



## **The New Rancho Viejo-Fee Simple Subdivision, Bonsall, California**

In the face of Southern California's worst recession in fifty years, a dazzling new manufactured home community arose anew in North San Diego County's balmy citrus and avocado belt along Interstate 15 in Bonsall. The New Rancho Viejo has proven that homebuyers will readily accept the gamble of purchasing a new home in an uncertain economic period when real value is offered.

<b>Project at a Glance</b>	
Type of project	Planned Unit Development
Type of homes	2 and 3 section HUD-code
Opened in	May 1994
Site area (total)	108 acres
Lots (total)	270
Density	2.5 units/acre
Average lot size	5,500 square feet
Home size	1,046 to 1,650 square feet
Price range	\$109,900 to \$152,900
Dev. Cost/site	\$16,400

### **Developer Takes Manufactured Homes Upscale**

All too often, attempts to bring a troubled residential development back to life have more to do with crunching numbers than with design and marketing. Not so at The New Rancho Viejo. This is a reincarnation of a planned unit development which had fallen victim to the early 1990's financial misfortunes of the original developer. The property was returned to its lender, along with three subdivisions of site-constructed homes and a business park, in satisfaction of the secured debt. Subsequently, the lender was taken over by the Resolution Trust Corporation.

Originally, Rancho Viejo's models were comprised of two and three - section HUD-code homes which were brought to the site, installed on concrete foundations, and made ready for site-added alterations such as attached two-car garages, stucco exteriors and red tile roofs. Floor plans ranged from 1,215 to 1,625 square feet, plus garages, and the homes sold as fee simple real estate for \$125,000 to \$165,000. Eighty-one homes were sold before the sagging economy and the developer's other problems brought a halt to sales.

### **The Project Today**

In August 1993, San Luis Rey Properties, Ltd., a limited partnership with Paul Garrett as its general partner, purchased the remaining 189 lots and the common interest facilities of Rancho Viejo from the RTC for \$3,100,000.

Garrett believed the project already had the essentials of

good community design and value-laden homes, but the need for freshening and updating was clear. He set out to drive the parameters of design as far as he could. The strong Southern California architectural preferences for stucco exteriors and tile roofs would be retained and enhanced, while most of the design changes would occur on the interior of the homes.

Working closely with his manufacturer, Golden West Homes, of Perris, California, Garrett and his development team pushed to create the utmost possible interior volume and to incorporate fresh vibrancy to the elevations.

The street-facing sidewalls are ten feet high, and windows are liberally placed at this high level, giving the interiors a very spacious feel. Ceilings start at the ten-foot level and continue at this height across most of the width of the home, before descending down to a lower point at the rear wall.

"We were going for the volume look, with a visual line through to the rear of the home," said Phil Jones, Project Manager.

"Lots of high glass and the double windows in the corners were part of our design idea." Jones, having worked with developers of manufactured home projects in Florida and California, knows the

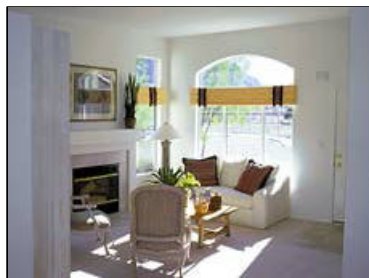
importance of creating light, airy interiors for homes which are physically limited by highway transportation factors.



The most striking element of the new design, however, is the commanding statement each home makes at the entry. All eight elevations (there are two elevations for each of the four floor plans) feature a prominently styled entry vestibule which proclaims formal luxury and elegant living.

On the exterior, the integration of ledges, pillars, gables and ridges into monolithic shapes with stucco enhances the tasteful accent of cultured stone and brick masonry wainscoting.

Fireplaces are located on the exterior walls in three of the four plans, giving additional opportunities to treat the eye with outside chimney chases and caps. This treatment, while still not common in the manufactured housing industry, is becoming more popular on homes sold to developers and builders for real estate sales.



The model homes at The New Rancho Viejo are dramatically different from the customary appearances of manufactured homes. Yet, they represent the clear trend in the industry, which is to capitalize on the inherent advantages of constructing the bulk of the home in a factory, while planning for on-site additions to suit the architectural demands of the site.

The product design changes have attracted home buyers from a broader market to this unique community. The Primrose, starting at \$109,900, offers the first-time home buyer a striking two-bedroom, two-bath home in 1,046 square feet of living space, plus garage. The Meadowlark, at \$125,400 has three bedrooms, two baths, and features a rear patio alcove framed by the master suite and the kitchen/dining room complex. Sliding glass doors from both areas access the patio.

The most popular model, the Northstar, comfortably arranges its three bedrooms and two baths into 1,422 square feet and starts from \$134,900. This home features a three way see-through fireplace which joins the dining room to the family room. The

Evening Shade is the largest model at 1,650 square feet. This elegant four-bedroom, two-bath home starts at \$147,400.

All models include the previously mentioned construction details as standard features, plus ceramic tile entry floors, cultured marble bath lavatory tops, gas cooking and forced air heating, and interior laundry rooms. Front yard landscaping with sprinkler systems, side and rear yard fencing, and many other amenities and energy-conserving features commonly found in upscale Southern California subdivisions, are also included.

