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San Francisco Chronicle

Lofty goal for Mountain House Planned community begins to take shape near Alameda-San Joaquin county border

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Sunday, January 16, 2005

On 4,800 windswept acres a few miles east of the Alameda-San Joaquin line, a different kind of crop is rising from soil that produced corn and alfalfa for generations.

Houses.

At build-out in 20 years or so, Mountain House -- one of the first new cities in Northern California in several decades -- will have about 43,000 residents, 15,000 homes and more than 20,000 jobs. That is, if the economy cooperates and the town's contours hew to those negotiated over the past 18 years by San Joaquin County planners and the developer, Trimark Communities of Tracy.

Not only is Mountain House, currently home to close to 2,000 people, one of the latest ZIP codes in the state, it is also among a small cadre of master-planned towns across California and the country designed with so-called smart growth principles.

The goal, generally speaking, is to balance jobs and housing, reduce car trips and create varied socioeconomic strata through a range of single- and multifamily homes.

It is certainly a grand plan, one that proponents and critics alike call cutting edge. But with a languishing commercial real estate market, skyrocketing home prices and increasingly longer commutes, some observers wonder whether the ambitions for Mountain House are running up against the stark realities of the marketplace.

First and foremost, observers question whether Mountain House will be able to attract the full complement of jobs sketched out in its master plan.

In addition, Mountain House has no light rail connection to larger regional cities -- a fact that dooms the city to fail any rigorous test of smart growth standards, some planning experts contend. And while nearly all long-term developments change as the economy



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and accompanying business and consumer demands cycle up and down, critics say Mountain House may be falling short of its affordable-housing goals.

"Mountain House could become a very potent example of suburban sprawl run amok," said Eric Parfrey, a former San Joaquin County planner who now works as a private planning consultant in Emeryville.

But Trimark officials are convinced Mountain House will succeed on both the residential and commercial fronts, thereby reducing rampant sprawl in a region not typically lauded for its land use policies.

"The company saw Mountain House as an opportunity to do an experiment in land development," said Eric Teed-Bose, director of community development for the new town. "The idea was to geographically define a development area and concentrate development rather than allow for further sprawl."

Pedestrian friendly

One of the central design themes of Mountain House, which is plotted like an upside-down check mark, is walk-ability.

Streets are narrow, sidewalks are wide and cars -- usually given a place of honor with a gaping garage at the front of the house -- are almost an afterthought. The garage is, in fact, set to the side and pushed back in many home designs.

Each of the town's 10 villages has a K-8 school meant to be the village hub, as well as a 5-acre park and a small retail complex for convenience stores, medical offices, dry cleaners and other small businesses.

In addition, there will be a high school, business park, large grocery store and downtown retail corridor, which is expected to house stores like Gap and Restoration Hardware.

It was those small-town qualities that attracted Doug Stevens and Gerry Torres, who moved from Oakland in May.

"We fell in love with the town, the tree-lined streets ... the quiet," Stevens said.

He and Torres also loved the price. For about \$500,000, they bought a sage-green, 3,000- square-foot farmhouse-style home with a backyard big enough to accommodate a swimming pool.

Jobs-housing balance

Aside from its market appeal, the project's success in a region known more for vast tracts of rooftops won't be known for years.

Take the development's business park -- a critical component in the effort to trim commute hours and maintain the social fabric of Mountain House.

Roughly 17 percent, or 800 acres, of Mountain House's total 4,800 acres is devoted to retail, office and industrial space. In addition to small shops and ATMs, Trimark hopes to attract companies paying above the county's median wage, such as call centers and light manufacturing, as opposed to warehousing or distribution

operations that employ only a few people for every thousand square feet of space.

Parfrey lauds those plans but notes that Trimark hasn't hired a full-time economic development director. In addition, he worries that commercial development faces an uphill battle because of recent lackluster employment growth and neighboring cities' efforts to build their own business centers, which will inevitably compete with Mountain House's offerings.

Over time, say experts like Robert Fountain, economist at the Sacramento Regional Research Institute, Trimark may have a difficult time attracting jobs from Silicon Valley. That could put significant financial pressure on Trimark to convert the office space into residential units -- a common result even in the most aggressively planned smart-growth towns. If that happens, sprawl and commute trips could increase and air quality decline.

