

Reflections on Real Estate

A Quarterly Publication from Souza Realty & Development

Winter 2002

Tracy Launches General Plan Update

By Mike Souza

The Tracy City Council has agreed to a schedule, process and budget for a comprehensive update of the General Plan (GP). The process will begin in January 2003, and will conclude in the fall of 2004.

The GP update will concentrate on a number of major policy areas. The ultimate direction decided for these policy areas will shape the growth and development of Tracy for the next 10 to 20 years. The policy areas include:

- 1) Whether or not to retain the Community Areas Concept as established in the current GP (creating distinct and separate neighborhoods).
- 2) Whether or not to retain the Urban Center concept in the current GP.
- 3) City Sphere of Influence boundary.
- 4) Consideration of a Community
- 5) How to designate areas outside the Sphere of Influence but within the Planning Area.
- 6) Including expanded land use categories, i.e., employment corridor or regional retail center.
- 7) Coordinating the GP with adopted specific plans.
- 8) Review of current traffic levels of service.
- 9) Growth management concepts to determine the next growth area and sequencing of future growth.
- 10) The format of the GP and approach.
- 11) Handling development requests during the GP review.

The focus of the Tracy General Plan update will be on the quality and diversity of development.

Character element to the GP.

These policy areas will be discussed

see General Plan page 2

Cal FIRPTA 3-1/3 Percent Withholding Rules Change

After Jan. 1, 2003, the California Investment in Real Property Tax Act (Cal FIRPTA) requires withholding of 3-1/3 percent of the sales price for residents as well as non-residents selling investment properties.

While this new law does not impose new taxes or increase existing taxes it

does accelerate the receipt of tax revenue (projected to be \$225 million) to the state by way of withholding on the seller's taxable gain on investment properties

This does not apply to the sale of principal residences or to 1031 tax-deferred exchanges; there are other

transfers not subject to the withholding requirements as well. Individual sellers can no longer apply for and receive a waiver from the Franchise Tax Board even if they can document that the tax owed is less than the 3-1/3 percent of

see Tax Act page 2



Happy Holidays!
from the staff of SR&D

In Memory

Two very special people passed away recently, and we would like to take a moment to remember them.

Thelma Souza died on November 21, 2002. She was 85 years old, and was the mother of Tony Souza. Thelma and her husband, Antonio, started our family business, and built it through selling meat door to door from a meat wagon, to the ranching and real estate development business we now operate.

Thelma was a kind soul who always had a smile on her face and took incredible

pride in her 6 grandchildren and 8 great-grandchildren. She was the Matriarch of our family, and will be missed by all.

Lou Souza died on December 11, 2002. Lou was 65 years old, and was the cousin of Tony Souza. Lou was the President of Vaquero Farms. A bachelor all his life, Lou was like a father to many, especially his nieces and nephews and cousins. He was extremely benevolent, and was always there to lend a helping hand. He was a joy to have as a client, and an even better friend and confidant.

General Plan continued

over a series of City Council/Planning Commission workshops. The Tracy Tomorrow and Beyond Steering Committee will also be a key component of each of the workshops. They are currently anticipating 12 workshops over an 18 month period.

In addition, the City has hired a separate consultant to develop a new Housing Element for the GP. The Housing Element has to be certified by the State in order to be in compliance with State law. Currently, a majority of cities in California do not have certified housing elements.

Tracy will be attempting to create a

Housing Element that can be certified. This will be especially difficult as there is a growth management ordinance in place in Tracy that limits new residential growth to 600 units per year. Tracy's fair share contribution to housing needs far exceeds our 600 unit limit, therefore it is impossible to meet our goals from the outset.

The focus of this GP update will be on the quality and diversity of development. It will have more discussion about what our community will look like, and how it meets all the needs of its residents.

We will keep you informed in future editions of *Reflections on Real Estate* as the policy areas evolve.

Tax Act continued

the sales price withheld. Entities such as corporations, LLCs and trusts still can apply for and receive a waiver.

This law (AB 2065) was enacted without having been available for examination in print; it was amended on the evening of Aug. 31, passed by the Legisla-

ture Sept. 1, and signed by the governor Sept. 5 along with the many budget items. This was "eleventh hour" legislation amended, passed and signed by the Governor as part of the package of bills that ended the budget impasse. The legislature waived the rule requiring that a bill be in print before it can be acted on.

California Association of Realtors



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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Industries with Noticeable Increase in Employment (San Joaquin Co.)				Industries with Noticeable Decrease in Employment (San Joaquin Co.)			
	1990	2000	% Change		1990	2000	% Change
Business Services	4,700	10,100	+115%	Department of Defense	3,600	1,800	-50%
Trucking/Warehousing	4,200	8,400	+100%	Machinery/Electric	3,000	2,000	-33%
Other Services	12,700	16,700	+32%	Finance	4,700	3,500	-26%
Local Education	12,900	16,700	+30%	Electric, gas, sanitary	1,400	1,100	-21%
Health Services	10,900	13,900	+28%				

California Employment Development Department

Recent Land Sales

Below are land sales that have occurred since our last newsletter. Note that this information has been extracted from the Multiple Listing Service and public records and has not been verified for accuracy. If you have any questions regarding these sales, please contact our office.

