



MARBLE MOUNTAIN PARTNERS
Lennar Communities & William Lyon Homes, Inc.



**Affordable Housing Plan and Density Bonus Application
Planning Areas 4 and 5 (Columbus Square) and Planning Area 21 (Columbus Grove)
at Tustin Legacy**

Prepared for:

THE CITY OF TUSTIN

Prepared by:

Springbrook Realty Advisors, Inc.

and

The Planning Center

Redevelopment Agency

January 17, 2005

Amendment #1, February 10, 2006

Executive Summary

This density bonus application is being submitted by Marble Mountain Partners, LLC in conjunction with its proposed developments in Planning Areas 4 and 5 (Columbus Square) at MCAS Tustin. Marble Mountain Partners, LLC (Developer) is planning to develop 186 Target Units (Low and Very Low Income units) in Columbus Square. Those units will constitute 20.8% of the previously approved units in Columbus Square, thus qualifying the project for the construction of an additional 223 dwelling units, for a total of 1,118 dwelling units in Columbus Square. Of the total of 1,118 permitted dwelling units in Columbus Square, the Developer is planning to construct a total of 1,075 dwelling units as well as an additional 329 dwelling units in Columbus Grove (Tustin). An additional 12 Target Units will be constructed in Columbus Grove (Tustin) for conveyance to transitional housing providers. A density bonus is not being requested for Columbus Grove (Tustin). As discussed in detail in this application, the Target Units will be proportional in bedroom counts to the units in each development (other than senior developments). As discussed in Section 2.3, appropriate controls will be established in order to maintain the affordability of the units for a minimum of 45 years. It is the objective of the Developer to ensure that the Target Units are “seamless” in terms of compatibility with the remainder of the Columbus Square community. Therefore, the Target Units will be consistent with the other units in each development in terms of exterior appearance and finish quality.

As a result of the development of the Target Units, the Developer will incur a cost ranging from \$23.0 to \$24.1 million. However, in consideration of the City expediting the review and approval of the project applications, the Developer is waiving its right to Financial Incentives or Concession Requests authorized by the City’s Density Bonus Ordinance.

This application is also requesting approval for the transfer of the requirement for the construction of 25 homes affordable to Lower Income households (earning 80% or less of Area Median Income) from Planning Area 21 (Columbus Grove) to Planning Areas 4 and 5 (Columbus Square). An additional 12 Very Low Income units may be transferred from Planning Area 21 to Planning Area 5 at the sole discretion of the City upon execution of agreements with transitional housing providers. In addition, the application seeks approval for transfer of 8 homes affordable to Lower Income households and 14 homes affordable to Moderate Income households (earning 120% or less of Area Median Income) from Planning Area 4 to Planning Area 5. The transfers are being requested in order to better integrate these units with the balance of the community.

Note: The terms used herein are defined in Chapter 1 of Article 9 of the Tustin Municipal Code, which is entitled Incentives for the Development of Affordable Housing (referred to herein as the Tustin Density Bonus Ordinance) and Section 65915 of the Government Code of the State of California unless otherwise defined herein.

Section 1. Application Request

The purpose of this application is to request a density bonus under the provisions of Chapter 1 of Article 9 of the Tustin Municipal Code which is entitled Incentives for the Development of Affordable Housing (Tustin Density Bonus Ordinance) and Section 65915 of the Government Code of the State of California for Planning Areas 4 and 5 of The MCAS Tustin Specific Plan (Specific Plan). Terms used herein, unless otherwise defined, are defined in the Tustin Density Bonus Ordinance. The density bonus would apply to Planning Areas 4 and 5 and would constitute 68 units in Planning Area 4 and 155 units in Planning Area 5, in accordance with the City's ordinance. Of the total of 223 units permitted by the density bonus, the Developer is planning to construct a total of 180 additional units. This application also constitutes a request to transfer 25 Target Units from Planning Area 21 (Columbus Grove) to Planning Area 5 (Columbus Square) and to transfer 8 Target Units and 14 units affordable to Persons and Families of Moderate Income (Moderate Income Units) from Planning Area 4 to Planning Area 5. Section 2.0 of this Application provides a detailed breakdown of the affordable unit requirements, the proposed transfer of affordable units between planning areas, and the location/product types identified for the Target Units.

Marble Mountain Partners, LLC is planning to develop a total of 1,406 dwelling units within Planning Area 4, Planning Area 5, and the portion of Planning Area 21 within the City of Tustin at the former MCAS Tustin, as shown on the Vicinity Map, Figure 1. The MCAS Tustin Specific Plan constitutes the zoning for the area and designates Planning Area 4 as Low Density Residential with a maximum potential of 274 dwelling units (based on net density). Planning Area 5 is designated as Medium Density Residential with a maximum potential of 621 dwelling units. Planning Area 21 is designated Low Density Residential with a potential of 343 dwelling units. Marble Mountain Partners has submitted Tentative Tract Map applications and Development Plans for each of the Planning Areas, which are under staff review. Figure 2, Composite Site Plan, shows each of the developments that contain Target Units. Table 1 summarizes the Specific Plan requirements for Target Units and Moderate Income Units and identifies the Target Units to be provided. Table 1 also calculates the 223 additional density bonus units that will be permitted as a result of providing Target Units in excess of the thresholds set forth in the Tustin Density Bonus Ordinance and Section 65915 of the Government Code and summarizes the Developer's plans for Planning Area 4 and Planning Area 5 totaling 1,077 dwelling units, including 182 units permitted by the density bonus.

