

Ground-breaking project in 53-acre park

Posted By [Jeff Quackenbush](#), Business Journal Staff Reporter On December 14, 2009 @ 10:37 am In [Commercial Real Estate](#), [Construction](#), [Industry News](#), [Special Reports](#) | [No Comments](#)

SONOMA – Bill Saks brought together Willie McDevitt and Ed Brush, owners of Petaluma-based commercial general contractor McDevitt & McDevitt, and 10 other investors to build the industrial condominiums.

It was the first project to be built in the 53-acre Carneros Business Park, located along the Eighth Street East industrial corridor south of Sonoma.

“The park is really starting to take shape,” Mr. Saks said.

Completion of the industrial condos in December 2008 was followed the start of construction for Ganau America’s 38,000-square-foot new wine cork processing facility in September and the planned beginning of construction soon of the 30,000-square-foot Laura Chenel Chevre plant.

Approval of the business park in 2006 took several years because of environmental and other regulatory issues, some of which were resolved with the installation of a large “bioswale,” or grass-lined pond, to naturally filter rainwater runoff.

The condo project also encountered challenges in permit processing, such as traffic mitigation fees. However, surmounting those matters could ease evaluation of future projects in the park, according to Mr. Saks.

Construction under way in the park has generated inquiries, largely from food- and wine-related companies, for the 13 lots remaining in the business park and the 40 units in the condo project. One prospect recently was interested in occupying a quarter of the condo space, which can be combined in units ranging from 1,000 to 10,000 square feet.

An overall slowdown in commercial lending around the time the condos were completed and for months afterward has challenged sales of condo units. So approval from condo project lender Sonoma Valley Bank was granted to offer the units for rent.

Yet the flow of funds for U.S. Small Business Administration loans has started moving more freely recently, with weekly loan volume up substantially since the signing of the federal economic stimulus packages, according to administration officials.

That increase has been attributed to increased loan limits and waivers on fees. The loan cap on 504 property-acquisition loans doubled to as much as \$4 million.

Mr. Saks is hoping those changes in SBA lending plus blended interest rates just above 6 percent – a conduit lender’s 50 percent loan-to-value first mortgage and the SBA’s 40 percent second mortgage – will spark prospective buyers to close deals.

Buyers can assuage their risk because the adjustable portion has a low loan-to-value, with 50 percent versus traditional 70 percent financing, Mr. Saks said. The SBA side of the financing has a 20-year fixed term with rates in mid-November of 5.3 percent.

“When we look at expected high inflation over the next 10 years, though the government has taken efforts to minimize it, this moment in time is opportune for purchasing,” he said.

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