

# REPLACEMENT HOUSING PLAN

MARIPOSA II Phase II  
CITY OF SAN MARCOS  
LOCATED IN THE RICHMAR NEIGHBORHOOD AND IN THE  
FORMER REDEVELOPMENT PROJECT AREA I

October 2021

Prepared By:  
Affordable Housing Services Information, LLC  
3830 Valley Centre Drive #705-641  
San Diego, CA 92130

Prepared For:  
City of San Marcos  
Development Services Department  
1 Civic Center Drive  
San Marcos, CA 92069

## TABLE OF CONTENTS

<b>I.</b>	<b>INTRODUCTION</b>	<b>1</b>
<b>II.</b>	<b>EXECUTIVE SUMMARY</b>	<b>1</b>
<b>III.</b>	<b>PROJECT DESCRIPTION</b>	<b>2</b>
<b>IV.</b>	<b>LOCATION</b>	<b>3</b>
<b>V.</b>	<b>FINANCING</b>	<b>3</b>
<b>VI.</b>	<b>INAPPLICABILITY OF ARTICLE XXXIV</b>	<b>4</b>
<b>VII.</b>	<b>RESIDENTIAL UNITS TO BE REMOVED AND REPLACED</b>	<b>6</b>
<b>VIII.</b>	<b>TIMETABLE</b>	<b>7</b>
	<b>APPENDIX A – GIS Exhibits</b>	<b>8</b>
	<b>APPENDIX B - Timetable</b>	<b>11</b>

## I. INTRODUCTION

This Replacement Housing Plan for the Mariposa II Project in the City of San Marcos has been developed pursuant to Health and Safety Code 33413.5.

A continued goal of the City of San Marcos is the revitalization of the Richmar Neighborhood. The Mariposa II project is a key component toward the initiative to create a family centered, safe environment in what was once an area of blight and underdevelopment in the City of San Marcos. Additionally, providing affordable housing is a commitment the City of San Marcos continues to foster through alliances with affordable housing developers that have proven themselves to be capable of providing affordable housing developments acceptable to the public, meeting sustainability standards and serving very low, low and moderate income families.

The current, or legacy, Mariposa development, originally an acquisition/rehabilitation family project by Affirmed Housing Group in the year 1998, upgraded the former San Marcos Gardens Apartments and brought them into the affordable housing inventory. The legacy Mariposa is a mix of 1, 2, and 3-bedroom units that serves 70 households.

This Mariposa II Phase II Replacement Housing Plan addresses the remaining 30 legacy units.

## II. EXECUTIVE SUMMARY

All demolition of affordable units and subsequent replacement of those units will be done on site within the Project boundaries. Thirty units, in Buildings 1, 2, 3, and 4, lying east of Los Olivos Drive, the road that currently bisects “Mariposa Apartments”, will be demolished as part of Mariposa II Phase II. Mariposa II Phase I is a separate project with its own Replacement Housing Plan. Three previously-owned City of San Marcos apartment complexes transferred to

the developer in April, 2016, are considered as part of the financial assistance that contributed to the Phase I development. Please refer to Appendix A for a map of the scattered site. The 40 units demolished in Phase I, and the unit composition of the three previously-owned City of San Marcos complexes, are being replaced on site with 100 new-construction units, and one manager unit that is not restricted. The Phase II development will replace the remaining 30 units scheduled to be demolished with 94 new affordable units, and two additional manager units that are not restricted.

### III. PROJECT DESCRIPTION

The Mariposa II affordable housing project will demolish and replace, within the same project footprint, an ageing seventy unit affordable housing apartment complex. Mariposa II will be a two phase development. As this is a scattered site development, the three previously-owned City of San Marcos (CSM) affordable housing complexes in need of rehabilitation and not within the “Mariposa Apartments” original site boundary, have been sold as part of the Phase I development. To ensure that all previously-owned CSM units with affordable restrictions are not lost in the affordable housing inventory, all previously-owned CSM units have been accounted for in the Mariposa II Phase I demolition/new construction development. Mariposa II is one of the few remaining traditional “redevelopment” projects in the previously distressed, blighted and underdeveloped Richmar neighborhood. The demolition and construction of a new multi-family residential project will serve to further enhance the continuing revitalization of the Richmar neighborhood.