**Figure 1
Vicinity Map**

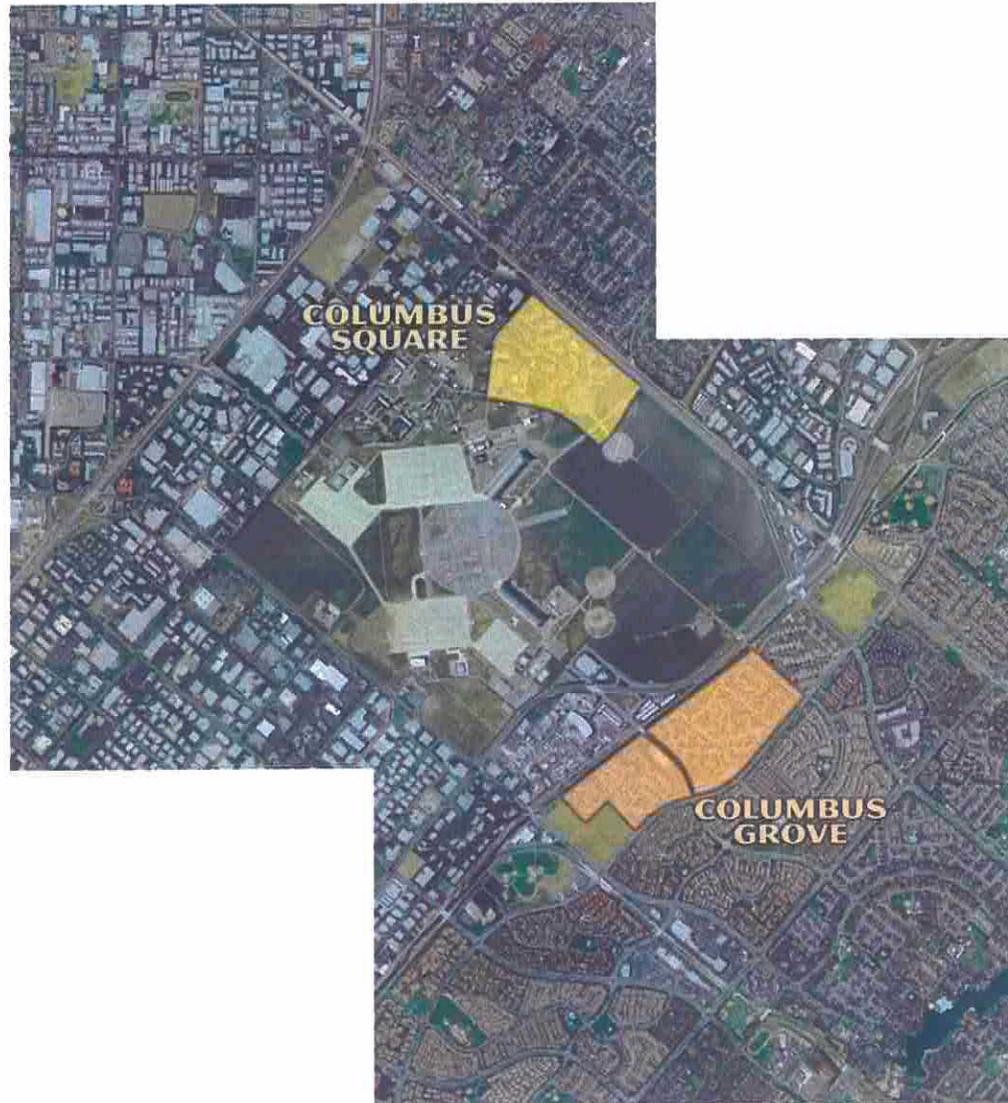


Table 1
Calculation of Qualification of Project for Density Bonus

Planning Area	Maximum Units Per Specific Plan (1)	Density Bonus Units	Total Units Permitted	Total Units Proposed	Target Units (2)	Target Units as Pct. Of Specific Plan Units
P-4	274	68	342	337	56	
P-5 (4)	621	155	776	738	130	
Subtotal (3)	895	223	1,118	1,075	186	20.8%
P-21	343	0	343	329	12	
Total	1,238	223	1,461	1,404	198	

(1) Based on net density.

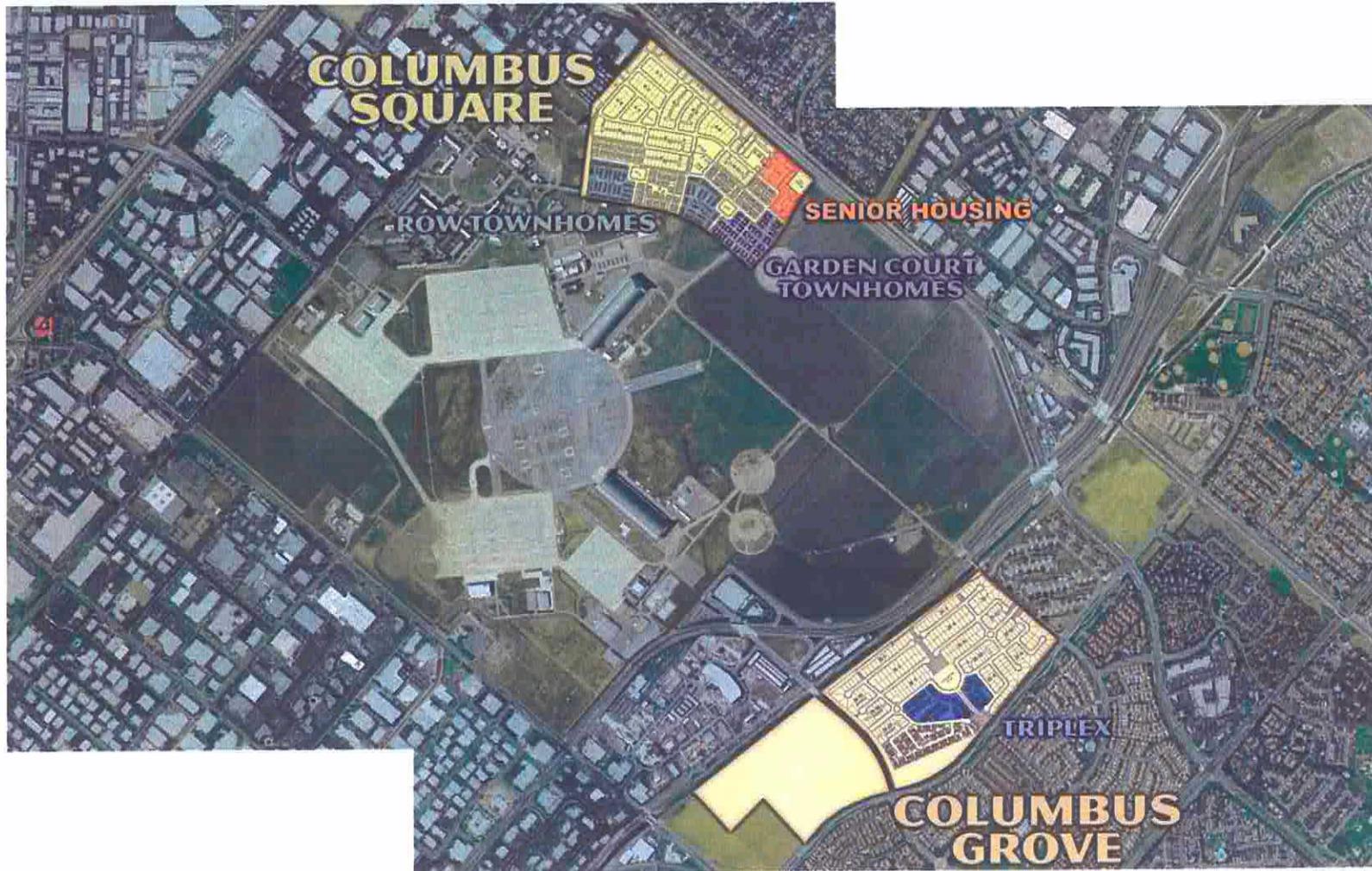
(2) A breakdown of Target Units by income category is provided on Table 2.

(3) In addition to the 186 Target Units in Planning Areas 4 and 5 and 12 Target Units (Transitional) in Planning Area 21, 80 units affordable to Moderate Income buyers will be provided in Planning Areas 4 and 5 and 30 units affordable to Moderate Income buyers will be provided in Planning Area 21. A detailed breakdown of these units is shown on Table 2.

