



SUMMARY REPORT

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**Agenda Date:** 1/7/2025

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**To:** Board of Commissioners, Board of Supervisors, and Board of Successor Agency

**Department or Agency Name(s):** Community Development Commission

**Staff Name and Phone Number:** Rhonda Coffman 707-565-7542

**Vote Requirement:** Majority

**Supervisorial District(s):** Countywide

**Title:**

First Amendment to the Disposition, Development and Funding Agreement between the Sonoma County Community Development Commission, MidPen Housing, and UrbanMix Development

**Recommended Action:**

- A) Approve the First Amendment to the Disposition, Development and Finance Agreement by and among the Sonoma County Community Development Commission, MidPen Housing, and Urban Mix Development.
- B) Authorize the Executive Director of the Sonoma County Community Development Commission to execute the First Amendment to the Disposition, Development and Finance Agreement.

**Executive Summary:**

The Community Development Commission (Commission) is requesting authority for the Executive Director to execute the First Amendment to the Disposition, Development and Funding Agreement (DDFA) for the Tierra de Rosas project (Project), formally known as Roseland Village Neighborhood Center. The First Amendment extends and waives the Commission's obligation to deliver certain milestones under the agreement, revises permitted transfers, events of default, and includes non-substantive changes and corrections.

**Discussion:**

On March 12, 2019, the Board of Supervisors authorized the Commission to execute the DDFA with MidPen Housing and Urban Mix Development for the Tierra de Rosas Project formally known as Roseland Village Neighborhood Center Redevelopment.

On July 25, 2019, the Santa Rosa City Council affirmed the Planning Commission's approval of the Project and environmental analysis. The project approved by the City of Santa Rosa includes the following planned components:

- "Casa Roseland" Affordable Housing Development:
  - 75 multi-family rental units for households at 30 - 60% of the Area Median Income (AMI)
- "Tierra de Rosas" Mixed-Use Development:
  - 1-acre Public Plaza
  - Market Rate Housing: 100 multi-family rental units
  - Mercado Commercial Parcel
  - Space for 24,000 square foot civic building

The DDFA obligates the Commission to convey the Affordable Development Parcel to the Affordable Developer. On November 21, 2024, the Final Map Phase I for Tierra de Rosas was recorded, which subdivided Lot 1 the Affordable Development Parcel to allow the Commission to convey Lot 1 to the Affordable Developer in January 2025.

Due to changes in the Project, the First Amendment to the DDFA will revise Project milestones and parties' obligations that have arisen since the DDFA was executed in 2019.

The First Amendment includes the following amendments:

- A. Corrections to the ongoing Schedule of Performance;
- B. The Affordable Developer and the Commission agree that Project Based Housing Vouchers are no longer required for the Project and agree the Alternative Financing Structure is mutually acceptable to finance the Affordable Development;
- C. Allow the Commission's obligation to complete the Operation and Maintenance Plan until after commencement of Construction of Infrastructure Improvements;
- D. If the Commission fails to complete the construction of the Infrastructure Improvements by the time set forth in the Development Schedule then the Affordable Developer at its option may terminate this Agreement by providing written notice to the Commission;
- E. Allow the Commission to complete compliance with the Operation and Maintenance (O&M) Plan until after commencement of Construction of Infrastructure Improvements
- F. The Affordable Developer agrees to accept the Affordable Development Parcel with the ongoing monitoring as required in the DDA and subject to the Commission's O&M Plan, the Affordable Developer agrees to provide the Commission a right of entry to complete the Commission's obligation under the O&M Plan;
- G. The O&M Plan for the Affordable Development Parcel may be assigned to the Affordable Developer and terminated as to the Commission's operation and maintenance monitoring obligations;
- H. The Commission has no responsibility for the conduct of Affordable developer's duties and obligations or implementation of the O&M Plan on the Affordable Development Parcel;
- I. The Affordable Developer shall not halt or cease construction period from no more thirty consecutive days;
- J. The Commission releases interest to the Affordable Developers senior lender to approve material changes to the Affordable Development and in exchange the Commission will receive a reliance letter from the senior lender's construction monitor confirming the material change is consistent with the Project;
- K. Waive the Commission's obligation to prepare and assign an approved Operation and Maintenance Agreement for ongoing monitoring on the Affordable Development Parcel because the Affordable Developer has prepared its own Operation and Maintenance Plan approved by the Water Board;
- L. Revisions and corrections to termination rights; permitted transfers that are made in accordance with the Affordable Developer's Partnership Agreement; and revisions to event of defaults; updated the notice address for the Affordable Developer; and annual maintenance charges for the Plaza Parcel assessed to the Affordable Developer, and Market Rate Developer; and makes minor non-substantive corrections.

