



The *Business Alliance...Update* is a bi-monthly publication of the El Dorado Business Alliance (BA). The BA is made up of the following organizations: El Dorado Builders' Exchange, El Dorado County Association of Realtors (EDCAR), El Dorado County Chamber of Commerce, North State Building Industry Association (NSBIA) and Shingle Springs-Cameron Park Chamber of Commerce. Web Address for Subscription Info: KathyeRussell@gmail.com

"Developing Mutual Support on Community-Wide Issues"

REAL ESTATE and BUSINESS RANKINGS

In El Dorado County (EDC) (excluding the Tahoe Basin) over the last 12 months home prices have increased 36%. The housing inventory is the same as last year, with the low point occurring in January. The inventory has gradually increased since then. Foreclosures and short sales make up a very small percentage of all sales today compared to 12-24 months ago when they represented 40% of all sales. Today short sales/foreclosures appear to be about 10-15% of all local sales.

The average time on the market is 40 days today compared to 88 days one year ago. There is currently a 2.6 month inventory available, with the average sales price 12 months ago at \$311,000; **The average sales price today is \$426,000.**

Land sales are slowly but surely increasing over the last year (lots and acreage). There are about three times as many parcels selling today compared to 12 months back, however, that figure is misleading due to so few sales to begin with during that prior period. More specifically, 11 "acreage parcels" sold in June 2012 and 35 parcels sold in June 2013.

Two years ago the land inventory was at 50 months; today it is at 15 months. According to one local real estate broker, *"Overall, it is still very sluggish....nearly every potential buyer (of raw land) is frightened off by exorbitant building and mitigation fees."*

Not surprising news considering information put out by CNBC's Scott Cohn, who reports various lists ranking US states. Cohn reports that this year California slipped seven spots down to 47th in ranking of "Top States To Do Business - 2013". Cohn notes that California's finances are "much improved" from a year ago, but this is attributed to painfully higher taxes, not a better business climate.

It is of no comfort to note that Illinois (the President's home state) ranked the worse state for business in 2013 lists. Illinois has a devastating budget shortfall due to unfunded pension liabilities. In 2011 the newly elected governor increased income taxes by 67% and business taxes increased as well, in order to fund the state's liabilities. But with the state also having some of the highest gas and utility costs in the nation, it's clear to see why business isn't interested in remaining or locating in Illinois.

Other updated lists available include the cheapest and most expensive places to live in the US. We note some of the least expensive states to live in as compared to El Dorado County's local housing affordability. For example, Texas ranks #9 on the list of America's Cheapest States to Live and a home averages approximately \$240,000 in the Houston metro area. The cost of living in Texas is ranked the 9th cheapest in the country making housing even more affordable.

As for the "Most Expensive States to Live", California ranked high coming in the 6th most expensive, and a meager #45 in cost of living affordability ranking, just ahead of Illinois. It also ranked one of the least favorable places to do business. Average home prices were quoted for the San Francisco metro area at a whopping \$823,500.

It is valuable to review these lists to get a good idea of how to run a state. Clearly those states that retain a favorable balance in regulatory constraints and limited unfunded pension liabilities are doing best in attracting and retaining businesses and the jobs they create. For years we've heard how California offers climate and beauty and that folks will gladly pay for them. However, in the "new economy" since 2008, California is losing business to states like Arizona and Oklahoma (another list) but State leaders don't appear to be concerned: Onerous new regulations continue and taxes remain high (with voter's approval on last year's ballot).

It may be we're seeing a time when California's private businesses are no longer willing to fund lucrative and unrealistic benefit packages compared to the private sector. There are also factors today that will impact the cost of living here in yet unknown ways: ObamaCare and the great force of Baby Boomers now at retirement age. With the unprecedented number of seniors living on limited retirement funds, a new dynamic is introduced as they weigh the costs to survive in California compared to other states. Time will tell more as will new "lists".

READERS QUESTIONS ON GP INTENT

One result of the widespread distribution of this newsletter beyond the El Dorado Business Alliance membership is it's becoming a focal point for members of the public now engaged in local land use issues. This has occurred due to the multi-year Land Use Policy Programmatic Update (LUPPU) process and our reporting on same, that has been widely publicized with hearings attended by members of the public for years.