(4) Total Units Proposed reflects reduction of two seniors units on the combined Planning Area 4 and 5 site.

(5) Total number of units in PA 21 do not include Parcel 36 (annexation Parcel).

Figure 2
Composite Site Plan



Section 2. Affordable Housing Program

2.1. Distribution and Compatibility

The Affordable Housing Program for Columbus Square (Planning Areas 4 and 5) and Columbus Grove (Planning Area 21) involves the development of 308 affordable housing units that will be an integral part of the two communities. As required by the Specific Plan, these units will be dispersed within each project and will be constructed with the same exterior appearance, use of materials, and quality of finishes as the market-rate units. The Affordable Housing Program also targets two distinct groups of the population that are in need of affordable housing: seniors and families. Table 2 delineates the various product types being developed within each of the Planning Areas, and the specific products where the Target and Moderate Income Units will be located. Table 3 provides a breakdown of the affordable units between the Very Low, Low and Moderate Income Households. This table also identifies the requested transfers of affordable units from one Planning Area to another in order to provide the range of family and senior programs.

As shown in Table 2, 89 of the Target Units will be provided within three project areas containing 3 distinct family housing developments within Planning Area 5 of Columbus Square (Family Target Units). This will help ensure a logical dispersion of Target Units within the Columbus Square community. An additional 12 Target Units will be located within Planning Area 21. Those 12 Target Units may be transferred from Planning Area 21 to Planning Area 5 at the sole discretion of the City upon execution of agreements with the transitional housing providers. The affordable housing requirements and the proposed distribution of affordable units by product type are also summarized in a composite table in Appendix A. The remaining 97 units in Columbus Square will be integrated as part of a mixed income senior housing development (Senior Site). Those 97 senior Target Units will therefore be able to take advantage of the specialized amenities and programs that will be offered as part of the senior development. In addition to the Target Units, 80 units affordable to Moderate Income Households will be provided in Planning Areas 5-5, 5-6, and the Senior Site, all in Columbus Square. A total of 30 Moderate Income units will also be provided in the Triplex product located in two separate areas in Columbus Grove.

Affordable units will be phased in accordance with the Phasing Plans contained in the Concept Plan submittals for Columbus Grove and Columbus Square. A schedule for completion of Target Units is included in the Housing Incentive Agreement.

Table 2
Summary of Residential Land Uses in Columbus Square and Columbus Grove

<i>Planning Area</i>	<i>Product</i>	<i>Acres</i>	<i>Total Dwelling Units</i>	<i>Very Low Units Included</i>	<i>Low Units Included</i>	<i>Target Units Included</i>	<i>Moderate Units Included</i>
4-1 through 4-6	55' x 90' Conventional SFD	10.9	84				
4-7 through 4-11	50' x 90' Carriage Way Homes	13.1	102				
4-12 through 4-13	36' x 75' Carriage Way Homes	9.7	79				
	TOTAL PA 4 (Excludes Seniors)	33.7	265	0	0	0	0
5-1 and 5-2	Triplex - Condominiums	8.8	114				
5-3	36' x 75' Carriage Way Homes	1.6	18				
5-4	Tuck Under Townhomes - Condominiums	3.6	60				
5-5	Three Story Townhomes - Condominiums	6.1	119	5	12	14	12
5-6	Three Story Townhomes - Condominiums	5.4	103	6	16	25	12
5-7	Garden Court Town Homes - Condominiums	8.5	156	14	36	50	0
	TOTAL PA 5 (Excludes Seniors)	34.0	570	25	64	89	24
4-14 and 5-8	Seniors - Condominiums	9.0	240	36	61	97	56
	TOTAL COLUMBUS SQUARE	67.7	1075	61	125	186	80
21-1 though 21-4	65' x 100' Conventional SFD	11.0	67				
21-5 and 21-6	55' x 100' Conventional SFD	6.0	43				
21-7 through 21-9	55' x 80' Conventional SFD	12.4	85				
21-10 through 21-12	45' x 90' Carriage Way Homes	5.7	41				
21-13 through 21-14	Triplex - Condominiums	8.4	93	12		12	30
	TOTAL COLUMBUS GROVE (TUSTIN) (1)	43.4	329	12	0	12	30

(1) Information for Planning Area 21 does not include Parcel 36 (annexation Parcel).

Table 3
Summary of Affordable Unit Requirements

<i>Planning Area</i>	<i>Requirement</i>	<i>Transfers In (Out)</i>	<i>Revised Requirement</i>	<i>Comments</i>
<u><i>Very Low Units</i></u>				
P-4	16	(8)	8	Transfer to P-5
P-5	37	16	53	Transfer from P-4 and P-21
P-21(1)	20	(8)	12	Transfer to P-5. Remaining
				units to be conveyed to
				transitional providers.
Total	73	0	73	
<u><i>Low Units</i></u>				
P-4	48		48	Transfer to P-5
P-5	60	17	77	Transfer from P-21
P-21	17	(17)	0	Transfer to P-5
Total	125	0	125	
<u><i>Moderate Units</i></u>				
P-4	30	(14)	16	Transfer to P-5
P-5	50	14	64	Transfer from P-4
P-21	30		30	
Total	110	0	110	
<p>(1) 12 units to be conveyed to transitional providers may be transferred to P-5 at the sole discretion of the City upon execution of agreements with the providers.</p>				

2.2. Proportionality

As required by Sections 9131 and 9132 of the Tustin Density Bonus Ordinance, the Family Target Units will be proportional in bedroom count to the units in each development in Planning Areas 4 and 5 (Columbus Square) containing lower income units and will be constructed concurrently with each development. Table 4 summarizes by development, the bedroom counts available in each development vs. the bedroom counts available to Target Units and Moderate Income Units within each development. Figures 3 through 14 identify the locations of the affordable units in Planning Area 4, 5, and 21, based on the bedroom distribution shown in Table 4. These Figures are identical to the information provided in the development application submittals. Floor plans and architectural elevations are also included for each of the relevant product types. In the case of the Transitional Units, the final location is subject to a separate agreement with the Transitional Housing providers and approval by the City. In the event that some or all of the Transitional Units are ultimately located in a different location than shown on Figure 10 (Carriage Units in the Triplex), the Moderate Income Units located in Plans 2 and 3 of the Triplex may be shifted to the available Carriage Units in the Triplex, upon approval by the City, as part of the Housing Incentive Agreement. Any other proposed changes to the location of affordable units will be subject to the terms of the Housing Incentive Agreement.

