

Reflections on Real Estate

A Publication by Souza Realty & Development

Fall 2012

HCP Breaks New Ground with Wetlands Permitting

by Jim Gwerder

Our long time clients and customers have been able to follow the progress of the East Contra Costa County Habitat Conservation Plan/Natural Communities Conservation Plan (ECCC HCP/NCCP) through the pages of this newsletter for over a decade, starting in our Fall 2001 issue. (You can find all of our past issues of *REFLECTIONS ON REAL ESTATE* at our company website www.souzard.com).

SR&D's Vice President of Consulting Jim Gwerder contributed to the formulation of the ECCC HCP/NCCP through his active participation on the Citizen's Advisory Group as a representative of landowner and property rights interests. He continues to utilize his experience as a member of the ongoing Citizen's Advisory Group that makes recommendations to the Habitat Conservancy Governing Board, the ultimate decision making body for the ECCC HCP/NCCP.

When the HCP/NCCP process started in the early 2000's, a list of guiding principles was agreed upon. This list was intended to be a touchstone as the lengthy process progressed, and ultimately served to keep the varied interests "at the table" when at times those interests were seemingly miles apart. One of the items on that list had to do with achieving permit streamlining or "one stop shopping" for all environmental permits required for a development project to proceed. The norm for that time in east Contra Costa County (and to this day in many other areas of the State) was for a developer to negotiate

individual permit requirements for species and habitat with the regional US Fish and Wildlife Service and California Department of Fish and Game representatives; and if there were impacts to jurisdictional wetlands those mitigation measures were negotiated with the regional Army Corp of Engineers representative in consultation with US Fish and Wildlife Service, in addition to the applicable Regional Water Quality Control Board.

The concept of wetland permitting along with habitat and species mitiga-



tion through a regional HCP/NCCP was pretty far "out there" for that time for many good reasons.

You may well imagine one reason for this to be a Herculean effort—for instance trying to get different state, federal and local agencies with different charters to agree on a homogenized procedure. Couple that with the fact that the ECCC HCP/NCCP inventory area is included in not one, but two Army Corp of Engineers service areas and also two Regional Water Quality Control Boards, and you have what appears to be an impossible task. Admirably, the

Executive Director of the Habitat Conservancy John Kopchik sunk his teeth into the task like a pit bull and never let up.

The East Contra Costa County HCP/NCCP was approved in 2006 and 2007 by the Cities of Brentwood, Clayton, Oakley and Pittsburg, Contra Costa County, Contra Costa County Flood Control and Water Conservation District, East Bay Regional Park District, East Contra Costa County Habitat Conservancy, California Department of Fish and Game and U.S. Fish and Wildlife Service. (A complete copy of the HCP/NCCP and additional background information are available at the East Contra Costa Habitat Conservancy's website at: www.cocohcp.org). At the time of these approvals, the concept of wetlands permitting through the HCP/NCCP had been broached with the two U.S. Army Corp Districts and the two Regional Water Quality Control Board Districts but there were still many miles to go before the goal was to be reached. In the five years since then, ECC Habitat Conservancy staff has held countless meetings getting all of the agencies on the same page.

All of that hard work and perseverance paid off on May 4, 2012, when the U.S. Army Corps of Engineers, Sacramento District issued Regional General Permit 1. The purpose of this RGP is "...to provide a simplified and expeditious means to authorize activities in waters of the United States (U.S.), including wetlands, that are substantially

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HCP continued

similar in nature and cause only minimal individual and cumulative impacts, within the area covered by the East Contra Costa County Habitat Conservation Plan/Natural Community Conservation Plan (HCP/NCCP)...” The link for the full text of the RGP is <http://www.spk.usace.army.mil/Portals/12/documents/regulatory/gp/GP-01-w-encls.pdf>.

For those interested, there will be a public meeting on Wednesday, October 10, 2012 from 10 am to noon to learn about the new RGP and how it can be used to cover projects. The meeting will be held at Pittsburg City Hall, 65 Civic Avenue, Pittsburg, in the City Council Chambers (3rd Floor). Speakers from the Corps Sacramento District and the East Contra Costa County Habitat Conservancy will introduce the RGP and explain how to cover projects under it. After the introductory presentations, guests from U.S. Fish and Wildlife Service and California Department of Fish and Game will join the Corps and Conservancy in a question and answer session on coordinating permitting through the RGP and HCP/NCCP.

There is still a small stretch to go before

this permit streamlining item is “checked off the list”. Fruitful discussions between Conservancy staff and the Regional Water Quality Control Boards are ongoing and an in-lieu fee instrument is being produced to lock in agreement on how ECCC HCP/NCCP wetlands fees will be spent.

