

Reflections on Real Estate

A Quarterly Publication from Souza Realty & Development

Summer 2005

East County Draft Habitat Plan to be Released

By Jim Gwerder

After more than three years of monthly meetings, it looks as if a Public Review Draft of the East Contra Costa County Habitat Conservation Plan/Natural Communities Conservation Plan (HCP/NCCP) will be released this month. Once the HCP/NCCP is released, there will be a 90 day public comment period, and then a few months for the local agencies to accept or approve it. If this timeline is adhered to, then a permit would be issued by the federal and state agencies in spring or summer of 2006. We urge you to check for the release and to review the document on line at <http://www.cocohcp.org>, or call John Kopchik of Contra Costa County at 925-335-1227 to arrange for the document on compact disc or paper.

IN A NUTSHELL

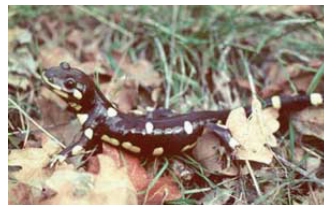
The East Contra Costa County HCP/NCCP is a thirty year plan that deals with habitat and species conservation and recovery within about 175,000 acres of land from the San Joaquin County line to Clayton. Generally speaking, within that timeframe and in that area, the HCP/NCCP contemplates development of about 15,000 acres and preservation of about 30,000 acres. Rather than the current mode of operation in which the developer would have to work with wildlife agencies and landowners to secure a suitable piece of property to mitigate the impacts of the development project, the HCP/NCCP

program would allow the developer to pay an HCP fee and a wetland fee (see below), and their mitigation requirements would be met. The fees would be used to buy and maintain suitable lands that would ultimately be assembled into a cohesive preserve system. The preserve system is divided into acquisition areas with different priorities. Areas within the highest priority acquisition areas would not be able to develop under the permit issued for this HCP/NCCP.

Since the HCP/NCCP goes beyond



Red Legged Frog



California Tiger Salamander

the timeframe of the General Plan and urban limit line, two development scenarios are considered and analyzed: the "Initial Urban Development Area" which includes all lands currently in the urban limit line and city general plans, and the "Maximum Urban Development Area" which includes several thousand acres of undefined lands outside the urban limit line and general plans. This was a direct response to Contra Costa County landowner efforts to not have a plan that locks in land uses beyond current planning documents.

ONE STOP SHOPPING?: WETLANDS ISSUES

Unlike other HCP/NCCPs that are concerned with land (as opposed to, say the Colorado River) this HCP/NCCP is going to attempt to address wetlands permits also. The wetlands permits would be issued for each separate project, but would correspond to mitigation measures and the overall conservation strategy outlined in the HCP/NCCP. There are several wetlands associated agencies that have yet to jump on board fully, but they seem to be listening and responding positively. These include two districts of the Army Corps of Engineers, two different Regional Water Quality Control Boards, and the Environmental Protection Agency.

As of last month, stream setback distances had not been finalized.

The overall goals of the HCP/NCCP for seasonal wetlands include three acres preserved for every one acre impacted by development, and two acres restored for every one acre impacted. The wetland fee collected by the local jurisdictions would be used for wetland restoration.

Contra Costa County landowners have consistently maintained that wetlands permits should be a part of the HCP/NCCP, because the initial idea of the program was to streamline the development process and provide "one-stop shopping".



Red Tailed Hawk

see HCP page 2

HCP continued
HEFTY PRICE TAG

The East Contra Costa County HCP/NCCP cost estimates were revised this past April. Contra Costa County landowners have been relentless in asserting that the true costs of the program be determined and revealed. At the foundation of our concern have been land values and the effect of this program on the real estate market. The NCP/HCP assumes that all purchases will be fee simple purchases, as opposed to conservation easements. The recent revision of costs and fees ramped upward sharply as a result of market data provided by Contra Costa County landowners. Cost estimates also include administration, planning and design, habitat restoration/creation, environmental compliance, preserve management and maintenance (for the 30 year period), monitoring/research/adaptive management, remedial measures, and a contingency fund.



Kit Fox

For the "Initial Urban Development Area", the estimated total cost in November 2003 was \$245,000,000 (2003 dollars). The April 2005 cost estimate is \$280,000,000 (2005 dollars).

For the "Maximum Urban Development Area", the estimated total cost in

November 2003 was \$300,000,000 (2003 dollars). The April 2005 cost estimate is \$325,000,000 (2005 dollars).

For comparison, the West Placer Conservation plan will cost \$1.3 Billion for purchase, management and restoration. That plan is a 50 year plan over 212,000 acres, considering purchase of some 56,000 acres. The Santa Rosa California tiger salamander preservation area being developed has an estimated \$400,000,000 price tag for purchase and preservation of 4,000 acres.

The East Contra Costa HCP/NCCP is expected to be funded by about 50% developer fees. In order to keep up with land costs, the fees will be adjusted based on a formula containing housing prices and the consumer price index (CPI). The new fees look like \$22,000 per acre on "natural lands", \$9,000 per acre on "ag" lands, and \$5,200 per acre on "non-ag" lands. Roadways and other linear public projects will be assessed a different fee.