Table 4
Summary of Bedroom Counts by Development

	Total Units In Development		Very Low Units (1)				Moderate Units
	Pct. Of Total		Low Units	Target Units	Pct. Of Total		
Planning Area 4-14 and 5-8 (Seniors) (1)							
One Bedroom	80	33%	36	44	80	82%	
Two Bedrooms	160	67%	-	17	17	18%	56
Total	240	100%	36	61	97	100%	56
Planning Area 5-5 (Lennar)							
Two Bedrooms	73	61%	3	9	12	71%	8
Three Bedrooms	46	39%	2	3	5	29%	4
Total	119	100%	5	12	17	100%	12
Planning Area 5-6 (Lennar)							
Two Bedrooms	61	59%	4	8	12	55%	8
Three Bedrooms	42	41%	2	8	10	45%	4
Total	103	100%	6	16	22	100%	12
Planning Area 5-7 (Lyon)							
One Bedroom	40	26%	4	9	13	26%	
Two Bedrooms	76	49%	5	12	17	34%	
Three Bedrooms	40	26%	5	15	20	40%	
Total	156	100%	14	36	50	100%	
Planning Area 21-13, 21-14 (Lyon)							
Three Bedroom	102	100%	12	-	12	100%	30
Total	102	100%	12	-	12	100%	30
Total Affordable Units (2)			73	125	198		110

(1) Pursuant to Section 9132 of the City's Density Bonus Ordinance, Seniors Target Units are not required to be proportional to the overall unit mix within the project.

(2) Includes 12 units to be provided to transitional providers; those units may be transferred from P-21 to P-5 at the sole discretion of the City upon execution of agreements with the providers. In the event that some or all of the Transitional Units are ultimately located in a different location than assumed above (Carriage Units in the Triplex), the Moderate Units located in Plans 2 and 3 of the Triplex may be shifted to the available Carriage Units in the Triplex, at the sole discretion of the City. Any other proposed changes to the location of affordable units, including the transfer of units from Parcel 35 (PA 21-13 and 21-14) to Parcel 36 (PA 21-13 Irvine) may be included as part of or subject to the terms of the Housing Incentive Agreement.

Figure 3
Affordable Housing Plan
Row Townhomes
Planning Area 5-5

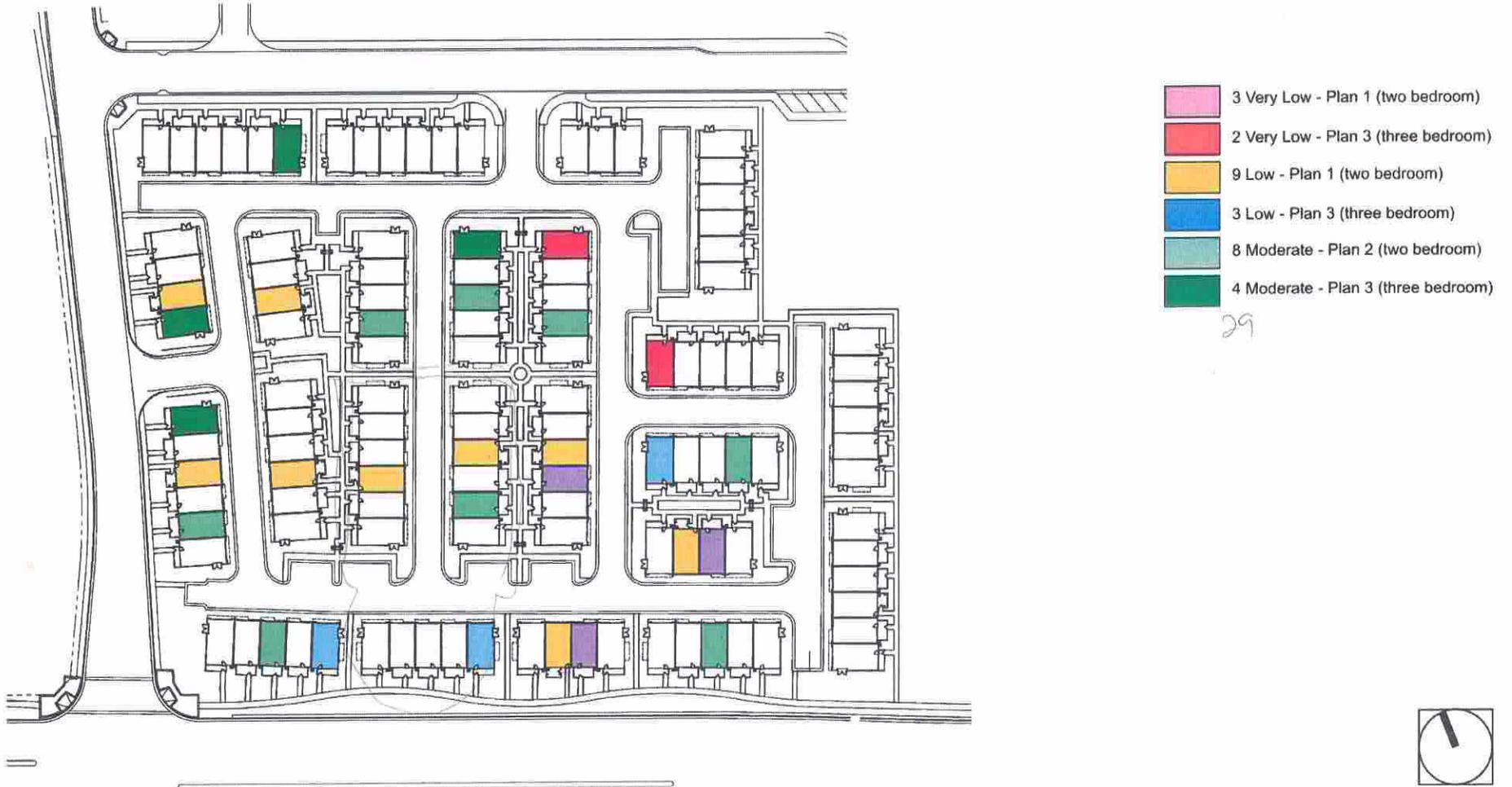


Figure 4
Affordable Housing Plan
Row Townhomes
Planning Area 5-6



Figure 5
Affordable Housing Plan
Row Townhomes
Planning Areas 5-5 and 5-6
Floor Plans



634 SQ. FT. GROSS
499 SQ. FT. NET
Third Floor

768 SQ. FT. GROSS
728 SQ. FT. NET
Second Floor

371 SQ. FT. GROSS
246 SQ. FT. NET
First Floor

Plan One

2 BR + DEN / 2.5 BA
1574 SQ. FT. GROSS
1473 SQ. FT. NET



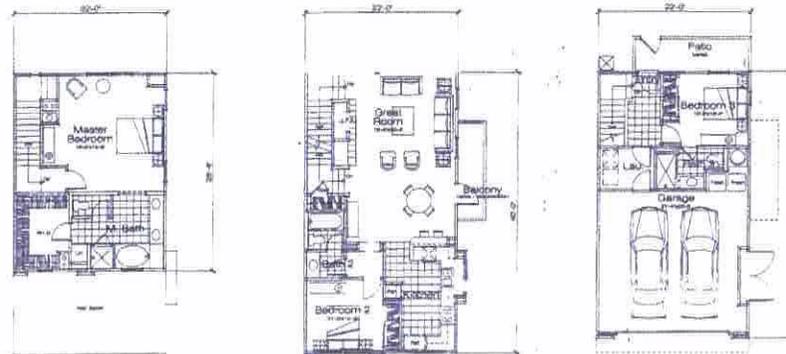
537 SQ. FT. GROSS
498 SQ. FT. NET
Third Floor