All said, the East Contra Costa County Habitat Conservation Plan/Natural Communities Conservation Plan is truly a cutting edge example of conservation planning and development permitting that to our knowledge has not been matched in any other region in the country.

Jim Gwerder is a real estate broker with extensive experience in mitigation and conservation properties, easements and credit sales. He has been instrumental in the sale of thousands of acres of land for conservation purposes, in addition to thousands of acres more for agriculture and other uses. He coordinates our valuation projects, and provides land use consulting services to property owners and developers for a variety of projects in the region which includes San Joaquin, Stanislaus, Contra Costa and Alameda Counties. The types of projects Jim has been involved with range from large scale master planned mixed-use projects to wind powered and gas-fired power plants. In addition, he has consulted for both landowners and government agencies regarding eminent domain and land acquisition.



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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Souza Realty & Development
105 East Tenth Street
Tracy, CA 95376-4003
Tel: (209) 835-8330
Fax: (209) 832-8355
www.souzard.com

Recent Land & Ranch Sales

ALAMEDA CO.	AC.	PRICE	CONTRA COSTA CO.	AC.	PRICE
10895 Crow Cyn Rd., Castro Vly	10.08	665,000	3501 Byer Rd., Byron	44.00	1,800,000
29524 Palomares Rd., Castro Vly	10.10	600,000	5696 Alhambra Vly Rd., Martinez	45.16	2,200,000
1053 Happy Vly Rd., Pleasanton	10.17	1,200,000	5670 Delta Rd., Knightsen	73.78	725,000
5851 Crow Cyn Rd., Castro Vly	13.77	405,000	San Ramon Vly Blvd., San Ramon	147.85	1,500,000
5135 Andrade Rd., Sunol	19.28	775,000	2001 Victorine Rd., Livermore	215.93	1,500,000
485 Midway Rd., Livermore	19.28	400,000	5301 Orwood Rd., Brentwood	1,114.49	7,800,000
655 E. Vineyard Ave., Livermore	20.24	3,500,000	SANTA CLARA CO.		
21000 Mines Rd., Livermore	29.31	350,000	San Antonio Valley Rd.	37.24	182,000
16842 Midway Rd., Livermore	41.95	282,500	48950 Mines Rd.	38.41	150,000
7575 Crow Cyn Rd., Castro Vly	53.00	920,000	12800 Del Puerto Cyn Rd.	38.48	283,000
48045 Mines Rd., Livermore	160.00	215,000	11870 Del Puerto Cyn Rd.	160.00	350,000
CONTRA COSTA CO.	AC.	PRICE	STANISLAUS CO.	AC.	PRICE
57 Pastor Ln., Knightsen	10.00	653,000	Interstate 5, Newman	560.00	225,000
12103 Marsh Creek Rd., Clayton	10.03	705,000	TRACY AREA		
1700 Chestnut St., Brentwood	10.28	650,000	S. Mission Ct.	5.00	150,000
5810 Balfour Rd., Brentwood	10.36	1,100,000	17424 W. Corral Hollow Rd.	5.81	111,500
230 Eagle Ln., Brentwood	10.38	350,000	6168 W. Loramer Ln.	9.73	125,000
1606 Payne Ave., Brentwood	11.65	550,000	888 Critchett Rd.	10.19	300,000
2210 Hoffman Ln., Byron	12.29	1,700,000	31513 S. Tracy Blvd.	10.58	125,000
751 Hoffman Ln., Brentwood	13.72	610,000	25613 S. Lammers Rd.	11.13	360,000
Walnut Blvd., Brentwood	16.90	478,000	12815 W. Valpico Rd.	20.00	850,000
4395 Gateway Blvd., Bethel Island	17.09	500,000	17590 W. Corral Hollow Rd.	21.49	320,000
1551 Taylor Rd., Bethel Island	17.36	165,000	20701 Naglee Rd.	22.47	590,000
Marsh Creek Rd., Brentwood	19.84	575,000	19973 S. Corral Hollow Rd.	28.00	290,000
St. Mary's Rd., Moraga	28.03	575,000	20654 Alder Ave.	49.15	550,000
N. Bruns Rd., Byron	30.89	475,000			

In spite of predictions to the contrary, average cap rates for net leased retail properties compressed another 25 basis points from the first to the second quarter of 2012, according to a new report from The Boulder Group, a Northbrook, Ill.-based firm specializing in the single tenant net leased sector. Retail was the most favored asset class among net lease investors, while cap rates on office properties rose 25 basis points and on industrial properties six basis points, to above 8 percent.

