

# Reflections on Real Estate

A Publication by Souza Realty & Development

Summer 2016

## Featured Property Sale - SR&D at Your Service

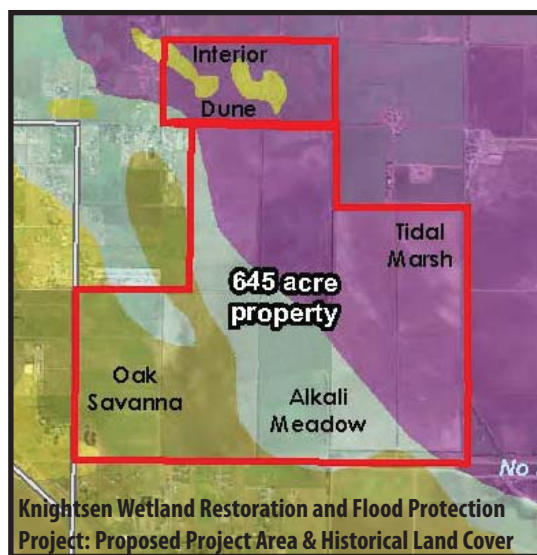
by Mike Glazzy & Jim Gwerder

Through the efforts of Jim Gwerder and Mike Glazzy of Souza Realty & Development, this featured 645.95 acre property located near the town of Knightsen in Eastern Contra Costa County was sold to the East Bay Regional Park District in conjunction with the East Contra Costa County Habitat Conservancy. The property was listed for \$6,459,500 (\$10,000 per acre) and sold for \$6,072,000 (\$9,400 per acre) in January 2016.

This sale was a case study in thoroughly testing the market and dealing with a variety of potential buyers. Noting its location on the edge of the Delta, we researched and recognized that the property contains a variety of opportunities for both productive agricultural use (its current use) and habitat preservation/restoration. While marketing the property and working with a range of potential buyers from overseas investors to Central Valley dairymen, we also met with local and state government folks that may have had an interest in collaborating

to acquire the property for other uses. Ultimately, a deal was struck with the current owners.

To the buyers, this acquisition was important for several reasons. The property satisfies a long-standing



interest in restoration and creation of wetlands as well as other historically present habitats in the western Delta/Knightsen area. Knightsen is located in the Sacramento-San Joaquin Delta

on a generally flat plain along the Delta shoreline. Historically, the area drained as sheet flow and in shallow channels to wetlands that lined the fringe of the Delta. The flat topography of the area, combined with a variety of obstructions such as railroad tracks, roads, and levees, prevent water from reaching a natural outlet and results in flooding in some parts of Knightsen.

Rock Slough and the Contra Costa Canal, located immediately east/northeast of Knightsen, are sources of agricultural, industrial, and municipal water for the region. Because agricultural and storm water runoff have been identified as sources of pollutants in Rock Slough and the Contra Costa Canal in previous studies, a well-planned wetland restoration project in this region could have extensive benefits for water quality and human health. A feasibility study completed in 2002 found that the most effective approach to alleviate the flooding and address water quality problems in this

see 645 Acres page 2

## Contra Costa LAFCO Considers Ag & Open Space Policies

by Jim Gwerder

In 1963, the California Legislature responded to the urban boundary wars and the problem of public finance and service they created by enacting the Local Agency Formation Commissions (LAFCOs). This law established a commission in each county responsible for overseeing most forms of local government boundary change, including incorporation, annexa-

tions and special district formations. In the interest of more orderly development, LAFCOs were to act as judges of boundary disputes among governments and communities. Since 1963, numerous changes have been made to the law, culminating in the current Cortese-Knox-Hertzberg Act of 2000, operative January 1, 2001.

LAFCO is a regulatory agency charged by the state legislature with "discouraging urban sprawl and encouraging the orderly formation and development of local agencies" based on "local circumstances and conditions". To meet its responsibilities, LAFCO reviews and

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## 645 Acres continued

area was to restore or create wetlands.

