



SUMMARY REPORT

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**Agenda Date:** 5/14/2024

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**To:** Board of Commissioners, Board of Supervisors, and Board of Successor Agency  
**Department or Agency Name(s):** Sonoma County Community Development Commission  
**Staff Name and Phone Number:** Michelle Whitman, (707) 565-7504  
**Vote Requirement:** 4/5th  
**Supervisorial District(s):** Countywide

**Title:**

Tierra de Rosas and Recognition of Affordable Housing Month.

**Recommended Action:**

- A. Receive Progress Report on the Tierra de Rosas and Casa Roseland Affordable Housing and Community Development Projects.
- B. Authorize the Executive Director of the Sonoma County Community Development Commission (Commission) to award a contract in the amount of \$14,762,271 for the Tierra de Rosas Infrastructure Phase 1 and Phase 2 project to Ghilotti Construction Company, Inc.
- C. Approve plans and specifications for Tierra de Rosas Infrastructure Phases 1 and Phase 2, and authorize the Executive Director of the Commission to execute a construction contract and all related documents between the Commission and Ghilotti Construction Company, Inc., including as needed amendments to contract, plans or specifications for add-on work, for the Infrastructure work Phases 1 and 2 of the Tierra de Rosas Mixed-Use Development located at 665 and 883 Sebastopol Road, Santa Rosa, with a contract price of \$14,762,271, plus 15% contingency cost allowance, for a total project cost not to exceed \$16,976,612.
- D. Authorize the Executive Director of the Commission to make findings that pursuant to the City of Santa Rosa Resolution 2019-085, the infrastructure work of the Tierra de Rosas Mixed-Use Development is in compliance with the California Environmental Quality Act (CEQA) and exempt from further analysis.
- E. Adopt a resolution authorizing \$852,534 of FY 23/24 budgetary adjustments to true up the budget needed for the infrastructure work Phases 1 and 2 of the Tierra de Rosas Mixed Use Project. (4/5<sup>th</sup> vote)
- F. Adopt a resolution recognizing May 2024 as Affordable Housing Month.

**Executive Summary:**

The Sonoma County Community Development Commission (Commission) acquired the Roseland Village Shopping Center property in 2011 utilizing Redevelopment Funds to plan and facilitate development of a mixed-use project including affordable and market rate housing and public serving areas and uses in the Roseland neighborhood in Santa Rosa. Tierra de Rosas refers to the infrastructure components of the project, including a public plaza to support the subsequent development of 75 affordable housing units, and 100 market rate units.

Following remarkable progress over the last 12 months to expand funding sources and reduce costs, the Commission is now ready to award a construction contract and execute documents for Phases 1 and 2 of backbone infrastructure construction for the Tierra de Rosas Mixed-Use Development (Project). Phase 3 of the project, which is fully funded but not included in the construction contract presented under this item, will

install the public plaza.

Today the Commission is requesting authority to award a contract and execute documents to begin Phases 1 and 2 of the backbone infrastructure work for the Project. Infrastructure Phases 1 and 2 include site clearing, grading, excavation and backfill; installation of detention basin for stormwater capture system; installation of wet utilities; joint trench dry utilities installation and relocation; surface improvements; and landscape amenities. The environmental impacts of the Project were considered in connection with the Sonoma County Board of Supervisors' approval of the Sebastopol Avenue Urban Vision in 2007 and the Board of Supervisors' approval of a Mitigated Negative Declaration for the Urban Vision Plan project. The Urban Vision Plan contemplated an area-specific plan for redevelopment, including the infrastructure work being proposed.

This item seeks authority for the Commission to award and execute a contract with Ghilotti Construction Company, Inc. in the amount of \$14,762,271 for Phases 1 and 2 of the Tierra de Rosas infrastructure work. The not to exceed amount of \$16,976,612 includes a 15% contingency for any necessary change orders.

Lastly, the Commission requests support for a resolution recognizing May 2024 as Affordable Housing Month.

**Discussion:**

The Board of Supervisors (Board) established the Roseland Redevelopment Project Area in 1984. In 2005, the Commission and the City of Santa Rosa (City) joined together to sponsor a community visioning process to create a consensus among the local community about what future development of the Sebastopol Road corridor should look like, and what types of uses should be located there. This process resulted in County of Sonoma and the City adopting the Sebastopol Road Urban Vision Plan (UVP), which is "on file" with the Clerk of the Board.

The UVP envisioned a mixed-use project on what was formerly known as the Roseland Village property, including several elements the community identified as priorities: affordable housing, one-acre public plaza, commercial spaces, and an indoor community activity space that could accommodate public uses. The intent of UVP has and will continue to inform planning processes and Project design.

