



REALSMART

Newsletter

A QUARTERLY JOURNAL OF REALSMART IDEAS

RENT CONTROL UPDATE: SAN MATEO, BURLINGAME, MTN. VIEW

At the time our last newsletter was released, residents of San Mateo, Burlingame, and Mountain View were about to cast their vote on rent control measures. Let's take a look at how each of those measures fared:

BURLINGAME - MEASURE R: DID NOT PASS

67.44% of Burlingame voters rejected rent control in the November election. Measure R would have tied annual rent increases to the consumer price index, but no more than 4% and no less than 1%. The rent control restrictions would apply to only multi-family homes built before Feb. 1, 1995. Also included in the measure was a just cause eviction provision which would have applied to all rentals other than owner occupied duplexes.

SAN MATEO - MEASURE Q: DID NOT PASS

60.44% of San Mateo voters rejected Measure Q, which would have applied the same restrictions on rent increases as Burlingame's Measure R, and a similar just cause eviction provision. No new construction, single-family homes or owner-occupied duplexes would have been subjected to either rent control or just-cause eviction.

MOUNTAIN VIEW - MEASURE V: PASS

Mountain View's rent control measure passed with 53.6% of the vote. HOWEVER, city council has since put a temporary hold on the measure after the California Apartment Association challenged its constitutionality. The CAA subsequently filed a preliminary injunction against the measure, which will be heard by a judge March 19th. If the injunction is approved,

the measure will not be enforced. If it is not approved, Measure V will take effect, tying annual rent increases to the Consumer Price Index (between 2-5%), and rolling current rents back to what they were October 19, 2015.

Rent control may have failed by a fairly large margin in both Burlingame and San Mateo, but it succeeded in gaining significant grass roots momentum. Should housing issues persist, I would expect the movement to return in force by the next election.

For the sake of full disclosure, we were contributors to the \$1 million+ that was spent collectively by SAMCAR and the CAA opposing Measures Q & R leading up to the election. If you follow our newsletter, you're probably familiar with our stance against rent control by now. But it bears repeating that while we are sensitive to the social issues driving the argument for rent control, we strongly believe it only serves to exacerbate the underlying causes of the housing crisis. For an elaboration on our argument against rent control, read our previous newsletter at:

www.realsmartgroup.com/fall-2016



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REALSMART FUND UPDATE

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Our latest project on Ohio (right next door to our first project) is officially finished! This flip was a perfect example of what we like to do best - rework the existing square footage to create a more open, modern and functional floorplan. For 2669 Ohio, this involved removing the walls separating the living room, kitchen, and family room, to create one open great room. We then converted part of an existing bedroom into a master bathroom, and the dining room into a bedroom - so we started with a 3BD/1BA with no master, and ended with a 3BD/2BA with a master suite. No functional space was lost by converting the formal dining room into a bedroom, as the great room provides plenty of space for a dining area.

2669 Ohio Before



For the after photos, head to: www.2669Ohio.com

CHAN ZUCKERBERG INITIATIVE SIGNS LEASE IN REDWOOD CITY



On December 1, 2015, Mark Zuckerberg and his wife, Priscilla Chan, announced the creation of the Chan Zuckerberg Initiative, with the objective to “advance human potential and promote equality in areas such as health, education, scientific research and energy”. The announcement came with a pledge to contribute 99% of their Facebook shares (roughly \$45 billion at the time) over the course of their lifetimes. They have already followed through with a \$3 billion donation to the Science arm of the Initiative, to help cure, prevent, or manage all diseases.

Fast forward to 2017 - the Chan Zuckerberg Initiative’s plans for future growth have brought

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them right into the heart of downtown Redwood City, where they’ve reportedly inked a deal to lease the office portion of the Powerhouse Gym redevelopment. The developer, Lane Partners, will break ground on the project at 2075 Broadway in June of this year, with an estimated 20 month build. They will demolish the existing 25,560 S/F Powerhouse Gym building, and construct a new 4- story/93,515 S/F mixed-use building, with 66,786 S/F office and 26,729 S/F retail. Lane Partners has an option to convert 13,214 S/F of the space allocated for retail into additional office once more office square footage becomes available in Downtown RWC (for a total of 80,000 S/F office).

The Chan Zuckerberg Initiative will be another major name added to downtown Redwood City’s employer roster, which is currently headlined by Box Inc. at the new Crossing/900 development. The addition of another influential Silicon Valley tenant is a sign of the times for downtown Redwood City, where the desirability of real estate - both commercial and residential - has soared over the past several years. With more new residential & commercial development on the horizon, expect this trend to continue.

ROBOTIC FOOD DELIVERY HITS THE STREETS IN RWC

STARSHIP TECHNOLOGIES ROLLING OUT 9-MONTH PILOT

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In December of last year, London based Starship Technologies rolled out a 9-month pilot program of their robotic delivery service in Redwood City. Masterminded by Ahti Heinla, co-founder and former Chief Technical Architect of Skype, Starship Technologies hopes to provide autonomous food and grocery delivery that can be implemented by existing third-party delivery services like Door Dash and Postmates (both of which became the Starship's first official US partners this year).

At this point, Starship reports their robots have reached 90% automation, only needing remote assistance while crossing streets. However, if you happen to run into one in the streets of Redwood City, it will likely have a human "handler" in tow. This is to ensure public safety while the robots are still in the testing phases.

