

Reflections on Real Estate

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Fall 2000

County Supervisors Get Down to Business with Smart Growth

By Jim Gwerder

In August, County Supervisors John Gioia and Mark DeSaulnier proposed a "Smart Growth Action Plan" for Contra Costa County.

Both of these Supervisors are already involved in regional efforts; Supervisor DeSaulnier is on the Inter-Regional Partnership, and Supervisor Gioia is a BCDC (Bay Conservation and Development Commission) Director, and is on the executive committee of ABAG (Association of Bay Area Governments). BCDC has joined with ABAG, BAAQCB (Bay Area Regional Air Quality Control Board), and MTC (Metropolitan Transportation Commission) to form a "Regional Agency Smart Growth group". The purpose of this new multi-agency group is to discuss ways to bring about "Smart Growth" quicker in the Bay Area. Both of these groups are aiming to develop regional policies and recommendations

that would ultimately bring about changes at the state level.

On September 14th, Supervisor Gioia met with the Land Use Task Force of the Contra Costa Council to discuss the "Smart Growth Action Plan" for Contra Costa County.

(The Contra Costa Council is a

It's easier to develop housing to meet ABAG's and the State's regional housing need goals using transportation-friendly land-use strategies.

business organization with a mission to provide advocacy on public policy issues affecting economic vitality and quality of life. The Contra Costa Council utilizes several different task forces to

accomplish their mission. Jim Gwerder of SR&D is a member of the Land Use Task Force.)

The idea is for the cities of Contra Costa County and the County itself to work together over the next 18 months to develop countywide smart growth goals and objectives. Significant community input would be expected throughout, with the process culminating in a "Smart Growth Summit" at which there would be a presentation of each jurisdiction's work product and recommendations. Also, at this Summit, countywide smart growth goals and objectives would be discussed and approved for implementation, including possible placement on the ballot.

The "Smart Growth Action Plan" lays out numerous issues and strategies that will need to be studied and

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Marinas Can Be Good Investments

By Dave Burnham

With the booming economy of Silicon Valley and the Bay Area in general, a lot of disposable income is spent taking advantage of the area's numerous waterways. More specifically, we have found that demand for dockage by recreational boaters is at an all time high. Naturally, when demand outweighs supply in any area of real

estate, investor interest usually follows. As an example, various marinas report two and three year waiting lists for 40 and 50-foot berths.

The California Delta has always been a very popular boating area. With the economy as it is, boating is no longer considered a pastime for the rich only. You now find people from

all income levels involved in the activity.

Marinas, just as all real estate, are first evaluated based upon location. Both highway and waterway are considered in this process. This would include proximity and visibility from major highways and deep-water

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COUNTY *continued*

formulated over the next 18 months. These include:

1. Inventory of vacant and under-utilized land,
2. Identify target areas and strategies for infill,
3. Attainment of regional housing needs, affordable housing goals, jobs/housing balance and livable wages and jobs,
4. Regional planning coordination,
5. Coordinated regional land use problem solving,
6. Transfer of development rights,
7. "Clear and objective" approval standards,
8. Establishment of a "livable communities trust",
9. Adoption of the urban limit line by the cities,
10. Advising LAFCO to respect smart growth principles, and
11. Investigation of other smart growth strategies.

Some aspects of the Action Plan are already underway. For instance, Supervisor Gioia mentioned that great progress

had been made on a vacant land inventory.

To be successful, the Action Plan will take effort and involvement from all sectors. There will be many issues that need to be tackled that will be controversial. A huge determinant of success will be effective education of the public, public officials, community groups and advocacy groups. Getting everyone to the table and talking the same language will certainly be, to coin an old phrase, "like herding cats." On the other hand, Supervisor Gioia fears the alternative would be a County economy stymied by the high cost of housing discouraging employers from locating there.

Supervisor Gioia envisions two types of recommendations resulting from the process: 1) those that can be implemented under current law, and 2) those that can be packaged and brought to the State to help implement reform of planning law at that level. The aim is to create an environment where it is easier to develop housing to meet ABAG's and the State's regional housing need goals using transportation-friendly land-use strategies.

MARINAS *continued*

access. Certain marinas seem to create their own community while others become destination resorts.

The actual improvements as to condition and compliance with building codes follow the analysis of location. Some marinas may be in a shabby, rundown condition, while others exhibit a high pride of ownership with sparkling, pristine amenities. As with any property, marinas have their fair share of maintenance requirements. Ongoing maintenance costs usually include dock repairs, dredging, and levee repairs.

After the location and improvement aspects are analyzed, the business aspect of the marinas is considered. Income stream, cash flows, vacancy rates, and current and long-term demand are considered for further establishing values.

This makes marina management critical to the success of the business of renting dockage.