On July 19, 2016, the Board authorized the Commission's Executive Director to execute a Professional Services Agreement with MidPen Housing (MidPen) for third-party predevelopment services associated with obtaining required approvals for the Project. In 2017 Roseland was annexed into the City. In February 2018, the Commission and MidPen applied for a tentative map, subdivision map, and density bonus concessions to the City. On July 25, 2019, the Santa Rosa City Council affirmed the Planning Commission's approval of the Project and environmental analysis, including the following components:

- "Casa Roseland" Affordable Housing Development, with 75 multi-family rental units for households at 30 - 60% of the Area Median Income (AMI).
- "Tierra de Rosas" Mixed-Use Development with:
  - Market Rate Housing: 100 multi-family rental units
  - Mercado Food Hall
  - Mitote Food Park, a temporary use
  - Space for 24,000 square foot civic building

By June 2023, Tierra de Rosas faced a finance gap exceeding \$18 million despite three years of fervent fundraising yielding County and State funding commitments totaling \$22 million toward the \$40 million capital budget. During June 2023 budget hearings, the Board of Supervisors approved \$7.68 million in one-time funding to address the gap and kickstart infrastructure construction. Supervisor Chris Coursey committed an additional \$2 million from district specific infrastructure funds (established during the 2022-23 Budget Hearings), for a total of \$9.68 million in new County investment to further bridge the gap. Later in June 2023, the Commission welcomed news that State Senator Mike McGuire and Assemblymember Damon Connelly successfully secured \$1,000,000 and \$2,000,000, respectively, in State budget allocations to pave the way for development of the site. In August 2023, the Commission was awarded a \$2,000,000 Ag+Open Space Matching Grant to fund the public plaza, for a total of \$14.68 million in new funding sources to address the \$18 million gap. Project phasing, value engineering, fee adjustments, and other cost containments have reduced costs by approximately \$1.4 million, shrinking the funding gap even more. Today, a nominal funding gap remains, albeit outside of the construction phases, specific to operation and maintenance of the public plaza as it is put into service in 2027, a cost estimated at \$150,000/year. The Commission is actively seeking a partnership to operate and maintain the public plaza. See Sources and Uses (Attachment 2) for committed funding (Sources) and project costs (Uses).

In summer 2023, with substantial funding commitments finally in place for infrastructure construction, staff initiated a series of meetings, including administrative and elected leadership from the County and City, forging a strong commitment to the Project from both jurisdictions. Cross-jurisdictional collaboration has ultimately saved both time and money so the Project could advance toward construction. In December of 2023 the first piece of the infrastructure project, demolition of residual buildings, was completed in preparation for Phases 1 and 2 to construct backbone infrastructure.

Over the past 11 months, Project design was refined, and in some cases re-engineered to build out in three phases, both to save money, and to keep the Mitote Food Park in its current location leading up to construction of Phase 3. The Commission meets regularly with Mitote's operators to plan for the future of the enterprise given its current status as a temporary use. The presence of the Mitote Food Park has been extremely beneficial at the site, and the Commission and community value its operators and rotating vendors.

Today, the combination of gap funding, cost containment, and elevated City/County cooperation have readied the Commission to award a contract and execute documents to begin Phases 1 and 2 backbone infrastructure work for the Tierra de Rosas.

Tierra de Rosas infrastructure Phases 1 and 2 includes site clearing, grading, excavation and backfill; installation of detention basin for stormwater capture system; installation of wet utilities; joint trench dry utilities installation and relocation; surface improvements; and landscape amenities. The commencement of the backbone infrastructure for the Project positioned MidPen to apply for competitive Low Income Housing Tax Credits and tax-exempt bond financing in April 2024. MidPen has significantly narrowed their separate funding gap for construction of the affordable housing component and has reaffirmed its dedication to this Project in response to City and County actions to make the project viable.

### **California Environmental Quality Act**

The backbone infrastructure and tentative map were approved by the City via resolution 2019-085. The resolution resolved that the Project was reviewed and in compliance with CEQA and pursuant to CEQA

Guidelines Section 15183 is exempt from further environmental review.

The Commission makes the following findings:

1. The Commission has considered the environmental effects of the project as shown in the environmental impact report (EIR) and final environmental impact report (FEIR).
2. A new subsequent or supplemental EIR is not authorized by CEQA Guidelines sections 15162 and 15163, as none of the triggers for further environmental review are met.
3. Pursuant to Public Resources Code section 21002.1(d) and CEQA Guidelines section 15096(g), no alternatives or additional mitigation measures are required to address the direct or indirect environmental effects of the limited parts of the project that the Commission is deciding to carry out, finance, or approve.
4. Notwithstanding the fact there are no significant impacts related to the part of the project that the Commission is carrying out, pursuant to CEQA Guidelines section 15096(h), the Commission concurs with the findings in City of Santa Rosa Resolution No. 2019-085, including items 1 and 2 concerning the project being exempt from further review.

### **Public Bidding and Proposals**

A Notice Inviting Bids for the Tierra de Rosas Infrastructure Phases 1 and 2 was issued on February 20, 2024. One mandatory pre-bid site visit was held on February 29, 2024. The bid closing occurred on April 5, 2024; however, no bids were received. Pursuant to California Public Contract Code § 22038(c), if no bids are received the project may be performed by negotiated contract and no further bidding is required.