A more recent study from 2012 demonstrated that the property, which is now almost entirely cultivated land, once contained a striking mosaic of tidal wetland, alkali wetland/meadow, oak savanna, and rare interior sand dune. While it may not be possible to rewind the clock, the 2012 study identifies the potential for an extensive restoration project that could include multiple types of restored wetlands as well as restored dunes and oak savanna as shown on the map shown on Page 1. The East Contra Costa Habitat Conservancy was recently awarded a grant to further

study the property and to create preliminary design plans for this purpose.

Acquisition of the property also provides the potential opportunity to develop a segment of the future Delta Trail Extension, trail and water connections between the East Bay Regional Park District's Big Break Regional Shoreline and current park district properties in the future Delta Access Regional Recreation Area, as well as recreational facilities such as a kayak launch and picnic area.

If you would like to experience similar success in selling your agricultural or commercial property, please call us here at Souza Realty & Development. We are standing by ready to assist you.

## LAFCO continued

approves or denies proposals to:

- Annex land to cities or special districts,
- Detach land from cities or special districts,
- Consolidate two or more cities or two or more special districts,
- Form new special districts and incorporate new cities,
- Dissolve special districts and disincorporate cities,
- Merge cities and special districts,
- Allow cities or special districts to provide services outside of their boundaries.

LAFCO is also charged by the legislature

to determine and update at least every five years the "sphere of influence" of each city and special district.

A sphere of influence is a plan for the probable physical boundaries and service area of a local agency.

The commission is authorized to inventory and study governmental agencies. In updating spheres of influence LAFCO must prepare Municipal Service Reviews of relevant local agencies and services.

Based upon the spheres of influence or special studies, the commission may initiate proposals to consolidate special districts, merge a special district with a city, dissolve a

see LAFCO page 3

## Recent Land & Ranch Sales

ALAMEDA CO.	AC.	PRICE
151 Greenville Rd., Livermore	4.39	1,650,000
Tassajara Rd., Dublin	15.04	30,222,000
7795 Cedar Mtn Rd., Livermore	16.19	3,165,500
Tesla Rd., Livermore	20.00	975,000
Tesla Rd., Livermore	158.40	455,000
Mines Rd., Livermore	160.00	550,000
CONTRA COSTA CO.	AC.	PRICE
Rock Island Cir., Knightsen	3.00	900,000
1944 Meadow Rd., Walnut Creek	4.22	2,500,000
7667 Camino Tassajara	5.00	825,000
4290 Morgan Terr. Rd., Clayton	5.00	350,000
1201 Pine Ln., Clayton	5.74	490,000
Pleasant Hill Rd., Martinez	5.94	430,000
2151 Bartels Dr., Knightsen	9.49	295,000
1119 Via Media, Lafayette	10.79	1,412,500
Springhill Rd., Lafayette	11.44	365,000
241 Santiago Ln., Danville	11.68	3,000,000
8790 Byron Hwy, Brentwood	14.45	490,000
Manning Rd., Livermore	20.00	550,000
Manning Rd., Livermore	20.00	450,000

CONTRA COSTA CO. (cont'd)	AC.	PRICE
Highland Rd., Livermore	20.00	470,000
Blum View Rd., Martinez	20.00	281,300
3501 Byer Rd., Byron	44.00	5,000,000
7705 N. Bruns Rd., Byron	68.76	760,000
Deer Valley Rd., Antioch	71.75	750,000
SAN JOAQUIN CO.	AC.	PRICE
14584 W. Grimes Rd., Tracy	5.16	900,000
23603 S. Banta Rd., Tracy	9.73	260,000
5801 W. Durham Ferry Rd., Tracy	10.00	870,000
19177 S. Corral Hollow Rd., Tracy	18.07	555,000
Bethany Rd., Tracy	21.82	480,000
Nagle Rd., Tracy	22.00	480,000
18551 Paradise Rd., Tracy	22.70	317,500
17350 W. Bethany Rd., Tracy	40.30	824,000
4691 W. Canal Blvd., Tracy	40.41	850,000
4151 W. Canal Blvd, Tracy	42.02	736,000
21202 San Jose Rd., Tracy	55.95	1,119,000
SANTA CLARA CO.	AC.	PRICE
San Antonio Valley Rd.	57.00	485,000



*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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The National Agricultural Statistics Service is projecting a record 2.05 billion pounds of almonds will be harvested this year in California. If that pans out, the harvest will surpass the current high benchmark of 2.03 billion pounds in 2011. Almonds are the state's top ag export and add \$1.1 billion to California's gross state product.