It is important to keep in mind the fact that under the current way of development, costs of this magnitude are already being expended, just in a different way. Unfortunately, the development community can not come up with a standardized cost for their current environmental mitigation, as

see HCP page 3

Recent Land & Ranch Sales

Below are a sampling of 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	
9.70	601,000	Rancho De Maria, Martinez	14.33	995,000	3401 Little Valley Rd., Sunol
9.71	583,100	Tule Ln., Knightsen	28.45	500,000	Morrison Canyon Rd., Fremont
10.04	400,000	5715 Alhambra Valley Rd., Martinez	100.70	1,300,000	26500 Palomares Rd., Castro Valley
10.50	725,000	Byer Rd., Byron			
11.37	675,000	Aspen Rd., Oakley			
12.66	625,000	16200 Marsh Creek Rd., Clayton			
20.24	400,000	Holland Tract Rd, Holland Tract			
21.75	318,000	Bruns Rd., Byron			
63.19	658,000	Bruns Rd., Byron			
84.94	1,000,000	Bruns Rd., Byron			
91.66	877,500	Bruns Rd., Byron			
			TRACY AREA		
			ACRES	PRICE	
			2.00	430,000	11703 W. Larch Rd.
			10.00	235,000	Arbor Rd.
			13.54	650,000	Lehman Rd.
			62.40	440,000	Inland Rd.
			SANTA CLARA COUNTY		
			ACRES	PRICE	
			80.00	125,000	San Antonio Valley Rd.
			80.82	250,000	Del Puerto Canyon Rd.
			640.00	825,000	48025 Mines Rd.



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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The Livermore Valley is home to 26 wineries (and counting), ranging from handcrafted startups to historic leaders of the California wine industry. There are approximately 5,000 acres of vineyard planted. The Tri-Valley Conservancy protects more than 3,000 of these vineyard acres in perpetuity.

*Livermore Valley Wine Country website
 (livermorewine.com)*

Properties For Sale



HCP continued

each project is different. It will be up to the development community to determine if the fees and associated increases make economic sense for their business.

CRITICAL HABITAT EXEMPTIONS

A group consisting of individuals from the HCP/NCCP coordination group requested an exemption for the HCP area in terms of the critical habitat designation for the California tiger salamander. This only makes sense, since California tiger salamander is one of the species the HCP/NCCP is programmed to serve. US Fish and Wildlife Service has not yet responded.

NEIGHBORING LANDOWNER PROTECTIONS

The ECCC HCP/NCCP originally included a provision that landowners within 1/4 mile of a preserve property would receive protections from any harm that might befall species that may have increased on the neighboring property. This would entail the neighboring property owner to sign up for the program and allow an evaluation of the existence and amount of species currently on the property. Contra Costa County landowners objected to the “signing up” and the distance from the preserve where the “protections” are afforded (many of the candidate species in the HCP/NCCP can travel for

miles). Wildlife agencies have agreed to a one mile distance from the preserve, but are sticking to the “signing up” and “current evaluation” provisions.

MORE TO KNOW

There is obviously a lot more to this HCP/NCCP than can be synopsized here. Please review the documentation to date and check for the release of the public draft on line at <http://www.cocohcp.org>, or call John Kopchik of Contra Costa County at 925-335-1227 to arrange for the document on compact disc or paper. If you have any questions please call Jim Gwerder at this office (209) 835-8330 x14.

RETURN SERVICE REQUESTED

Interest Rates

By Rich Davidson

As you can see by the accompanying interest rates, short term rates have continued to increase.

The Federal Reserve continues to increase its discount rate, the rate the Fed charges member banks on overnight borrowings. However, at this writing, there is talk that the Federal Reserve is nearly finished with raising short term rates to combat inflationary trends.

Longer term rates at treasury rates of 5, 10 and 30 years, on the other hand are all trending downward, as are long-

term home mortgage rates. Ten year treasuries are at a 14 month low. With the apparent instability in the Euro, there is strong foreign demand for treasuries. The dollar has reached an eight month high against the Euro as the Euro continues to suffer from the political no votes on the EU constitution.

In fact, long term interest rates world wide have been declining recently. Government bond yields have also fallen in Europe as well as Asia, perhaps indicat-

ing concern that economic growth is slowing. Lower foreign bond yields encourage investors to buy U.S. Treasuries in search of a better yield.

All of this is good news for home buyers. Mortgage rates have not been

this low since March 2004 and the housing market keeps rolling along.

RECENT LOAN CLOSINGS

1. \$1,210,000 refinance of existing apartment loan with same lender, at a fixed rate of five percent for 10 year fully amortizing loan on San Francisco apartment.
2. \$8,640,000 First and second trust deed financing for a condominium conversion development in Oakland. The First Trust Deed was \$5,200,000 and the Second Trust Deed was \$3,440,000.
3. \$5,850,000 refinance of vacant building to provide time in which to get a condominium conversion consummated.
4. \$10,000,000 unsecured corporate line of credit.

If I can be of any assistance with your real estate financing needs, please do not hesitate to call me at (650) 579-3995. My email address is rdavidson@redcofinance.com.

KEY INTEREST RATES & INDICES
June 2, 2005

INDEX	CURRENT RATE	CHANGE FROM 3/17/05	NOTES
Bank Prime	6.00%	+0.50%	Last change: 5/3/05
1 Yr. Treasury	3.36%	+0.02%	
5 Yr. Treasury	3.64%	-0.49%	
10 Yr. Treasury	3.88%	-0.58%	
30 Yr. Treasury	4.22%	-0.62%	
LIBOR (1 Mo.)	3.15%	+0.30%	
LIBOR (6 Mo.)	3.52%	+0.22%	
LIBOR (1 Yr.)	3.70%	+0.01%	
6-Month CD	3.47%	+0.23%	
Freddie Mac 60 day	5.33%	-0.38%	30 year fixed rate
12 Month Treasury Average	2.504%	+0.333%	T average
11 th District Cost of Funds	2.515%	+0.332%	Fund Cost
Consumer Price Index	194.6 (Apr.)		Up 3.5% from year ago
Federal Discount Rate	3.00%	+0.50%	