Following negotiation with qualified infrastructure contractors who completed the original bid walk, a proposal was received for the Tierra de Rosas Infrastructure Phases 1 and Phase 2 Project, in the amount of \$14,762,271. Commission staff and consultants reviewed the proposal for completeness and responsiveness, investigated contractor license status including general contractor licensing and hazardous materials abatement licensing through Contractors State License Board (CSLB), Cal OSHA registration through the Department of Industrial Relations, and entity eligibility through Sam.GOV. In conclusion, staff determined that Ghilotti Construction Company Inc. is a responsive and responsible bidder.

### **Project Schedule**

If approved by the Board of Commissioners/Supervisors, Commission staff will issue the Notice of Award on May 15, 2024, and commence with execution of the construction contract. Work is scheduled to begin on or around May 22, 2024 with completion in summer 2026.

Contract milestones include:

- Contract execution: May 2024
- Commencement of infrastructure work: May 2024
- Substantial completion of Phase 1 backbone infrastructure: February 2026
- Commencement of Phase 2 backbone infrastructure: March 2025
- Substantial completion of Phase 2 backbone infrastructure: July 2026

### **Funding and Agreements**

Funding for Phases 1 and 2 of the infrastructure work is being provided by a portion of proceeds from the California Housing and Community Development (HCD) Infill Infrastructure Grant (IIG), the Affordable Housing and Sustainable Communities (AHSC) Program, State of California budget allocations, Sonoma County General

Fund, County Strategic Plan Funds, Third District Infrastructure Awards, and an Ag+Open Space Matching Grant.

The Commission was awarded \$6,364,134 in IIG funding for the Project, \$620,616 in AHSC funds, and \$2,000,000 Ag+Open Space Matching Grant, all reimbursement grants. Additionally, the State awarded a combined \$3,000,000 from State budget allocations, already received by the Commission. The County committed \$7,678,011 from the General Fund, \$2,000,000 from the Third District Infrastructure Fund. Today, appropriations are requested from the previously committed County General Fund and Third District Infrastructure monies to prevent financial authority constraints from delaying time sensitive work during Phases 1 and 2.

The Roseland Village Demolition project, completed in December 2023, was the first step in starting the backbone infrastructure work. With today's contract award, the infrastructure work will ensure that the site of the Casa Roseland Affordable Housing Development is ready once the final financing is secured by MidPen. If either round of housing tax credit/bond applications is successful, it is anticipated that construction will commence in the first half of 2025. Today's contract award also allows for the other components of the Tierra de Rosas Mixed-Use Development to move forward.

**Affordable Housing Month**

The month of May is nationally recognized as affordable housing month and the Commission requests the Board adopt a resolution that proclaims the month of May 2024 to be Affordable Housing Month for the County of Sonoma. The County of Sonoma, the Commission, and the Sonoma County Housing Authority have made affordable housing an important goal to be achieved by providing annual funding, programs and services that support the protection, preservation, and production of affordable housing. Affordable housing supports Sonoma County's diversity and sustainability, and is the foundation for health, economic prosperity, and educational opportunity.

**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 3: Create incentives for developers to promote affordable housing development in the County.

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?** No

**Prior Board Actions:**

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

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

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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.

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.

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		\$16,124,078	
Additional Appropriation Requested	\$852,534		
<b>Total Expenditures</b>	<b>\$852,534</b>	<b>\$16,124,078</b>	
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal	\$852,534	\$6,132,216	
Fees/Other		\$9,991,862	
Use of Fund Balance			
General Fund Contingencies			
<b>Total Sources</b>	<b>\$852,534</b>	<b>\$16,124,078</b>	

**Narrative Explanation of Fiscal Impacts:**

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Expenditure and Revenue appropriations are being requested for the FY2023-24 in the amount of \$852,534. Additional funding will include \$852,534 in available grant proceeds from the California Department of Housing & Community Development Infill Infrastructure Grant. Appropriations of \$16,124,078 were included in the FY2024-25 budget development. Funding sources include \$5,511,600 from the California Department of Housing & Community Development Infill Infrastructure Grant, \$620,616 from the California Department of Housing and Sustainable Communities Program, \$7,678,011 from the County of Sonoma, \$2,000,000 from District 3 Infrastructure fund and \$313,851 from Sonoma County Ag & Open Space Matching Grant.

<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>
N/A			

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

No staffing impacts are realized as a result of this action.

**Attachments:**

1. Contract between Commission and Contractor
2. Sources and Uses
3. Budget Resolution
4. Resolution Recognizing Affordable Housing Month
5. Presentation

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

1. Sebastopol Road Urban Vision Plan (UVP)
2. TDR Infrastructure Phase I and Phase II plans
3. PPT Presentation