The new project, Mariposa II Phase II, will consist of a total of 96 units. Of the 96 total units developed, two will be unrestricted manager units, and the rest of the units shall be restricted at or below eighty percent of the area median income.

## IV. LOCATION

The Property is generally located at 604 W. Richmar Avenue in the City of San Marcos and is located within the boundaries of what was previously designated as the City of San Marcos Redevelopment Project Area I.

The property is more specifically described as: Portion of Lot 3 in Section 11, Township 12 South, Range 3 West, San Bernardino Base and Meridian, in the City of San Marcos, County of San Diego, State of California, according to the official plat thereof. Assessor's Parcel No.: 220-032-05-00.

The previously-owned City of San Marcos complexes include a 4-plex at 366 W. San Marcos Blvd., a 6-plex at 195 Johnston Lane and a 12-plex at 150 Gosnell Way, APNs , 220-150-10-00, 220-181-19-00, and 220-320-21-00, respectively. These sites are not within the boundaries of the original development and will not be a part of the Phase II development. The previously-owned City of San Marcos complexes have been sold.

The second exhibit in Appendix A contains an updated map of the site. This exhibit was prepared by the City of San Marcos Planning Department and included in the Planning Commission Staff Report ("PC Staff Report\_MFSDP20-0002.pdf") prepared for the Planning Commission meeting to be held September 20, 2021.

## V. FINANCING

The total project cost for Phase II is yet to be determined. The City of San Marcos in its capacity as the Successor Housing Agency (SHA) to the former Redevelopment Agency (RDA) of the City of San Marcos elected to retain the housing assets of and select functions of the RDA. The SHA funding for Phase I will be in several increments. The first increment will include the mutually agreed purchase price methodology of the three previously-owned City of San Marcos properties conveyed to the developer in April of 2016. All of the returns from this sale will be incorporated into the Phase I funding package. The second increment will include the roll-over

and consolidation of the legacy Agency First, Second and Third Loans plus interest, for the redevelopment of both phases. A percentage of this roll-over will be allocated to Phase I and a percentage to Phase II. At present, this amount is an estimate to be approximately \$7,263,254.00. The third increment will include the pre-development loan in the amount of \$550,000.00 which was authorized in the Development and Loan Agreement of 26 April 2019 and which will be incorporated into the project loan for Phase I. The fourth increment will consist of a project loan to be authorized as the final piece of the layered “gap” financing for each phase of Mariposa II.

In addition to the contributions listed above, the project is requesting \$5 million in capital from the City of San Marcos in late 2021. This final contribution as well as a projected award of \$2,550,000 in HOME funds from the County of San Diego will complete the gap financing necessary to apply for 9% tax credits and California LIHTC from CTCAC in the second round of 2022. The combined total equity from tax credits is anticipated to be over \$17.5 million. If awarded tax credits in Fall 2022, the project will be required to close on construction financing no later than Spring of 2023.

## **VI. INAPPLICABILITY OF ARTICLE XXXIV**

Article XXXIV of the California Constitution states that “No low rent housing project shall hereafter be developed, constructed, or acquired in any manner by any state public body until, a majority of the qualified electors of the city, town or county, as the case may be, in which it is proposed to develop, construct, or acquire the same, voting upon such issue, approve such project by voting in favor thereof at an election to be held for that purpose, or at any general or special election.”

To clarify the requirements of Article XXXIV, the Legislature enacted the Public

Housing Election Implementation Law (California Health and Safety Code Sections 37000-37002). The Mariposa II Project is excluded from the definition of “low-rent housing project” as defined in Section 1 of Article XXXIV of the California Constitution, and therefore does not trigger the voting requirement, because it meets the criteria defined in Health and Safety Code Section 37001(f), that is, the Mariposa II project consists of the replacement of dwelling units of previously existing low-rent housing projects.

Additionally, the project may also be excluded from the definition of “low-rent housing project” pursuant to Health and Safety Code section 37001(g), which excludes developments consisting of “acquisition, rehabilitation, reconstruction, improvement, or any combination thereof, of a rental housing development which, prior to the date of the transaction to acquire, rehabilitate, reconstruct, improve, or any combination thereof, was subject to a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households and maintains, or enters into, a contract for federal or state public body assistance for the purpose of providing affordable housing for low-income households.”