RetailTraffic

Available Properties



±1,300 - 2,500 Sq. Ft. of OFFICE OR RESTAURANT SPACE FOR LEASE
95 W. 11TH STREET, TRACY
\$1.10 - 1.25/Sq. Ft. NNN
CONVENIENT DOWNTOWN LOCATION



2,520 - 7,600 Sq. Ft. LIGHT INDUSTRIAL SUITES
MACARTHUR DRIVE, TRACY
\$0.60-0.70/Sq. Ft. NNN
SUITABLE FOR AUTOMOTIVE, DISTRIBUTION & MORE



±1,965 Sq. Ft. of LIGHT INDUSTRIAL SPACE
1418 MARIANI COURT, TRACY
\$0.65/Sq. Ft. GROSS
INCLUDES ONE PRIVATE OFFICE, RECEPTION AREA & TWO RESTROOMS



±108.88 ACRES OF IRRIGATED FARMLAND FOR SALE
BYRON HIGHWAY, BYRON
\$695,000
IN THE BYRON BETHANY IRRIGATION DIST; NOT IN THE WILLIAMSON ACT



±188 ACRES FOR SALE
13636 CHRISTENSEN ROAD, BYRON
\$1,700,000
FORMER HOG FARM & CATTLE RANCH; INCLUDES MANY IMPROVEMENTS

KEY INTEREST RATES & INDICES September 26, 2012

INDEX	CURRENT RATE	9 MONTH CHANGE	NOTES
Bank Prime	3.25%	None	
1 Yr. Treasury	0.16%	+0.02%	
5 Yr. Treasury	0.64%	-0.29%	
10 Yr. Treasury	1.66%	-0.42%	
30 Yr. Treasury	2.83%	-0.13%	
LIBOR (1 Mo.)	0.23%	-0.02%	
LIBOR (6 Mo.)	0.71%	+0.09%	
LIBOR (1 Yr.)	1.03%	+0.09%	
Freddie Mac 60 day	3.56%	-0.64%	30 year fixed rate
12 Month Treasury Average	0.15%	-0.06%	T average
11th District Cost of Funds	1.09%	-0.19%	Fund Cost
Consumer Price Index	230.38 (Aug)		+3.96% (52 weeks)
Federal Funds Rate	0.25%	None	
Dow Jones Industrial Avg.	13,414		+9.8% YTD
Consumer Confidence Index	70.3 (Sep)		Improvement

SPECIALIZING IN

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Interest Rates

By Rich Davidson

CURRENT LANDSCAPE

Long term rates continue at their low levels, while investors continue to move into treasury assets. Moody's Analytics' forecast from last winter that the 30 year home mortgage rate would fall to the 3.5% to 3.75% range this year has come to fruition, with the current rate at 3.56%.

Growth has slowed, and the job market is not creating enough new opportunities to help improve the economy. The recession in Europe and slowdown in Asia is also contributing to anemic global growth. The Federal Reserve is adding further stimulus to the economy.

LENDER UPDATES

Our correspondent life insurance companies remain quite active, and are best suited to fixed rate deals for ten years and longer; though it is not uncommon for these lenders to fix a

rate for 15-20 years. Fifteen year fixed rates can be as low as 4.25%, while 20 year fixed rates are coming in as low as 4.75%. Rates can be locked for up to one year in advance. We represent ten life insurance companies, and service in excess of \$2.3 billion. One of our lenders will make a 30 year fixed rate commercial loan.

Our correspondent CMBS lenders are also very active these days. These loans are best when you are looking to fix the rate for ten years, and are trying to borrow more dollars than the typical life insurance company would provide. CMBS lenders are also providing interest only loans for a portion, or all of the term. We correspond and service for four CMBS institutions. They can go to 75% LTV or higher.

Our banks are also very competitive in situations where prepayment flexibility is important. Whereas life insurance companies and CMBS lenders will generally use yield maintenance or defeasance for their prepayment penalty calculation, banks offer a more flexible

prepayment option. For example, one of the banks we have a correspondent relationship with has a ten year fixed rate program with a step down prepayment penalty.

RECENT CLOSINGS

- \$6,400,000 Office Refinance, Sacramento
- \$5,200,000 Office Refinance, Sacramento
- \$3,500,000 Apartment Refinance, Oakland

I look forward to speaking with you regarding any of your real estate financing needs.

Richard E. Davidson, Director
Barry S. Slatt Mortgage Company
Tel 650-342-6755 x 214
rdavidson@slatt.com
www.slatt.com

*See Key Interest Rates & Indices
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