790 SQ. FT. GROSS
748 SQ. FT. NET
Second Floor

905 SQ. FT. GROSS
880 SQ. FT. NET
First Floor

Plan Two

2 BR + DEN / 2.5 BA
1632 SQ. FT. GROSS
1526 SQ. FT. NET



649 SQ. FT. GROSS
488 SQ. FT. NET
Third Floor

690 SQ. FT. GROSS
643 SQ. FT. NET
Second Floor

348 SQ. FT. GROSS
322 SQ. FT. NET
First Floor

Plan Three

3 BR / 3 BA
1787 SQ. FT. GROSS
1660 SQ. FT. NET

Figure 6
Affordable Housing Plan
Row Townhomes
Elevations



Colonial Revival



Georgian

Figure 7
Affordable Housing Plan
Garden Court Townhomes
Planning Area 5-7



Figure 8
Affordable Housing Plan
Garden Court Townhomes
Floor Plans



Note: Final floor plans and architecture subject to change based on final approval of construction documents.

Figure 9
Affordable Housing Plan
Garden Court Townhomes
Elevations



FRONT ELEVATION



REAR ELEVATION

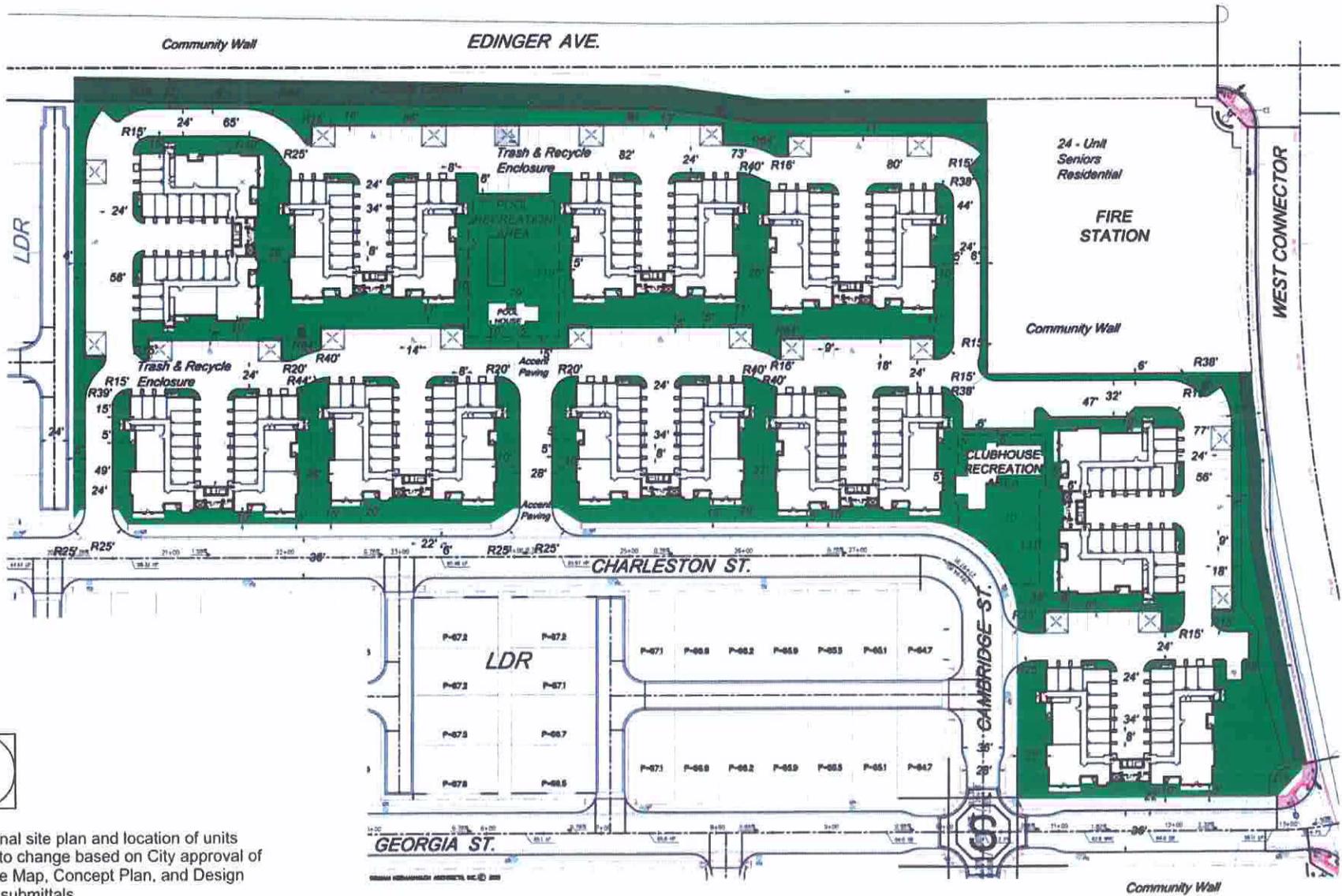
Figure 10
Affordable Housing Plan
Triplex
Planning Area 21