We recently caught up with Starship's Head of Operations in California, Justin Hoffman, who filled us in on his company's mission and future in Redwood City. He informed us that while the robots currently only operate within about a 2-mile radius of their office at 234 Marshall, they hope to expand their service area by setting up additional charging hubs at various points throughout the city. As of right now, Redwood City residents cannot explicitly request robotic delivery, but Hoffman did say that would be a feature built into Door Dash once their partnership is fully integrated. For now, keep an eye out for these robots as you pass through downtown Redwood City!

MORTGAGE UPDATE

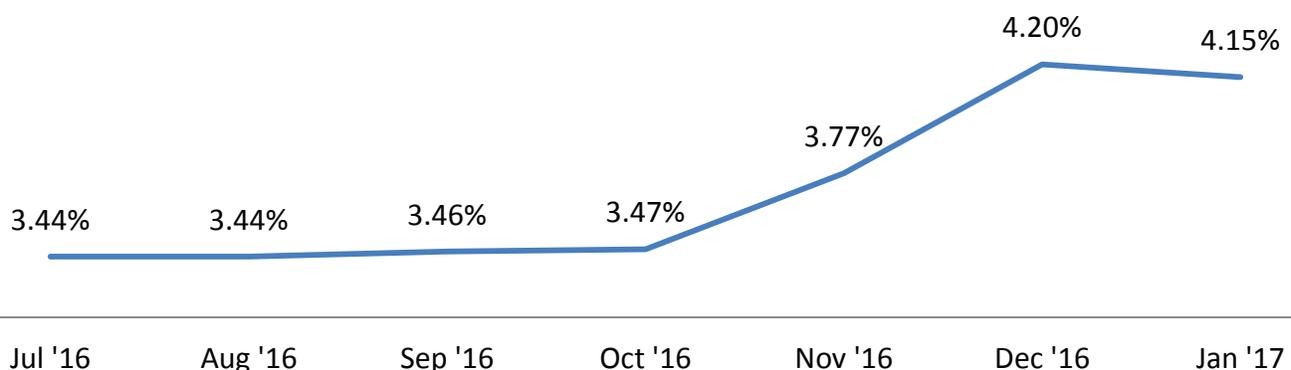
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The Fed finally increased interest rates at the end of 2017, for just the second time in a decade. With at least two additional rate increases forecasted for 2017, now would be a good time for borrowers to refinance to consolidate their existing first mortgage, and/or payoff their home equity line of credit before payments start adjusting upwards. For home buyer hopefuls, now would also be a good time to ramp up your search before rates increase further.

Average 30-Year Fixed



*Rates reflect national averages and assume you pay roughly half a point plus closing fees

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HOW DID WE DO?

The RealSmart Team kept busy in 2016, managing 40 transactions and maintaining our spot among the most productive Realtors in SM County. We have our clients to thank, as much of our business comes from referrals and repeat customers who value our expertise and commitment to client satisfaction. If we have worked with you recently, please take a minute to share your experience with us, or tell us why you chose to refer someone to RealSmart. To share your feedback, simply visit realsmartgroup.com/feedback. Thank you!

-Bryan & The RealSmart Team

Property

Sale Price

1771 Maryland, RWC	\$1,468,000
1450 Maddux, RWC	\$1,140,000
41 W. Summit, RWC	\$1,165,000
172 Atherwood, RWC	\$1,200,000
2655 Ohio, RWC	\$1,625,000
1170 Fernside, RWC	\$1,430,000
1260 Carson, RWC	\$1,450,000
2669 Ohio, RWC	\$1,208,000
190 Dolton, SCL	\$2,348,000
931 Lakeview, RWC	\$1,620,000
2608 Thornhill, SCL	\$1,420,000
711 W California, WSD	\$1,825,000
737 La Prenda, Los Altos	\$3,000,000
1981 Eucalyptus, SCL	\$1,690,000
1981 Eucalyptus, SCL	\$1,690,000
1021 Rosewood, SCL	\$2,295,000
172 Atherwood, RWC	\$1,398,000

Property

Sale Price

123 B St, RWC	\$899,950
6751 Beaver Pond, EDH	\$900,000
1922 Cordilleras, RWC	\$1,750,000
403 Samson, RWC	\$1,382,000
41 W. Summit, RWC	\$1,625,000
1332 Mills, Menlo Park	\$1,500,000
868 Nantucket, Snyvl	\$1,757,000
303 Phillip, Daly City	\$549,000
1450 Maddux, RWC	\$1,674,000
240 Arlington, RWC	\$1,010,000
848 Sunset, SCL	\$2,680,000
469 Beech, San Bruno	\$900,000
2398 Heritage, SJ	\$1,135,000
772 Walnut, SCL	\$855,000
1405 Lenolt, RWC	\$1,100,000
84 Fay Ave, SCL	\$1,079,000
467 Madison, RWC	\$925,000
95 Skywood, WSDSD	\$1,500,000
3170 Kirk, SJ	\$855,000

Property

Sale Price

332 E St, RWC	\$899,000
1740 Granger, Los Altos	\$2,050,000
315 E St, RWC	\$920,000
1614 Hudson, RWC	\$400,000