Authorization of this request will provide authority to the Executive Director of the Commission to execute the First Amendment to the DDFA to reflect the parties' current obligations and milestones for the project.

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**Strategic Plan:**

This item directly supports the County's Five-year Strategic Plan and is aligned with the following pillar, goal, and objective.

**Pillar:** Healthy and Safe Communities

**Goal:** Goal 3: In collaboration with cities, increase affordable housing development near public transportation and easy access to services.

**Objective:** Objective 2: Identify and leverage grant funding sources for permanent supportive and affordable housing development.

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

No

**Prior Board Actions:**

12/10/24 Substantial Amendments to the Fiscal Year (FY) 2021-2022 Annual Action Plan; County Fund for Housing (CFH) and Permanent Local Housing Allocation (PLHA) allocations; by Resolution, authorize the Sonoma Community Development Commission (CDC) to apply for California Department of Housing and Community Development (HCD) Prohousing Incentive Program, Round 3 (PIP-R3); authorization to execute documents related to Tierra de Rosas development; and adopt a Resolution declaring CDC owned land to be transferred for the development of Casa Roseland affordable housing to be exempt surplus land.

05/14/24 Tierra de Rosas and Recognition of Affordable Housing Month.

11/07/2023: Roseland Village Demolition & Remediation Contract Award

09/12/2023: Received Update, Casa Roseland, and Tierra de Rosas.

06/15/2023: Authorized \$7,678,011 from one-time General Fund monies, and \$2,000,000 from Third District infrastructure funds.

05/16/2023: Authorized Executive Director Michelle Whitman to execute IIG Grant documents.

02/07/2023: Authorized \$1,374,000 in Strategic Plan Funds.

01/31/2023: Authorized the switch of up to \$2,079,477 CFH funds from the construction of the Casa Roseland project to pay for a portion of the construction costs of Tierra de Rosas infrastructure. Approved \$3,750,000 LMIHAF loan for the construction of the Casa Roseland and \$960,000 seller-carry back financing for the acquisition of the Affordable Housing Parcel.

Authorized amendment to PSA with MidPen increasing the budget to \$5.42 million. Authorized waiving the annual monitoring fees for the affordable units. Made findings that the use of LMIHAF funds will be a benefit to the Project Areas. Authorized Interim Executive Director Rhonda Coffman to execute IIG grant documents. Authorized Interim Executive Director Rhonda Coffman to apply for Ag + Open Space District Matching Grant funding.

10/25/2022: Provided an update to Board on the status and financing gap for the Tierra de Rosas and Casa Roseland mixed-use project.

08/31/2021: Authorized CDC Interim Executive Director Dave Kiff to execute IIG grant documents.

03/16/2021: Authorized amendment to PSA with MidPen increasing the budget to \$3,303,667.

02/04/2020: Authorized CDC Interim Executive Director Barbie Robinson to execute IIG grant documents.

08/20/2019: Authorized amendment to PSA with MidPen increasing the budget to \$2.4 million.

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03/12/2019: Authorized CDC to execute the DDFA with MidPen and Urban Mix Development. 12/11/2018: Approved \$2,000,000 CFH loan for Casa Roseland.

11/15/2016: Approved \$537,500 CFH loan for Casa Roseland.

07/19/2016: Approved PSA between CDC and MidPen for an amount up to \$1.55 million. 01/26/2016: Authorized the CDC to negotiate a DDFA with MidPen.

07/21/2015: Approved Inter-Agency Agreement for the Roseland Village Redevelopment Project, agreement for the planning, purchase and installation of recreational areas at the Roseland Village Neighborhood Center, and Interim Temporary Use Policy

04/08/2014: Authorized CDC to apply for Open Space District Matching Grant Program funds.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY23-24 Adopted</b>	<b>FY24-25 Projected</b>	<b>FY25-26 Projected</b>
Budgeted Expenses			
Additional Appropriation Requested			
<b>Total Expenditures</b>			
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
<b>Total Sources</b>			

**Narrative Explanation of Fiscal Impacts:**

There are no fiscal impacts related to the approval of this requested action.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

**Narrative Explanation of Staffing Impacts (If Required):**

None.

**Attachments:**

1. First Amendment to the Disposition, Development and Funding Agreement

**Related Items "On File" with the Clerk of the Board:**

1. Disposition, Development and Finance Agreement

2. Alternative Financing Structure