Trimark would not disclose how much it or the commercial developers who control hundreds of acres have invested in Mountain House. But officials maintain they are prepared to wait out the slack market.

"It's about keeping the faith," said Teed-Bose, motioning out of his office window to a large parcel of bare land across the street from Mountain House's new high-tech information center. "If we change that to condos, we change the vision."

In addition, the town's master plan requires Trimark to hold public hearings on its jobs-to-housing ratio. If that ratio is skewed, planners say San Joaquin County can put residential development on hold.

"If (Trimark) tried to rezone, people would come out of the woodwork. It would cause chaos in the community," said Michael Clevenger, president of Pleasanton's Pegasus Development, which owns about 170 acres of commercial land at Mountain House.

Clevenger says Pegasus, which expects to break ground on several buildings this year, subscribes to the mantra "if you build it, employers will come."

"If you go out there at 5:30 a.m., you see traffic backed up over the Altamont," he added. "Those people are driving to the Bay Area for jobs. (Mountain House) will be a place where those companies can relocate and families can afford housing."

Almost as important as whether the office space is built is when it is built. For instance, Mountain House's master plan requires that the town have roughly 3,300 jobs by about 2013, according to county planners. That may be too little, too late, said William Fulton, president of Solimar Research group in Ventura.

"History suggests that Mountain House doesn't get (the balance of jobs and housing)," Fulton said. "Or, if they do it 20 years down the line, the costs of housing will be so expensive that the people who work there won't be able to afford to live there."

"It's a bit of a race," he said.

More like a marathon. When it was proposed nearly 20 years ago, Mountain House was among at least seven new towns envisioned along the easternmost fringes of the Bay Area. Plans for the other communities vanished, victims of cash shortages and the complicated process behind creating a small city from the ground

up.

Trimark's answer was to change with the times. At the outset, the town was 40 percent larger and straddled the San Joaquin County-Alameda County line. Alameda County planners, however, rejected the project, partly to conserve open space but also due to the expense of providing water, fire and other services to its remote eastern border, said former San Joaquin County planner Kitty Walker. As a result, Trimark dramatically scaled back its proposal in the early 1990s.

In 1994, San Joaquin County adopted Mountain House's master plan. Since then, it has been substantially altered.

For example, Trimark hopes to convert two villages into an age-restricted development, and a blueprint for a marina has been scrapped in favor of a park and public boat launch on Old River.

Affordable housing

One of the more contentious debates has centered on the project's affordable-housing element, a perennial hot-button issue in a region with some of the highest real estate prices in the country.

Roughly \$600 from the price of each new home sold in Mountain House goes into a trust for affordable housing, resulting in an estimated \$20 million over the life of the project.

When that fee was set in the late 1990s, Trimark estimated that Mountain House homes would sell for below \$200,000. With starting prices now in the high \$400,000s and the median household income in San Joaquin County at about \$49,300, critics say the fee is woefully inadequate.

In 2003, county planners urged boosting the fee to \$6,300, but the measure was rejected by the county Board of Supervisors.

Trimark said it will revisit the issue when about 2,000 homes are occupied, but Parfrey has little hope the fee will be increased substantially.

"No other cities in the county, aside from Stockton, have an affordable-housing program," Parfrey said. "So it's hard to convince Trimark to do something they don't see anyone else doing."

As with the jobs-to-housing balance, the county holds the power to re-evaluate the affordable-housing effort. But even county officials say the market will be the ultimate arbiter of Mountain House's destiny.

"I think we're trying to hold to the master plan as best we can, given what the economy is," said San Joaquin County supervisor Victor Mow. "Everything is market-driven. Folks might want to hold onto an ideal, but in reality, they have to pay the bills -- meaning builders, developers and investors.

"Hopefully you set your goals high enough so that even if you compromise, you still meet some of your intent," he said.

Market demand

Even while critics decry the affordability crunch, Mountain House has had no shortage of buyers, including many Bay Area refugees

looking for comparatively cheap housing.