Figure 12
Affordable Housing Plan
Triplex
Elevations

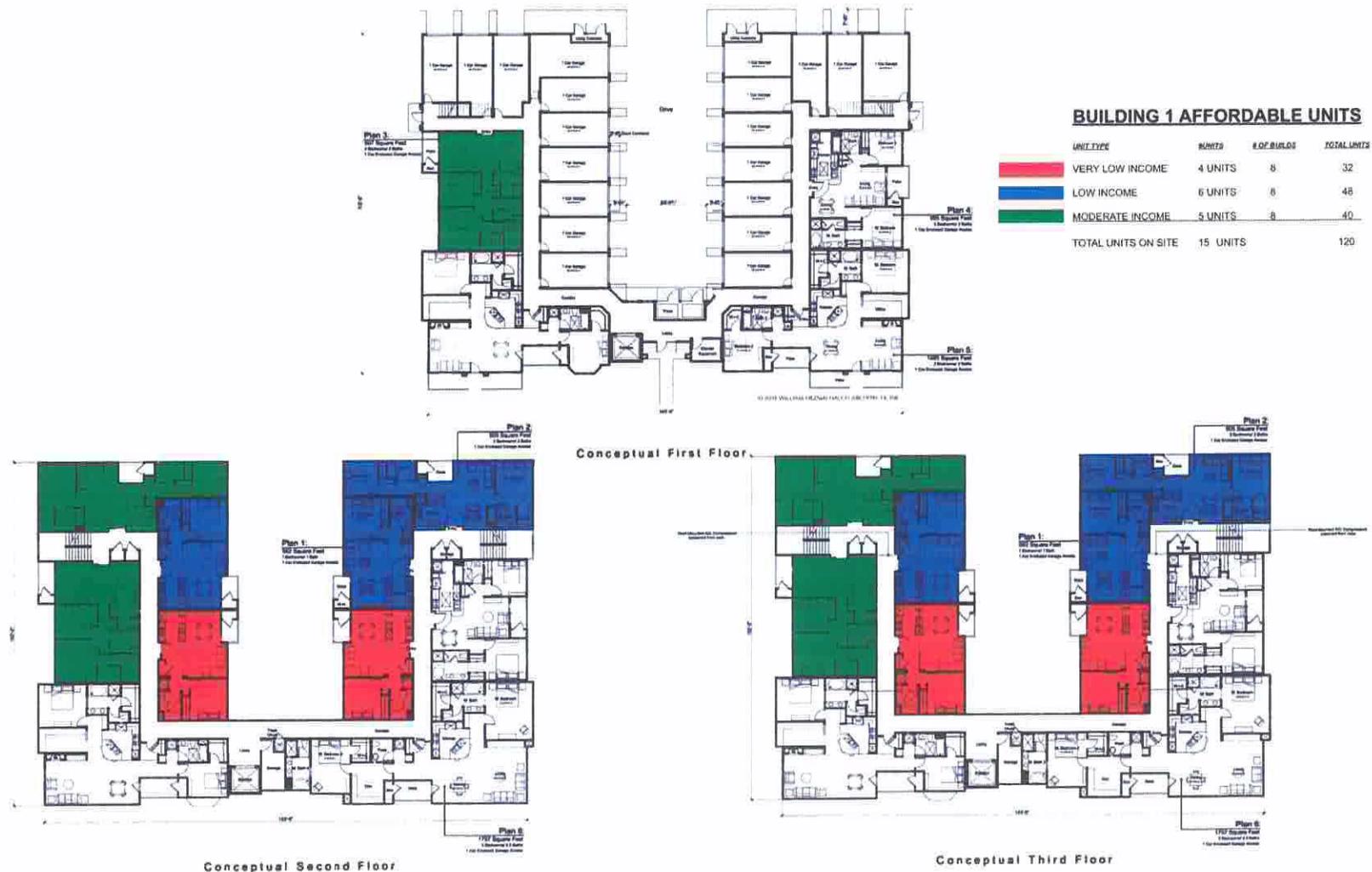


Figure 13
Affordable Housing Plan
Senior Housing
Overall Site Plan



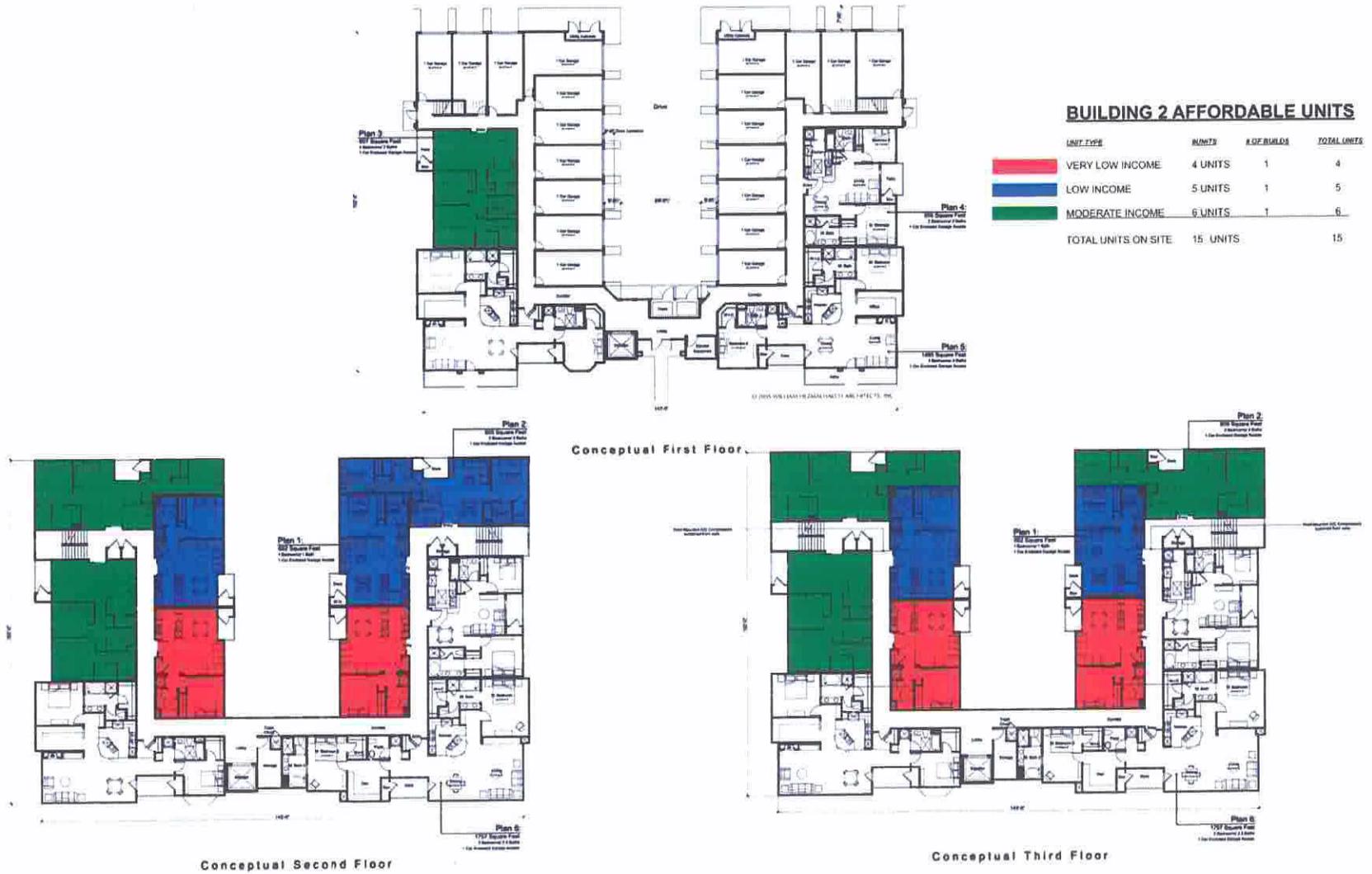
Note: Final site plan and location of units subject to change based on City approval of Tentative Map, Concept Plan, and Design Review submittals.

