

# Economy stops Red Apple Ranch development

By [Dana M. Nichols](#)

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Record Staff Writer

MURPHYS - For decades, owners of orchards, pastures and forests in Calaveras County subdivided their land to create house lots. The logic was eventually those lots would sell and bring the owners more money than the land could ever produce growing beef or timber.

In the eternally growing economy of the previous century, it seemed as natural as the ripening of fruit.

But what if rural house lots no longer ripen?

The owners of the upscale Red Apple Ranch custom home development near Murphys recently decided to scratch a future phase of the project and allow 43 house lots there to revert to acreage. It is a relatively rare procedure and one that says a lot about the present state of the housing market here.

"I don't know when the value of the land is going to justify building a house on it," said Red Apple Ranch developer John Schrader. "I don't see it happening in the next year or two at least."

Schrader's wife, Nyra Krstovich, also an owner of the project, said "We decided with the economy the way it was, it didn't make sense to spend the millions of dollars to put in the roads and everything on the other side."

It is not unusual for development dreams to be delayed or even to dissolve. What is more unusual is for a solvent developer to ask to undo a subdivision map, in essence erasing the lines creating all the house lots and removing the developer's obligation to eventually try to build on those sites.

That is exactly what Schrader and Krstovich did. The Calaveras County Board of Supervisors on Tuesday voted 4-0 with Supervisor Darren Spellman absent to approve their request.

"What you have before you is an item we have rarely dealt with in Calaveras County in the last 30 years," County Surveyor Roger Pitto told the Board of Supervisors.

Pitto said it is only the second time in his decades working in the county that he's known of a landowner erasing a subdivision map and reverting the land to acreage.

County planning officials in recent months have estimated that there are thousands of unbuilt house lots already in existence in Calaveras County, while the number of homes currently built each year is only in the double digits at most.

Despite that, elected leaders still feel political pressure to approve more house lots.

County insiders have said privately that pressure from elected county supervisors to bend laws and approve more lots was what prompted the departure last month of Planning Director Rebecca Willis.

For Schrader and Krstovic, it is a matter of numbers. They have a design and build firm in San Francisco. There, a housing boom is raging and they get work designing and building mansions costing \$10 million to \$20 million.

During past housing booms in the Bay Area, Schrader said, he would eventually see a spillover effect raising the value of properties in Arnold and Murphys.

Not this time.

"I am not seeing a lot of pressure from the Bay Area reaching the Valley or the foothills," Schrader said.

The couple said they've built and sold four homes in the existing portion of Red Apple Ranch. Dozens of lots there remain vacant.

The development's website indicates custom homes there start in the \$400,000 range. Schrader said they've lost money on the homes, only recovering about 60 percent of their costs.

Schrader said the 2008 real estate crash in the Bay Area changed the housing market in the Sierra and foothills.

"There were huge numbers of baby boomers that were planning on selling their homes and moving to the foothills. And that whole plan got eliminated because all of their equity or a lot of their equity was in their houses."

Contact reporter Dana M. Nichols at (209) 607-1361 or [dnichols@recordnet.com](mailto:dnichols@recordnet.com).