



Heard on the Street- Fall 2018

Real Estate News from Ito Ripsteen

Friends and colleagues,

The summer gear is put away and the kids are back in school. As always in the Fall, the pace of life in the Bay Area picks up appreciably: the roads are jammed with traffic, the single family home market is active again, and office workers are rushing out for a morning break and a pumpkin spiced latte.

Looking ahead, I'm sure we are all eager to see what happens in the the mid-term elections, plus state and local ballot measures. Addressing the latter, there is one California ballot item, proposition 10, that could drastically affect the real estate market. In fact, the mere existence of the proposition on the ballot has already shaken up the real estate community. Let me explain: In a nut shell, Prop 10

would overturn California's Costa Hawkins Rental Housing Act, which sets limits on the kind of rent control policies cities are able to impose. If Costa Hawkins gets repealed, cities can, for example, choose to set a cap on allowable rents on VACANT units. Under Prop 10, single family homes and new construction, could lose their exemption from rent control, depending on the city. Supporters say it will add protections for affordable housing. Opponents argue it could worsen the housing crisis, and I agree.



Many property owners are already putting apartment buildings on the market, fearful about the future. In Oakland, San Francisco and Berkeley alone, I have noticed a dramatic increase in apartment building listings on Costar/Loopnet, the primary listing platform for commercial real estate. Please see a recent Forbes.com article for a deeper understanding of the issue:

<https://www.forbes.com/sites/forbesrealestatecouncil/2018/07/13/repealing-costa-hawkins-can-only-make-things-worse-for-california-residents/#48656b3e6767>

Here are a few alternate solutions California could employ to help ease affordability issues:

1. Build more housing.
2. Issue more vouchers to low income tenants.
3. Protect those who actually need protection, e.g. the elderly on fixed incomes, and people below a certain income level.
4. Eliminate the inequity that results from rent control laws.

In other news, there is a lot going on in our local real estate world. San Francisco tech related office leasing remains very strong, as companies continue to think about growth and scale. Also, the Transbay Transit Center is here (cracked steel beam notwithstanding!):



<https://sf.curbed.com/2018/8/10/17667682/transbay-transit-center-opening-san-francisco-pelli>

Over in Berkeley, I've just negotiated the sale of the historic Hillside School property, designed by famed architect Walter H Ratcliff. Built in 1925, this 43,500 square foot building on 2.7 acres has been home to the Berkeley Unified School District and other schools, including my client and seller, the German International School of Silicon Valley. The buyer is an individual who will use the property for personal use, including creative arts space. It is satisfying to facilitate a transaction involving such a culturally significant property, and I was pleased to meet so many great people along the way. The legacy of the building lives on.



The Hillside School in the Berkeley Hills

I continue to be very active with private lending, assisting real estate entrepreneurs in both the acquisition and improvement of properties. It is encouraging to see there are still real estate opportunities available. Plus it is gratifying to see there are so many individuals with a hard work mentality and a go-getter spirit, which tells me they have a strong belief in real estate as an investment opportunity. I too am optimistic about real estate, especially in our San Francisco Bay Area community.

As always, please feel free to call or write to me to talk more about what I am seeing and hearing on the street!

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