Figure 14
Affordable Housing Plan
Senior Housing
Building 1



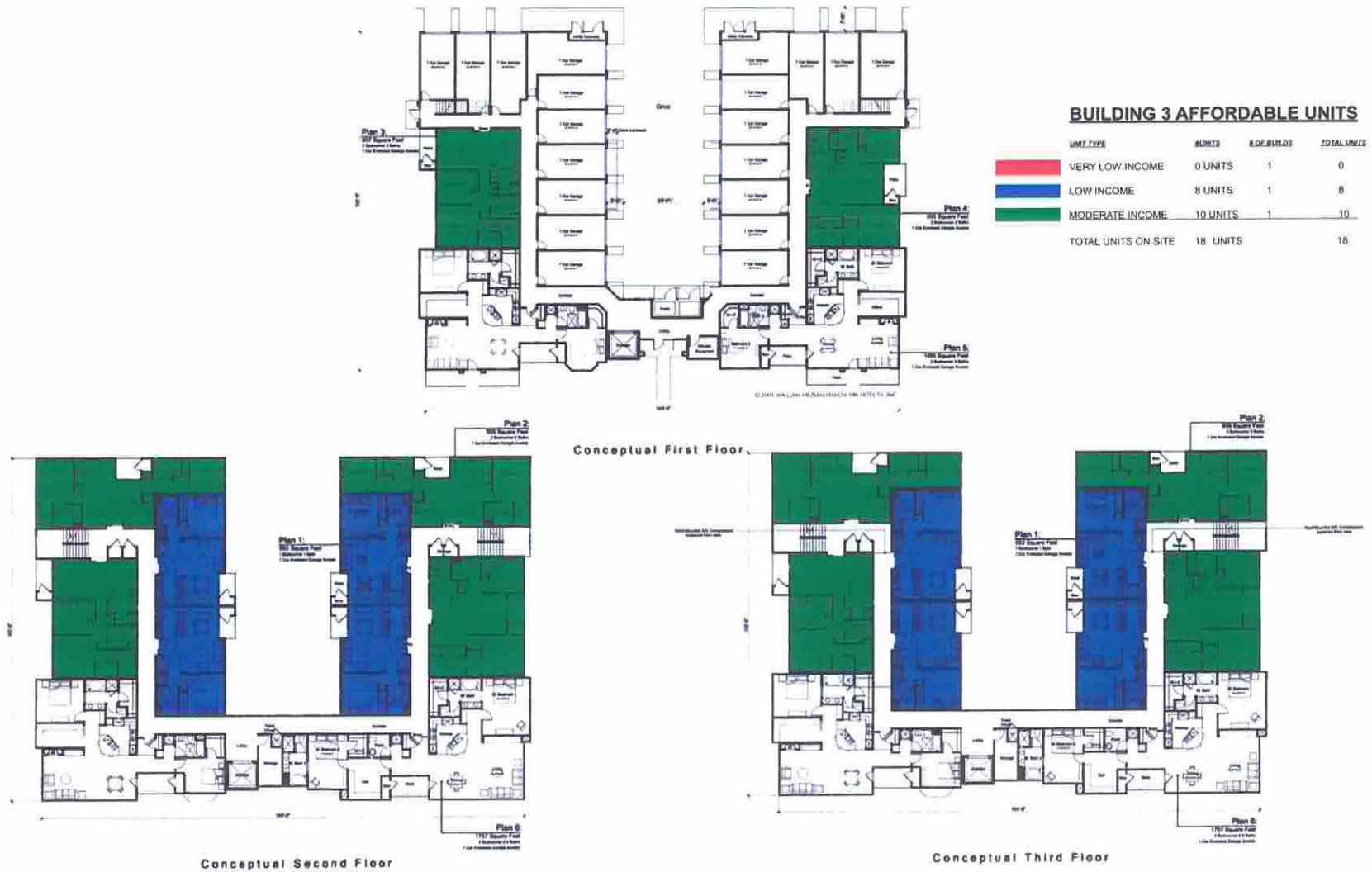
Note: Final floor plans and architecture subject to change based on final approval of construction documents.

Figure 15
Affordable Housing Plan
Senior Housing
Building 2



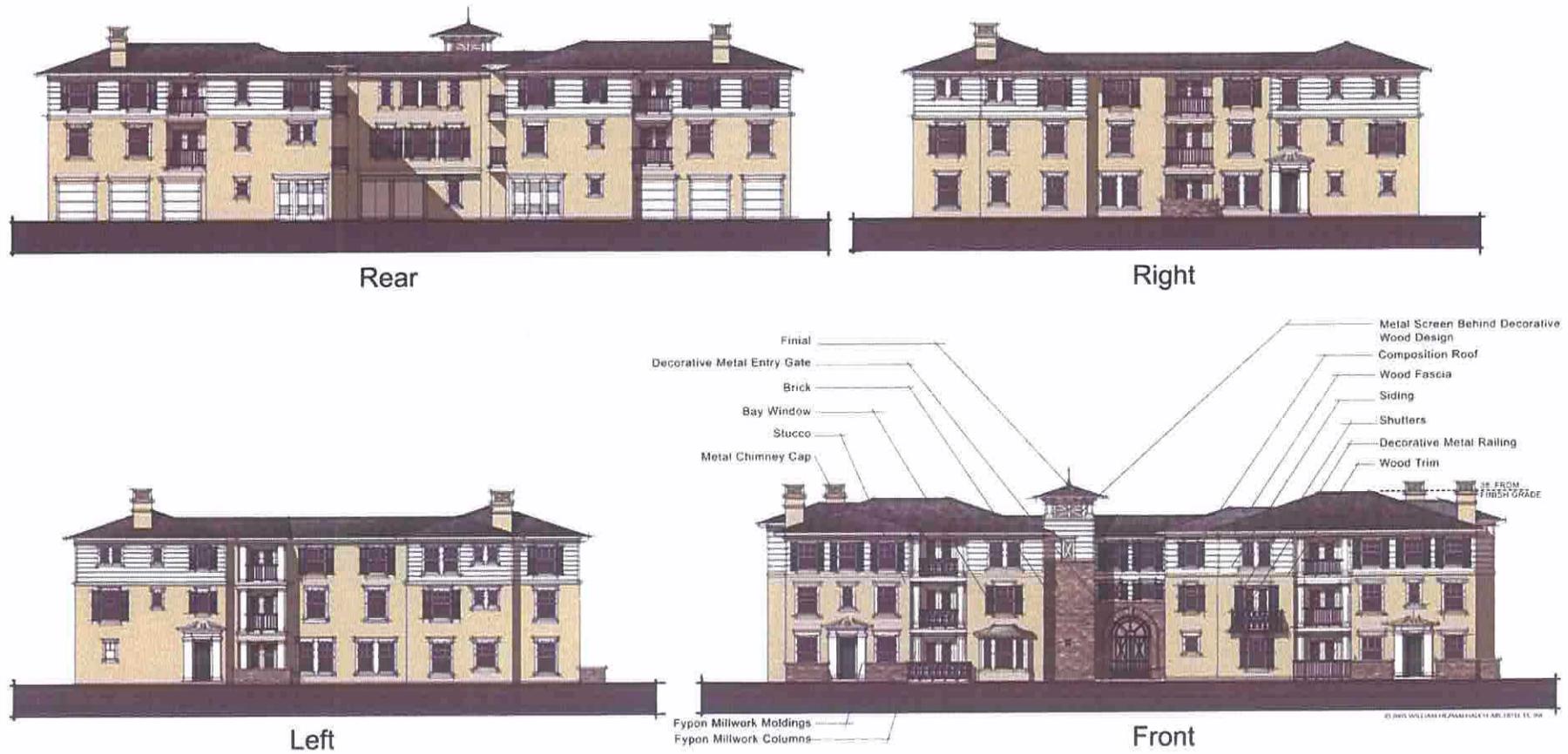
Note: Final floor plans and architecture subject to change based on final approval of construction documents.