## **Sales And Marketing**

"We tried to stress the environment of The New Rancho Viejo," said Janet Lawless Perry, president of Lawless Marketing in Encinitas, California. Perry managed the marketing package for the project.

"This quiet, tranquil area appeals to people who want a country setting, close to nature, with acceptable commute patterns to area employers," she explained. "You'll like our night life," declares an owl in one of her ads.

Perry targets a special segment of the market. "People will either pay extra to live at Rancho Viejo because of the natural surroundings, or you couldn't pay them enough to live there." Her mission is to attract the former, and she achieves that by creating powerful first impressions.

The sales office is brightly illuminated through two pairs of French doors and interior fixtures. Perry's displays include the subdivision map table in the center of the room and a Lucite exhibit of each of the floor plans and elevations along the side wall.

Visitors to the sales center receive a colorful sales brochure before beginning a self-guided tour of the model homes. A walkway connecting the sales center with the models winds through beautifully landscaped and manicured lawns, enhancing the appeal of the community. Custom signage along the walkway identifies each model home by name, square footage and number of bedrooms. Each of the four models is delightfully furnished, decorated and landscaped, including an attractive display of backyard furniture and fixtures. The homes are heated and cooled, and scrupulously maintained.

A tour of the community center and recreational amenities helps the visitor envision the famed Southern California lifestyle. Common facilities include a 5,300 square foot clubhouse with an outdoor heated pool and spa, 30 acres of open space with bike paths, trails, tot lots, and basketball and volleyball courts. The area is rich in golf courses, riding stables and wineries. Pacific Ocean beaches are only 17 miles away.

## **The Construction Process**

Upon receipt of a mortgage commitment, the buyer's home is ordered from Golden West. When the precise delivery date is known (usually two to four weeks from the date of a firm order), the site, including the placement of a concrete foundation, is prepared for delivery. When the home arrives from the factory, it is placed upon the foundation and stitched together. Framing for the garage, the entry porches and other site-erected structures is completed. Utilities are run underground from the street and connected to the home. The tile roofs and stucco exteriors, which are too heavy to transport, are then applied. Finally, concrete flatwork, landscaping and fencing are placed. At the same time, the interior walls are joined and finished out, the carpeting is installed, and the home is "groomed and cleaned" for the buyer's acceptance.

The average time for completion after the home arrives from the factory is five weeks. The developer estimates that the stucco and tile exteriors alone add one and one-half weeks to the on-site finishing process. This is consistent with other California

manufactured housing projects with similar characteristics. San Luis Rey Properties believes that not having to hold inventory while trying to out-guess micro market cycles is a real benefit of using manufactured homes. Buyers will tolerate a waiting period of two to two and one-half months, but not longer. This gives The New Rancho Viejo a real advantage over its site-built competition.

## **Financing And Regulatory Issues**

Buyers here discover that mortgage financing choices for their new homes are identical to the rates, terms, loan-to-value ratios, and non-recurring closing costs of any new site-built home. In fact, all FHA loan insurance and VA loan guarantee programs are available to buyers on par with site-built homes. Freddie Mac and Fannie Mae routinely buy the mortgages in the secondary market. GMAC Mortgage works closely with the sales staff, offering a broad selection of fixed and adjustable rate programs.

Buyers receive an extended warranty on their homes, covering workmanship over the first year, systems for two years, and structural defects for 10 years. Coverage is provided by Home Buyers Warranty of Aurora, Colorado.

Manufactured home subdivisions, planned unit developments and urban infill project have all flourished in California, partially as a result of the removal of regulatory barriers to the market. Over the past fifteen years, the California legislature has passed a series of laws which permit the installation of architecturally compatible HUD-code manufactured homes in any single-family zoned neighborhood.

Further, laws which remove burdensome and unneeded processes, such as conditional use permits, variances and public hearings were passed, to clear any remaining obstacles similar to those which still hinder the evolution of the manufactured home in other parts of the country. An enlightened legislature even barred newly-recorded deed restrictions from prohibiting manufactured homes.

## **Lessons Learned**

Freed from the bonds of exclusionary zoning and limited access to mortgage markets, the manufactured home has evolved more quickly in California, resulting in examples of homes and communities unseen and unheard of elsewhere. Clever developers who learn to maximize the advantages of the factory building process without reversing the cost/benefit threshold for the manufacturer will find that the manufactured housing industry can help them deliver a value-laden home with unique selling features while maintaining a competitive advantage. The fine homes on sale today at the New Rancho Viejo attest to the power of the free market, employed effectively by a forward thinking developer.

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Special thanks to Steve Hullibarger of The Home Team (sghull@ix.netcom.com) for contributing to this Development Profile.

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## Northstar

Plan 3 - 1,422 square feet - 3 bedroom/2 bath

### Features

- Dramatic volume ceilings
- Dual bowl sinks in master bath
- Eating bar between family room and kitchen
- Den option in lieu of third bedroom
- Marble sinks in baths
- Indoor washer/dryer area
- Walk-in closet in master bedroom
- Wood burning see-through fireplace with tile hearth and facing
- Two-car garage
- Gas appliances/heating
- Sliding glass doors from master bedroom
- Standard front porch



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