*Manteca Bulletin*

# Available Properties



**±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**  
**\$3,000,000**  
 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



**±2,727 SQ. FT. OF OFFICE SPACE FOR LEASE**  
**346 W. GRANT LINE ROAD, TRACY**  
**\$0.90/SQ. FT. NNN**  
 SUITABLE FOR CALL CENTER OR OTHER BACK OFFICE USES

## LAFCO continued

special district, establish a subsidiary district or any combination of these changes.

Within the last ten years, 17 LAFCOs throughout California have adopted policies relating to the mitigation of loss of agricultural land and open space. These policies are by no means standard. At one end of the spectrum are policies simply restating the Cortese-Knox-Herzberg ag land and open space tenets. At the other end of the spectrum are policies applying specific ratios of ag/open space land being developed to ag/open space land to be preserved in perpetuity.

In the summer of 2015 Contra Costa

LAFCO began the process of considering the adoption of an ag/open spacericultural mitigation policy. Public participation has been robust with various special interest groups and citizens making written and verbal comment. The latest draft policy was discussed and debated at the September 14, 2016 Contra Costa LAFCO meeting. Generally, there are two versions being considered. One version requires the applicant to propose mitigation and demonstrate its efficacy, while the second version requires specific mitigation measures (including 2-3 acres of “prime” agricultural land preserved for every one acre developed and 1-2 acres

of “non-prime” agricultural land for every similar acre developed). At the September 14th meeting some folks argued that LAFCO is getting into land use issues over which they have no authority and also that the draft policies contradict with portions of the California Environmental Quality Act.

The policies and procedures committee of Contra Costa LAFCO was asked to make changes to the draft policy based on the most recent comments and bring it back to the November 9, 2016 LAFCO meeting for further consideration. We expect the fireworks to continue at that meeting.

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it by email. Thank you!

## Interest Rates

By Rich Davidson

As you can see by the below chart, our treasury rates are still higher than many other major economies. Thus ours remain attractive to international bond buyers, helping keep our own interest rates low (along with our central bank support, slow growth and low inflation.)

Country	10 Year Bond Rate
US	1.70%
Spain	1.08%
Italy	1.34%
UK	0.87%
France	0.31%
Germany	0.01%
Japan	-0.04%

As long as central banks continue their ultralow rate policies by supporting bond purchases, many believe that real estate will continue to

provide value compared to bonds as well as stocks such as utilities and consumer staples. However many feel that central banks are reaching their easing limits which could lead to higher rates. My own belief is that rates will remain low for the next 18-24 months as technology led productivity gains help keep

inflation low.

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

### RECENT CLOSINGS

- Sacramento Retail and Industrial Portfolio Life Company Fixed Rate Perm \$34,500,000
- Santa Barbara For Sale Housing Non Recourse Construction Loan \$19,000,000
  - Oakland For Sale Housing Construction \$1,800,000
  - Oakland Hotel Permanent (10 year SWAP) \$7,500,000

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### KEY INTEREST RATES & INDICES September 16, 2016

INDEX	CURRENT RATE	4 MONTH CHANGE	NOTES
Bank Prime	3.50%	none	
1 Yr. Treasury	0.61%	+0.09%	
5 Yr. Treasury	1.21%	+0.01%	
10 Yr. Treasury	1.70%	-0.07%	
30 Yr. Treasury	2.44%	-0.17%	
LIBOR (1 Mo.)	0.52%	+0.08%	
LIBOR (6 Mo.)	1.24%	+0.34%	
LIBOR (1 Yr.)	1.56%	+0.33%	
Mortgage WSJ	3.54%	-0.04%	30 year fixed rate
Jumbo WSJ	4.51%	+0.09%	
12 Month Treasury Average	0.52%	+0.09%	T average
11th District Cost of Funds	0.69%	+0.01%	Fund Cost
Federal Funds Rate	0.50%	none	
Dow Jones Industrial Avg.	18,124	+4% YTD	
Gold \$/oz	1,305	+23% YTD	
Euro	\$1.12	\$ -2.7% YTD	
Crude Oil \$/barrel	43.03	+16.17% YTD	