We are aware of several marina properties known to have sold or currently on the market. For instance, one marina in Sacramento County with 260 slips recently sold for \$9.75 million. The total value of the boats in this marina exceeded \$75 million. As a general guideline, the average rent per slip-foot is \$9.00. Therefore a 50-foot slip would rent for \$450 per month.

Not all marinas rent slips to boaters. Pier 39 in San Francisco is an example of a condo project where boaters can own their own slips. However few of such condo'd marinas exist.

In looking at the entire picture, marinas—under the right conditions—can make sense for investors that would like to own recreational properties.



Reflections on Real Estate is published quarterly 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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Properties for Sale

MINES ROAD, LIVERMORE



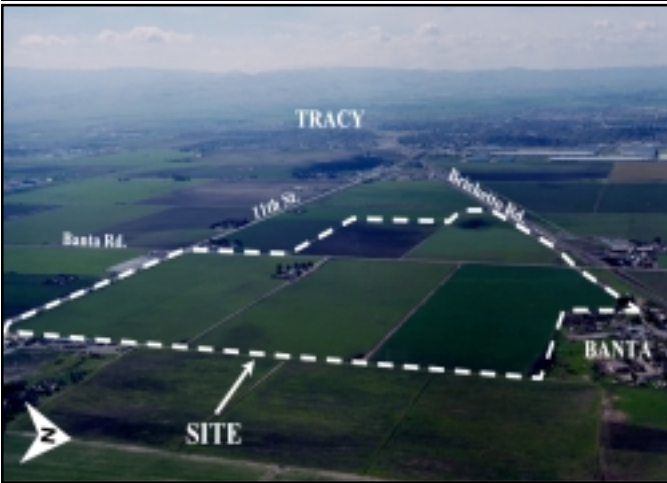
50 acres of recreational land in far southeastern Alameda County; great property for hunting, hiking, camping and dirt biking; 320 ac. agricultural zoning; \$110,000

BYRON HOT SPRINGS ROAD, BYRON



359 acres of irrigated pasture adjacent to the Byron Airport; zoned A-3 Contra Costa County; future potential for airport-related industrial uses; \$15,000 per acre

11TH STREET & BANTA ROAD, TRACY



350 acres of irrigated row crop land designated Low & Medium Density Residential in Tracy General Plan; contiguous to Tracy City Limits; AG-40 zoning; \$30,000 per acre

BIXLER ROAD, BYRON



64 acres of irrigated farmland across Highway 4 from Discovery Bay; zoned A-3 Contra Costa County; BBID water; \$30,000 per acre

Yes,

as your real estate professionals, we will be happy to answer any real estate questions that you might have and provide you with more information on real estate activity in our area or others. Simply fill out and return this request, or call or e-mail us for immediate assistance.

- Marketing consultation on my property
- Information about property values in my area
- Information about local real estate activity
- Other: _____

Name: _____
 Phone: _____
 Property Location: _____
 Parcel Number(s): _____
 Acreage: _____

Please disregard this offer if your property is currently listed for sale. This is not a solicitation for listings. This offer void where prohibited by law.

Interest Rates

By Rich Davidson

As you can see from our interest rate table, short-term rates, as well as long-term rates, have generally decreased during the last three-month period.

The Federal Reserve has maintained the status quo after six interest rate increases in the last year. However, long-term rates had been even lower until recently.

Some investors believe that the new President may not be as inclined to reduce Federal debt as much as President Clinton has been. Investors had been buying these treasuries during the summer with the idea that the government surplus would be used to pay off long term treasuries, making them more attractive.

Now with political and surplus concerns, these same investors are finding these long-term treasuries less attractive, in turn, lowering their price and raising the corresponding interest rates.

RECENT LOAN CLOSINGS

1. \$1,100,000 second trust deed permanent loan on industrial building in Benicia.
2. \$6,300,000 construction loan on office building in San Jose.

3. \$1,100,000 second trust deed on single family residence in Silicon Valley

ACTIVE REAL ESTATE CONSULTING ASSIGNMENTS

1. \$3,400,000 construction loan on

2. self-storage facility in Central Valley.
2. \$9,500,000 debt commitment on to-be-built assisted living project in Oakland.
3. \$3,300,000 permanent financing on apartments in Seattle.
4. \$500,000 land loan in Lake County.

KEY INTEREST RATES & INDICES - 9/15/00

INDEX	CURRENT RATE	CHANGE FROM PREVIOUS NEWSLETTER
Bank Prime	9.50%	Unchanged (last increase 5/17/00)
1 Yr. Treasury	6.05%	-0.44%
5 Yr. Treasury	5.91%	-0.40%
10 Yr. Treasury	5.83%	-0.29%
30 Yr. Treasury	5.89%	-0.09%
LIBOR (1 mo.)	6.62%	-0.03%
LIBOR (6 mo.)	6.77%	-0.16%
LIBOR (1 Yr.)	6.84%	-0.38%



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