Trimark estimates that between 6,000 and 10,000 people viewed the model homes during opening weekend in 2003.

When 10 homes were released in Mountain House's Heather Glen neighborhood, Stevens and Torres placed 11th out of a lottery of 52. They slid in when the 10th family decided they didn't like the home's floor plan.

"I've never lived in a house this big," said Stevens, noting that a comparable four-bedroom home in the urban Bay Area would run into the millions.

Buyers also value the area's tranquility. Right now, the closest neighbors to the south are plump dairy cows that munch hay in their stanchions along Mountain House Parkway. Eventually, the farm will be closed to make way for homes and offices.

Being one of the first settlers in Mountain House, however, has its drawbacks. There are few daily conveniences such as a large grocery store or gas station nearby. And with few nearby jobs, many workers slog daily over the traffic-choked Altamont Pass.

On most days, it takes Scott Kiliany nearly an hour to drive 25 miles to his loan consultant job at E-Loan in Pleasanton. His wife, Cam, is luckier. She is a kindergarten teacher at Mountain House's first K-8 school, which opened this fall. Still, she had to take a \$15,000 a year pay cut when she left her teaching job in Union City.

Codes and restrictions

While wages in Mountain House are lower than in Bay Area cities, water costs are much higher. Kiliany estimates that he pays three to four times more than he paid at his condo in Hayward.

The average water bill runs about \$80 to \$100 per month, according to Paul Sensibaugh, Mountain House Community Services District manager. Some residents have been slammed with overuse penalties of hundreds of dollars.

(Technically, Mountain House is a state-formed community services district, which means it has some infrastructure, including water, and it collects property taxes. The county is responsible for police, fire and planning. Mountain House is expected to be incorporated as a city eventually.)

The high water bills, which result in part from the costs to build the necessary infrastructure, are offset by lower housing costs, Sensibaugh said.

The water rates weren't disclosed, said Kiliany, 35. Still, he says Mountain House is a "good deal, and the quality of homes (is) higher" than in other developments.

Others have chafed under the community's strict rules. For instance, Mountain House permits only certain drought-resistant shrubs and perennials in front yards. And homeowners are not allowed to make certain alterations to their driveways or front yards without approval by the Community Services District. In a couple of recent incidents, some homeowners encroached on the public right of way -- one by placing stepping-stones in the strip between the street and sidewalk and another by building a small retaining wall next to their house. The Community Services District has the right to restore the

property to its original state and bill the homeowner for the cost.

Some Mountain House residents, however, support the regulations, which they say maintain the community's property values and aesthetic appeal.

"With everyone looking at their houses as an investment, that's important," said Faiz Awadan, 35, a Stockton auto repair shop owner who moved to Mountain House about a year ago.

As Mountain House's first residents settle into the rhythm of daily life during the next few years, the larger community's success or failure as a planning experiment will largely be determined by what the town's fertile soil yields.

Along the neat cul-de-sacs of the residential districts sit Mediterranean and Colonial style homes, with approved plantings like lavender, rockrose and Pacific wax myrtles waving in the breeze. The empty lots scheduled for commercial development, such as the parcel across from Teed-Bose's office, stand ready for sowing.

In the coming decades, many will be watching what sprouts there.

"It's an ambitious plan," said Fulton, the Ventura planning expert. "They'll probably get close to (the jobs target) someday, but when that some day is, I don't know. The longer it stretches out, the more pressure there will be to flip that land to residential."

Mountain House

by the numbers

When complete in 20 years, the San Joaquin County town is expected to be about the size of present-day Danville or Newark.

Size: 4,784 acres

Population: 43,000

Single-family houses: 10,000-12,000

Home sizes: 1,300 to 4,000 square feet

Price range: High \$400,000s to low \$700,000s (currently)

Townhouses: 2,000 to 3,000

Apartments/condos: 1,500-2,000

Jobs: 20,000

Commercial space: 12 million square feet

Schools: 10 elementary schools, 1 high school

Miscellaneous: College campus (Delta Community College), one age-restricted community, golf course

Source: Chronicle research, Trimark Communities

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