

Hwy. 50 corridor housing boom about to begin

By Hudson Sangree, Sacramento Bee

Plans to build more than 10,000 homes across the dry, rolling foothills south of Highway 50 in Folsom are shifting into high gear in response to a housing market that has gone from “zero to 60” in a matter of months, housing experts said.

The 3,500-acre swath of cattle-grazing land that the city of Folsom annexed last year is one of the largest and most anticipated areas for residential construction in the Sacramento region. The market turnaround in the past year has renewed momentum for plans to build there.

“People were muddling through, and then we went from zero to 60, and everybody’s trying to do it at once,” said Greg Paquin, head of the Folsom-based Gregory Group, a home industry consultant.

Late last month, the New Home Co., based in Southern California, announced it had bought 431 acres of the former Russell Ranch from a partnership controlled by longtime developer Angelo K. Tsakopoulos. The price was not disclosed.



Lake Tahoe is a selling point to future home owners of what is now barren land.

Photo/Paul Kitagaki
Jr./Sacramento Bee

The company intends to build 900 homes on hillsides with sweeping views that extend to the Sacramento skyline, Folsom Lake and the Sierra. The goal is to start preparing the land next year and begin building by the end of 2015, said Kevin Carson, New Home's Northern California president.

When the deal closed, Carson took the company's two dozen employees up a gravel road to a windswept hilltop to celebrate.

"I told everyone that their children's children's children, when they drive to Lake Tahoe, are going to look at those hillsides," Carson said. "It's a very prominent location in the most desirable area in the region. From a home builder's standpoint, it's the absolute best location."

The company's plans call for homes to look west across the Central Valley to the Coast Ranges, with jogging and biking paths following natural swales and connecting to a 3-acre community and recreation center.

"We'll be working with the topography instead of against it," said Ashley Feeney, the company's vice president for land and planning. On a tour of the site last week, he and Carson threaded their way among cow patties, keeping a lookout for rattlesnakes amid the rock outcroppings.

Part of the challenge of housing thousands of residents in the parched landscape has been securing a reliable water supply.

Tsakopoulos, who bought up thousands of acres of ranchland south of Highway 50 with an eye toward future development, once quipped that the area was so barren "jackrabbits carry their own lunch."

Earlier plans called for water to be piped in from the Natomas

Central Mutual Water Co., which serves farms miles away in northern Sacramento County and southern Sutter County. But the plan was expensive – buying the water and piping it to Folsom was expected to cost \$250 million.

The city of Folsom has since approved a plan to provide the water from its own supply, said city spokeswoman Sue Ryan. Landowners have agreed to pay an estimated \$52 million for facilities to treat and convey the water, she said.

The plan does not violate the terms of Measure W, which prohibited reducing the water available for current residents, said Folsom City Manager Evert Palmer. That's because the city expects to cut water consumption by 20 percent in coming years under state conservation mandates. The excess supply would be diverted to the new south area, he said.

That water will help green the landscaping of more than 300 acres of parks and schools, 1,400 acres of residential development and 500 acres of commercial, industrial and office space, Ryan said. The project is expected to create 13,000 jobs.

Folsom's growth south of Highway 50 has been considered inevitable since 2004, when residents approved Measure W, which imposed conditions on development but did not bar it from proceeding. One provision required that 30 percent of the land remain in open space.

At that time, Tsakopoulos and his investment partners controlled much of the land, but as development grew closer in recent months, buyers have snapped up major parcels.

Westland Capital Partners, based in neighboring El Dorado Hills, bought 960 acres of the former Mangini ranch from Tsakopoulos in October and closed on 760 acres of the former Carpenter Ranch from another seller in March, said Bill Bunce, the firm's president.

Altogether, Westland could build more than 5,600 housing units on its properties along with commercial and light-industrial uses, he said.

Bunce declined to disclose the purchase prices, and the sales figures were not readily available last week from public records.

Land appraiser Dave Jarrette said he wasn't involved in the deals, which often come with confidentiality clauses, but said he could offer an educated estimate at the selling prices. He said land in the annexation area sold for about \$5,000 an acre decades ago but lately has been going for \$25,000 to \$50,000 an acre.

"The stuff south of 50 wasn't selling for much 20 years ago," Jarrette said. "Development was too far off." Now, with site development only a year away, "it's a near-term deal," he said. "That's why they paid the price."

Paquin said Folsom, his hometown, and areas of Placer County in Roseville and Rocklin are considered prime building spots because of jobs, incomes and amenities. The houses that New Home Co. plans to build will be part of an area with good schools, family-oriented services, and miles of recreation trails, he said.

"I think south of 50 is a fantastic opportunity," Paquin said. "It's clearly a place where people want to live."