Figure 16
Affordable Housing Plan
Senior Housing
Building 3



Note: Final floor plans and architecture subject to change based on final approval of construction documents.

Figure 17
Affordable Housing Plan
Senior Housing
Conceptual Elevations



2.3. Phasing of Affordable Units

The affordable units in Columbus Square and Columbus Grove will be constructed concurrently with market rate units. Figure 18 and Figure 19 illustrate the project phasing for Columbus Square and Columbus Grove, respectively. The project phasing will also be included in a schedule to be attached to the Housing Agreement.

**Figure 18
Project Phasing
Columbus Square**

See folded exhibit at end of document

2.4. Initial and Continued Affordability for Target Units

Twelve of the Target Units have been offered to Human Options and Orange County Interfaith Shelter. The remaining 186 Target Units will be offered for sale to qualifying homebuyers. All Target Units, as well as the 110 Moderate Income Units in Columbus Square and Columbus Grove will be subject to continued affordability for a 45-year period. All buyers of the 186 for sale Target Units will have to comply with the income limits set forth in applicable sections of the California Administrative code. The mortgage lender for each developer will be responsible for certifying compliance of the buyers of Target Units with the applicable income limits. A disclosure document will be provided to each buyer of a Target Unit, informing the buyer of the requirements for ownership and the limitations upon resale of the units.

In order to ensure continued affordability, the buyer of a Target Unit will be required to execute a series of documents including the following:

1. Promissory Note - for the difference between unrestricted market value and the restricted sales price of the unit.
2. Deed of Trust - to secure the Promissory Note.
3. Affordable Housing Covenant - Setting forth the obligation of the buyer to sell only to other qualified affordable buyers and at a restricted affordable housing cost for a 45 year period. The Affordable Housing Covenant will also include provisions prohibiting the rental of the unit, maintenance standards, and limits on the maximum number of occupants.
4. Option Agreement - Providing that the City of Tustin may purchase the unit for the restricted affordable housing cost upon default of provisions of the Affordable Housing Covenant or upon the sale of the unit.
5. Reimbursement Agreement - Provides that any amounts that the City of Tustin advances to cure a delinquency or default on a first trust deed will be subject to reimbursement by the owner.

The documents described above will be incorporated in the Housing Incentive Agreement and may be subject to revision upon request by the developer and consent by the City.

Section 3. Incentive or Concession Request

As a result of the development of the Target Units, the Developer will incur a cost ranging from \$23.0 to \$24.1 million. However, in consideration of the City expediting the review and approval of the project applications, the Developer is waiving its right to Financial Incentives or Concession Requests authorized by the City's Density Bonus Ordinance.

As required by Section 9142 of the City's Density Bonus ordinance, a Housing Incentive Agreement has been executed between the Developer and the City. The recorded documents are as follows:

Housing Incentive Agreement for Columbus Grove - Orange County Records #2005000486587

Housing Incentive Agreement for Columbus Square - Orange County Records #2005000486586

APPENDIX A
Affordable Housing Requirements

**Appendix A
Affordable Housing Plan Summary**

Planning Area	Total Units Proposed (Less Density Bonus)	Specific Plan Affordable Housing Requirement				Proposed Affordable Housing Plan				
		15% Redevelopment Requirement (1)	Additional RHNA Units	Total Requirement	% Target Units (VL + L) For Density Bonus Purposes	Proposed Transfer of Affordable Units	Revised Affordable Unit Count	Proposed Location/Product Type		
PA 4	274 units	16 VL		16 VL	16 VL	(8) Move 8 to PA 5	8 VL	8 VL - PA 4-14 Seniors For-Sale		
		10 L	38 L	48 L	48 L		48 L	48 L - PA 4-14 Seniors For-Sale		
		15 M	15 M	30 M		(14) Move 14 to PA 5	16 M	16 M - PA 4-14 Seniors For-Sale		
		41 Total	53 Total	94 Total	64 Total (23%)	(22) Total Transfer	72 Total (20% or 56 Target Units) (2)	72 Total Affordable Units		
PA 5	621 units	37 VL		37 VL	37 VL	^{VL} + 8 from PA 21, +8 from PA 4 = +16 total	53 VL	28 units - PA 5-8 Seniors For-Sale 5 Units PA 5-5 Row Townhomes 6 units - PA 5-6 Row Townhomes		
		22 L	38 L	60 L	60 L	^L +17 from PA 21	77 L	14 units - PA 5-7 Garden Court Townhomes 13 units - PA 5-6 Seniors 12 units - PA 5-5 Row Townhomes 16 units PA 5-6 Row Townhomes 36 units - PA 5-7 Garden Court Townhomes		
		34 M	16 M	50 M		+14 from PA 4	64 M	40 units - PA 5-8 Seniors For-Sale 12 units - PA 5-5 Row Townhomes 12 Units - PA 5-6 Row Townhomes		
		93 Total	54 Total	147 Total	97 Total (17%)	+47 Total Transfer	194 Total (21% or 130 Target Units)	194 Total Affordable Units		
		PA 21 (4)	329 units	20 VL (incl. 12 Transitional Units)		20 VL	20 VL	(8) Move 8 to PA 5	12 VL (3)	PA 21-13 and 21-14 - Triplex
				11 L	6 L	17 L	17 L	(17) Move 17 to PA 5	0 L	NA
18 M	12 M			30 M	30 M	^M +75	30 M	30 units - PA 21-13 and 21-14 - Triplex		
	49 Total	18 Total	67 Total	38 Total (12%)	(17) Total Transfer	42 Total	42 Total Affordable Units			

(1) Per Tustin Redevelopment Agency, the 15% requirement is to be distributed as follows: 40% VL, with balance distributed as 39% L and 61% M.
 (2) Per Tustin Density Bonus Ordinance, PA 4 and PA 5 would be eligible for a 25% Density Bonus (68 units in PA 4 and 155 units in PA5)
 (3) The 12 Transitional Units are included in PA 21-13 and 21-14, Triplex Townhomes; those units may be transferred to PA 5 at the sole discretion of the City upon approved agreements with the providers.
 (4) The statistics for Planning Area 21 do not include Parcel 36, which was annexed to Tustin on May 16, 2005. The affordable housing obligations associated with Parcel 36 were provided in accordance with City of Irvine standards.