CONTRA COSTA COUNTY			ALAMEDA COUNTY		
	ACRES	PRICE		ACRES	PRICE
8031 Balfour Rd., Brentwood	10.00	210,000	Mines Rd., Livermore	9.87	30,000
280 Balfour Rd., Brentwood	10.82	330,000	Mines Rd., Livermore	10.00	15,000
Bollinger Canyon, Moraga	17.00	240,000	N. Greenville Rd., Livermore	13.15	3,580,500
Sunset Rd., Knightsen	19.05	300,000	Mines Rd., Livermore	320.00	300,000
Highway 4 & J4, Byron	68.46	600,000			
Ridgewood Rd., Alamo	177.30	8,500,000			
			TRACY AREA		
				ACRES	PRICE
			S. Corral Hollow Rd.	2,177.96	949,681

Interest Rates

By Rich Davidson

The discount rate was lowered in November, and short-term rates have followed suit. Longer-term rates have edged up a little bit, but still are at very low levels. Interest rates are remaining low with the continuing geopolitical risks as well as a weak economy.

The Dollar has been weak of late, which if it continues, has the slight potential of driving treasury prices lower, and as a result, raising interest rates. The recent shuffling of the Bush economic team has created uncertainty, which has led to the depressed dollar.

RECENT LOAN CLOSINGS

1. \$650,000 in secondary financing to bring a first trust deed loan current.
2. \$3,900,000 construction loan on a 13,000 s.f. luxury home in the North Bay.
3. \$700,000 in secondary financing on an RV Storage facility on the Peninsula.

ACTIVE REAL ESTATE CONSULTING ASSIGNMENTS

1. \$1,500,000 land loan in the North Bay.
2. \$5,000,000 equity financing for to-be-built condominium project in the East Bay.

KEY INTEREST RATES & INDICES December 17, 2002			
INDEX	CURRENT RATE	CHANGE FROM 9/13/02	NOTES
Bank Prime	4.25%	-0.50%	effective 11/07/02
1 Yr. Treasury	1.40%	-0.30%	
5 Yr. Treasury	3.07%	+0.10%	
10 Yr. Treasury	4.11%	+0.21%	
30 Yr. Treasury	5.01%	+0.25%	
LIBOR (1 Mo.)	1.42%	-0.40%	
LIBOR (6 Mo.)	1.43%	-0.39%	
LIBOR (1 Yr.)	1.60%	-0.32%	
6-Month CD	1.37%	-0.40%	
Discount Rate	0.75%	-0.50%	effective 11/06/02
Freddie Mac 60 day	5.69%	-0.04%	30 year fixed rate
12 MAT	2.066%	-0.206%	12 Month Treasury Average
11 DCOF	2.708%	-0.113%	11 th District Cost of Funds
Nov. '02 CPI	181.3		Up 2.2% from a year ago

3. \$24,000,000 construction loan for the East Bay condominium project.
 4. \$975,000 land loan for the acquisition of an assisted living site in the North Bay.
 5. \$29,000,000 for the first trust deed financing for a condominium conversion loan in the East Bay.
 6. \$750,000 in financing secured by a development fee on a property in Washington.
- your real estate financing needs, please do not hesitate to call me at (650) 579-3995. My email address is rdavidson@redcofinance.com.

If I can be of any assistance with

RETURN SERVICE REQUESTED

Available Properties

WEST 11TH ST, TRACY



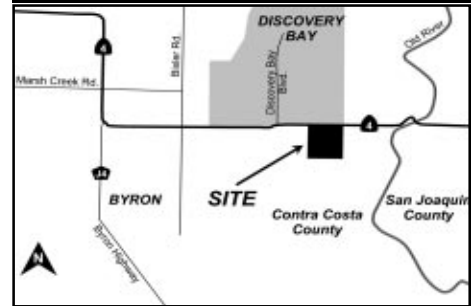
Professional office condominiums available for sale or lease in the West Park Professional Center--Tracy's newest office development; 800-4,500 SF units; a great location at 11th Street & Tracy Boulevard

TRACY BLVD & LARCH RD, TRACY



Two parcels of vacant land: Parcel 1 is 5.09 ac. zoned Light Industrial & Hwy Service priced at \$8/SF; Parcel 2 is 1.91 ac. zoned Hwy Service priced at \$14/SF; both parcels have great visibility and access from I-205

HIGHWAY 4, DISCOVERY BAY



176 ac. of irrigated row crop land across Highway 4 from Discovery Bay; currently sharecropped and planted in asparagus and alfalfa; \$9,000/ac.