souza Realty & Development. SR&D is a family-run real estate firm specializing in development, development consulting, land and commercial brokerage, and land valuation.

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Recent Land & Ranch Sales

ALAMEDA CO.	AC.	PRICE
4524 Crow Canyon Pl., Castro Vly	8.22	1,250,000
5360 Doolan Rd., Livermore	10.00	2,199,999
Fairview Ave., Hayward	10.00	1,200,000
30503 Palomares Rd., Castro Vly	26.91	2,125,000
Patterson Pass Rd., Livermore	40.72	900,000
Patterson Pass Rd., Livermore	74.47	600,000
CONTRA COSTA CO.	AC.	PRICE
4 Sky Terrace, Danville	3.13	3,000,000
335 Las Quebradas, Alamo	3.75	1,000,000
Springhill Rd., Lafayette	8.41	490,000
Marsh Creek Rd., Brentwood	9.72	405,000
830 Camino Diablo, Brentwood	10.01	1,150,000
7800 Balfour Rd., Brentwood	10.16	1,100,000
Camino Diablo, Byron	11.50	500,000
3533 Springhill Rd., Lafayette	16.14	757,000

CONTRA COSTA CO. (cont'd)	AC.	PRICE
Hoffman Ln., Byron	40.92	1,000,000
9630 Deer Vly Rd., Brentwood	50.25	375,000
Alhambra Vly Rd., Martinez	160.10	1,900,000
SAN JOAQUIN CO.	AC.	PRICE
25333 S. Lammers Rd., Tracy	5.33	549,500
19835 Patterson Pass Rd., Tracy	6.05	635,000
89 E. Homestead Rd., Tracy	11.01	245,000
31199 S. Koster Rd., Tracy	16.62	1,500,000
19875 S. MacArthur Dr., Tracy	19.55	300,000
25883 Patterson Pass Rd., Tracy	45.21	1,087,000
33250 Bevis Rd., Tracy	58.01	1,856,000
2880 Mancuso Rd., Tracy	187.52	2,531,520
SANTA CLARA CO.	AC.	PRICE
Del Puerto Canyon Rd.	22.26	380,000
San Antonio Valley Rd.	51.95	85,500

The number of Russians who have expressed interest in buying luxury properties in the U.S. has spiked by 35% over the previous year following Donald Trump’s win, according to global real estate consultancy Knight Frank. Knight Frank said Russians are interested in vacation homes as well as investment properties. Nearly all are looking to spend between \$500,000 and \$5 million on a residential property, while 10% are hoping to buy commercial real estate. *CNN Money*

Available Properties



±82 ACRES FOR SALE
ARMSTRONG ROAD, BYRON
\$500,000
WIND & GRAZING INCOME; PANORAMIC VIEWS



±16 ACRES FOR SALE
MORGAN TERRITORY ROAD, LIVERMORE, CA
\$549,000
SUITABLE FOR HOMESITE; GREAT PANORAMIC VIEWS



±14 ACRES FOR SALE
N. VASCO ROAD, LIVERMORE
\$695,000
IN WILLIAMSON ACT; SUITABLE FOR HOMESITE



±95 ACRES FOR SALE
WHISPERING PINES ROAD, CLAYTON, CA
\$1,720,000
ZONED R-40 (SINGLE FAMILY RES.); GREAT VIEWS OF MT. DIABLO



±0.56 ACRE RESIDENTIAL LOT FOR SALE
CAMINO DIABLO, BYRON
\$200,000
WITHIN WALKING DISTANCE TO DOWNTOWN BYRON



SMALL OFFICE SUITES FOR LEASE
1660 W. LINNE ROAD, TRACY
±152 - 384 SQ. FT.
AMPLE PARKING; CLOSE PROXIMITY TO I-580; ON-SITE MANAGEMENT

SPECIALIZING IN

- Farms & Ranches
- Transitional Land
- Commercial
- Industrial
- Development
- Consulting
- Valuation

Interest Rates

By Rich Davidson

Long term rates are still relatively low on an historical basis, but ten year treasuries have increased almost 1% over the last three months.

With the Federal Reserve raising their federal funds target rate by ¼% to 0.75% on December 14th, longer treasury rates increased further, following the run up in rates after the election. This reflects increased optimism of further strengthening in the economy. Prime rate was immediately increased by the major banks by ¼% so that it is now at 3.75%. This will increase the borrowing costs on real estate loans tied to prime. This is still well below the 11-13% from the early 1980s, but represents the first increase in some time.

Life Insurance Companies

and Pension Funds are cheering on the rate increases. Fixed income investors will find it a little easier to make the returns they need that had become more challenging in the low interest rate environment we have been in.

Ten year government bond rates in France, Germany, Italy, Japan, Spain

and the UK are all still lower than in the US. It will be interesting to watch how these rates move in relation to how our own ten year Treasury moves.

Please call if I can be of any assistance or answer any questions.

RECENT CLOSINGS

- Storage Facility, Peninsula CMBS \$15,250,000
- Apartment, Seattle, WA CMBS \$13,750,000
- Office Building, Sacramento National Bank \$5,000,000

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KEY INTEREST RATES & INDICES December 15, 2016

INDEX	CURRENT RATE	3 MONTH CHANGE	NOTES
Bank Prime	3.75%	+0.25%	
1 Yr. Treasury	0.92%	+0.31%	
5 Yr. Treasury	2.02%	+0.81%	
10 Yr. Treasury	2.54%	+0.84%	
30 Yr. Treasury	3.14%	+0.70%	
LIBOR (1 Mo.)	0.62%	+0.10%	
LIBOR (6 Mo.)	1.29%	+0.05%	
LIBOR (1 Yr.)	1.64%	+0.08%	
Mortgage WSJ	4.14%	+0.56%	30 year fixed rate
Jumbo WSJ	4.60%	+0.09%	
12 Month Treasury Average	0.60%	+0.08%	T average
11th District Cost of Funds	0.60%	-0.08%	Fund Cost
Federal Funds Rate	0.75%	+0.25%	
Dow Jones Industrial Avg.	19,863	+11.6% YTD	
Gold \$/oz	1,161	+9.3% YTD	
Euro	\$1.05	+3.1% YTD	
Crude Oil \$/barrel	51.04	+38% YTD	