As noted above, this project involves the acquisition, demolition and reconstruction of existing affordable housing units which received public assistance and were subject to regulatory agreements relating to maintenance of affordable housing, and the project has applied for Federal tax credits for the purpose of providing and maintaining affordable housing for low income households.

Accordingly, based on the foregoing, the proposed replacement housing is excluded by Health and Safety Code section 37001 from the definition of “low-rent housing” and therefore does not require the approval of voters pursuant to Article XXXIV of the California Constitution.

## VII. RESIDENTIAL UNITS TO BE REMOVED AND REPLACED

As the City of San Marcos monitored the existing Mariposa Apartments and the three previously-owned City complexes, the unit bedroom size and restriction by unit counts were readily available for analysis. The Phase II units to be destroyed include the units in Buildings 1, 2, 3, and 4 of the existing “Mariposa Apartments”. The previously-owned City complexes have been already been accounted for in Phase I.

An analysis of Mariposa I Buildings 1, 2, 3, and 4 unit composition, revealed the following data:

	VL	L	M	Total
Units to Be Demolished	29			29
Bedrooms to Be Demolished	47			47

The plan is to demolish 30 [29+1] units totaling 50 [47+3] bedrooms. [NOTE: Assumes unaccounted for unit is a 3-bedroom Manager Unit in original data].

The Mariposa II Phase II Project will replace 100% of the units/bedrooms destroyed. The following is a table showing the number of new units/bedrooms to be developed as part of the proposed project:

	VL	L	M	Total
Units to Be Built	49	45		94
Bedrooms to Be Built	86	80		166

As demonstrated by the numbers above, the Phase II development will fully replace all demolished units and add a total of 65 (94-29) units/119 (166-47) bedrooms to the affordable housing inventory. There will be two 3-bedroom unrestricted manager units in Phase II. This brings the total unit/bedroom count to 96 (94+2) and 172 (166+6), respectively.



These numbers assume that the project is awarded 9% Federal Tax Credits. If this is not the case, the distribution may change. The project currently is considering implementing income averaging, allowing restrictions up to and including 80% AMI. Implementing income averaging requires that at least 40% of the units have rents and occupant incomes that do not exceed the designated restrictions (i.e. 10% increments between and including 20% AMI and 80% AMI). In addition, the average of all designated imputed income limits must be less than or equal to 60% AMI.

