

# STONE REPORT

September 18, 2009



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Dear MCAR GAD,

Welcome to the "Stone Report", a publication brought to you by the Government & Community Affairs Department of the Monterey County Association of REALTORS®

## Water Update #4



### The saga continues...

The State Water Resources Control Board (SWRCB) released their updated draft Cease and Desist Order (CDO) this week. Hopes for sympathy or some level of practical understanding of impacts associated with its implementation, have disappeared into the vast netherworld of bureaucratic machinations.

The amended document stays the course on previous demands and further defines compliance thresholds and requirements. The draft establishes a 5% reduction (549 ac-ft) starting in October 2009 and cumulatively increases by 121 acre feet each year until 2014, at which point the annual reduction doubles to 242 acre feet annually (afa). This formula assumes that a new water supply will be online sometime in the year 2016, the deadline for by which Cal-Am "shall terminate all unlawful diversions from the river". The total cumulative reduction in water diverted from the Carmel River will be around 25% by the year 2016.

The modified draft puts the onus of responsibility on Cal-Am, it's users (us) and local leadership to bring a new water supply online - ideally prior to 2014 when the annual reductions double. The California Public Utilities Commission is set to make a determination sometime early next year as to what project they deem to be most appropriate for the region. At this point, the Regional Project seems to make the most sense, both fiscally and environmentally with the least amount of potential legal challenges associated with it.

Interestingly enough, the revised draft CDO acknowledges and applauds Pebble Beach Company for its use of recycled water, and then goes on to say that no exceptions should be made for the Pebble Beach Company, nor should they (this

being property owners in PB) be exempt from MPWMD conservation requirements. Essentially, the CDO is underscoring the state Board's desire to see a moratorium on any new water connection (or change of use resulting in a water demand increase) prior to a new water supply coming online.

### **In Summary:**

Should the SWRCB adopt the draft revised CDO in October, the amount of water Cal-Am can pull from the Carmel River will be reduced by 5% - starting sometime in October or November 2009 (cumulatively increasing to 25% by 2016). The Monterey Peninsula Water Management District (MPWMD) will then most likely set their water rationing level to stage 5, resulting in a moratorium on all new connections along with additional mandatory water conservation measures. Per the MPWMD, there will be a window of approximately 60-90 days before the new conservation requirements will be in place. The timing of all of this is not exact. Should litigation follow ratification of the CDO, a delay in any type of MPWMD water rationing/moratorium plan is almost certain, pending a court decision...this could be decided in weeks, months or years. We will need to modify the County Disclosure based on the outcome of October's SWRCB meeting - should the CDO be adopted. Proper communication with clients is imperative, and we will continue to disseminate information as it becomes available.

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## **Water Issues Panel - Be Informed**

The Monterey County Association of REALTORS® in conjunction with the Women's Council of REALTORS® Monterey Peninsula Chapter, are hosting a Water Issues Panel on October 16, 2009. The panel will feature key water professionals throughout Monterey County, representing both the public and private sectors. We will discuss the current challenges associated with the CDO, proposed water solutions including the above mentioned Regional Water Project and potential impacts for current and future homeowners.

This event will fill up fast, so reserve your seat as soon as possible. Additional information will be available next week. You can register for this event by calling the MCAR office at (831) 393-8660 or online by clicking [here](#).

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## **August Real Estate Statistics Encouraging**

The August real estate statistics are in and present a compelling story for buyers positioned to take advantage of the current market. Competitive prices, lower inventory, fewer days on the market and higher median prices are leading many "fence sitters" to get serious about purchasing a home.

While the number of closed sales (361) is down from previous months this year, it is an increase from the August 2008 figure of 320. Inventory is down substantially from this time last year; 1548 single family residential units compared to more than 2700 in August of 2008, a 42 percent decrease. Fewer available units on the market combined with the decrease in new listings coming available, produce an environment conducive to housing value appreciation which is what we are experiencing in various micro markets throughout Monterey County.

Median sale price [on average] went from \$335,000 in August 2008 to \$428,540 in August 2009 (based on average median price of all cities within Monterey County), an

increase of nearly 28 percent. Average days on the market (county-wide) is hovering below 100, good news for homeowners listing their property for sale - especially considering the increases in median sale price throughout the county.

The data suggests a recovery in various aspects of the local housing economy. While it's impossible to determine exactly where the market is going, dissemination of information on where we've been is critical for the informed buyer.

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*Until next time,*

Kevin Stone  
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Monterey County Association of REALTORS®