In an effort to keep all engaged on the same page foundationally, we address some fundamental points from the 2004 General Plan (GP), which LUPPU is now implementing. To fully follow the LUPPU process it is important to not only understand the text of the GP but also the spirit of that text. As in life the devil is in the details, and LUPPU is currently engaging in the details. (*Ed: To engage in an interactive process on issues, meetings are held in the EDC County Building C at 8:00 am Friday mornings weekly.*)

Reader's Input and Question: *"The last newsletter stated 'Community Regions (CR)s are intended for commercialization and higher density/mixed use developments intended to serve the more urbanized areas predominantly found along Hwy 50, that have, with some exceptions, access to sewer'."*

The gentle reader noted that the pressure point for El Dorado Hills residents, pursuant to the spirit of the GP being "keeping it rural", is that "...the CRs as configured in the GP, encompass the Dixon Ranch and Wilson projects which are located quite a ways away from Highway 50." and "...neither is ready for prime time high density...the Wilson designation makes it a veritable island in a sea of otherwise rural designations. He further notes, "There is neither the plumbing, water or traffic infrastructure suitable to justify these parcels within a CR, let alone being allowed to go high density or support mixed use developments."

Response: One of the only "rules" the original group of Regulatory Reformers (now evolved to CEDAC) adhere to is that "**no specific individual projects**" are addressed by the group. An exception is the discussion of projects as examples of issues raised, such as the Union Mine High School site and the silliness of enforcing agricultural buffers on adjacent parcels, based on an *historic* agricultural designation that was never revised. (The parcel never had the land use designation changed although already developed with the school). This rule is self-enforced by participants so that no project developer or group opposed to a specific project can use the Reg Reform/CEDAC platform to further self-interests and divert from the goal of implementing the *current* General Plan.)

The long-established land use processes do allow for all interests to be heard: Specific projects (in particular those requesting a GP Amendment) are heard by the Agricultural Commission as appropriate, the Planning Commission and the Board of Supervisors, as well as by any Board-recognized community review and/or design committees, all of which include public input. Each project includes thousands of details that are impossible to judge out of context of the full presentation of facts.

For the most part the GP creators anticipated land use conflicts concerning application of GP policies from a GP foundational perspective, and a thorough review of the Land Use, Agricultural and Housing Elements confirms that thought was given to most of the situations the community is now encountering.

The reader further notes, *"The request to...exclude the Dixon and Wilson properties is consistent with the GP's clearly articulate position about where high density and mixed use developments should be allowed, consistent with the GP. They can't go forward and advocate they want to designate CR's for commercial purposes, but then allow them to pop up as islands within rural communities. Fostering such logic will impeach all the hard work being done by the Community and Economic Development Advisory Committee (CEDAC) the Board of Supervisors (BOS), and others (in my humble opinion....).*

Response: Again the GP policies, goals and objectives did anticipate the valid points made herein. Members of the public may have an opinion as to when timing is appropriate for a development, what project is appropriate for what neighborhood, and when the time is ripe for development. However the Board of Supervisors is the deciding entity and with input from the appointed Commissions and the public, the BOS must be the final decision maker with all facts before them.

General Plan Applicability: There are assurances in the GP that infrastructure issues cited by this reader are to be considered as referenced in GP Policy 2.2.5.3: "The County shall evaluate future rezoning: (1) To be based on the General Plan's general direction as to minimum parcel size or maximum allowable density; and (2) To assess whether changes in conditions that would support a higher density or intensity zoning district. The specific criteria to be considered include, but are not limited to, the following: (1) Availability of an adequate public water source or an approved Capital Improvement Project to increase service for existing land use demands;...(2) Availability and capacity of public treated water system;...(3) Availability and capacity of public waste water treatment system;...(6) Distance to nearest Community Region or Rural Center;...(12) Important agricultural areas;...(14) Capacity of the transportation system serving the area;...(15) Existing land use pattern;..."

Our challenge remains to implement the GP as written to determine where flaws may still exist in the process.