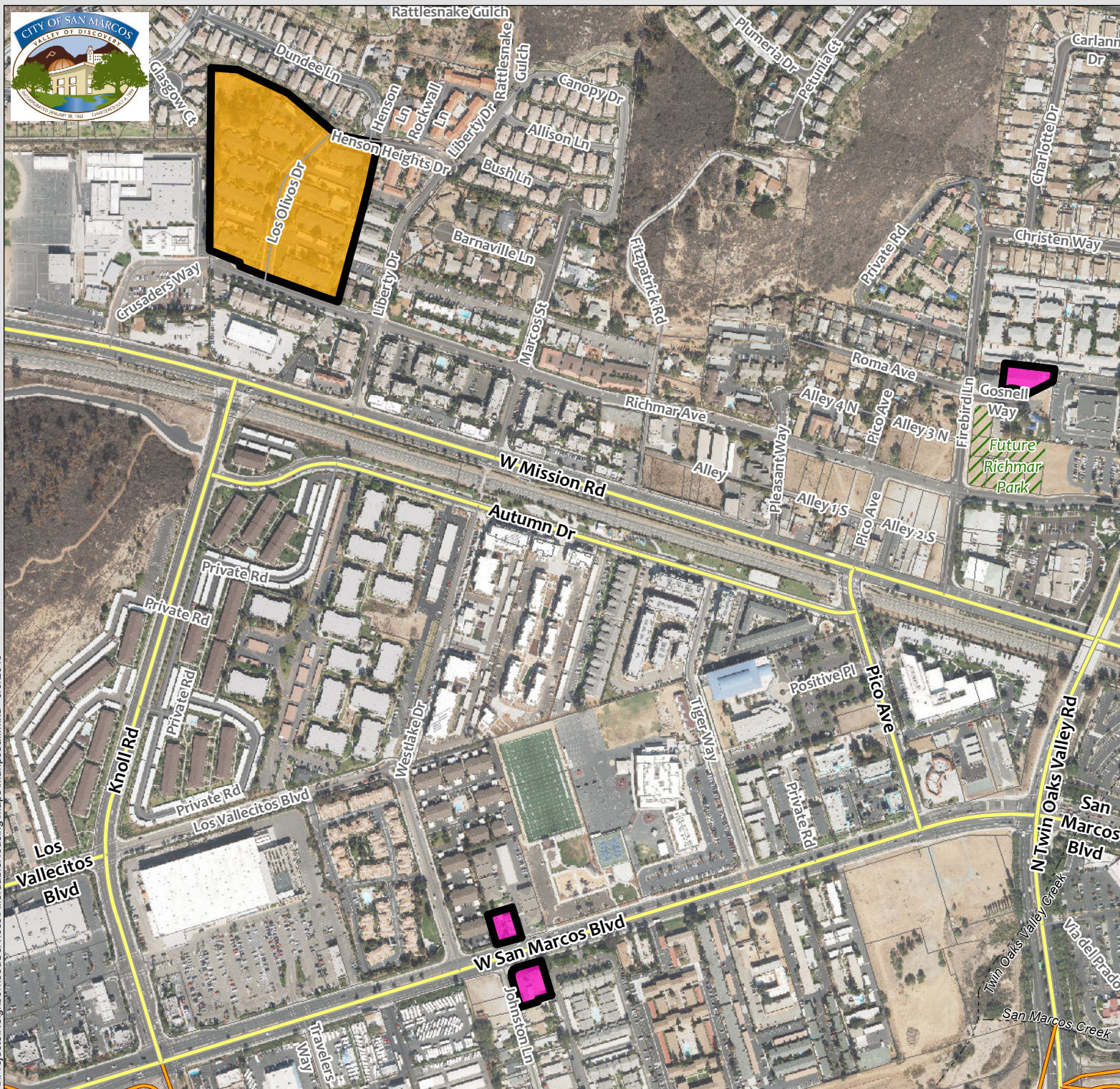
The project developers shall contract with a company expert in relocation to create and implement a relocation plan that best serves the tenants currently occupying units that will be demolished.

## VIII. TIMETABLE

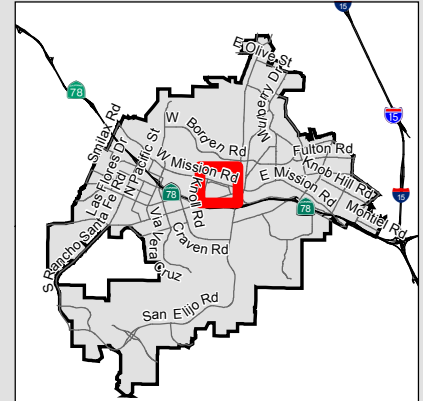
For the Project's timetable, please refer to Appendix B.

## **APPENDIX A – GIS Exhibits**

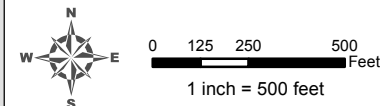




## Sites of the future Mariposa II Affordable Housing Project in Four Scattered, Non-Contiguous Sites



- Proposed outline of Mariposa II project on 4 sites
- Current Mariposa project owned by Affirmed Housing
- City-owned property
- Future Richmar Park

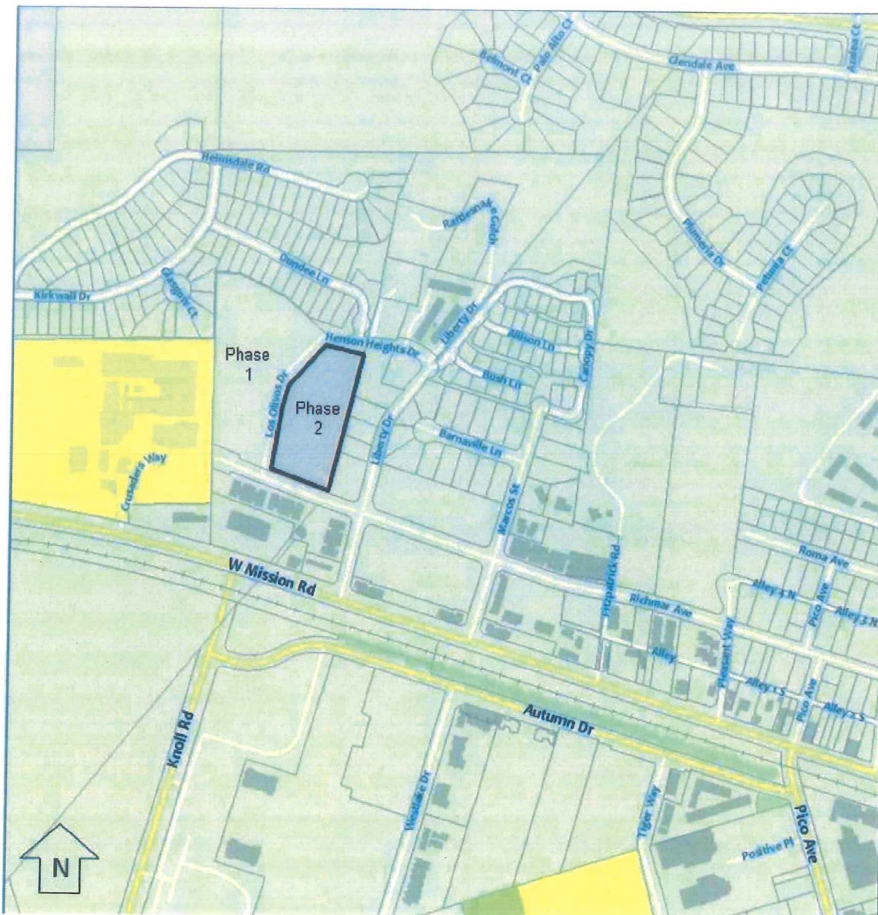


CREATED BY: City of San Marcos GIS  
DATA SOURCES: SanGIS (02/2016)  
USGS (10/2014)  
City of San Marcos (02/2016)

Every effort has been made to assure the accuracy of the maps and data provided; however, some information may not be accurate or current. The City of San Marcos assumes no responsibility arising from use of this information and incorporates by reference its disclaimer regarding the lack of any warranties, whether expressed or implied, concerning the use of the same. For additional information see the Disclaimer on the City's website.



ATTACHMENT A  
Vicinity Map



**Project No.:** MFSDP20-002 & EX21-014

**Location:** 604 W. Richmar Avenue

**APN:** 220-032-05-00

City of San Marcos, California

1 Civic Center Drive | San Marcos, CA 92069 | (760) 744-1050 | p. 8

## **APPENDIX B - Timetable**

## TIMETABLE

<u>Date</u>	<u>Event</u>
10 Jan 2012	City Council appoints itself as the Successor Housing Agency (SHA) to the former San Marcos RDA with Resolution No. 2012-7607
1 Feb 2012	RDA dissolved by the State of California
26 Apr 2016	SHA authorized Development and Loan Agreement (DLA) and \$550,000 predevelopment loan with Resolution No. SHA 2016-018; DLA executed the same day
26 Apr 2016	City authorized transfer of three City-owned apartment complexes totaling 22 apartments to Affirmed Housing with Resolution No. SHA 2016-8190
10 Jun 2016	Transfer of three City-owned apartment complexes totaling 22 apartments to Affirmed Housing executed via Grant Deed
14 May 2019	Mariposa II (Phase I) receives entitlements from the City Council. Developer begins assembling funding commitments from other sources external to the SHA and the City.
23 Jun 2020	SHA and City approval of Amended and Restated DLA and Real Property Disposition Agreement as the initial funding increment to Phase I from the City and SHA
21 Nov 2021	Projected date for the Developer to apply for Phase II funding from the County of San Diego.
Dec 2021	Projected date for Developer to request final Phase II funding increment from the City in order to complete the project's gap financing.
July 2022	Projected date for the Developer to apply for Phase II tax credit funding. A successful award of the tax credits will trigger demolition of existing buildings on the Phase II project site.
Mar 2023	Projected date for Developer to close finance and commence construction of Phase II.
Sept 2024	Estimated date for Developer to complete construction of Phase II.
Dec 2024	Estimated timeframe Developer anticipates as full occupancy requirement date.