



SONOMA COUNTY

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

Summary Report

Agenda Date: 3/12/2019

To: Board of Commissioners of the Community Development Commission
Department or Agency Name(s): Sonoma County Community Development Commission
Staff Name and Phone Number: Benjamin Wickham, 707-565-7542
Vote Requirement: Majority
Supervisory District(s): 5th District

Title:

Roseland Village Development Project: Key Milestones and Approvals

Recommended Actions:

Board of Commissioners:

- A) Authorize the Sonoma County Community Development Commission (Commission) to enter into a Disposition and Development Agreement (DDA) with MidPen Housing Corporation (MidPen) and Urban Mix Development LLC (Urban Mix) for construction of a mixed-use development on the Roseland Village site at 665 Sebastopol Road, Santa Rosa. The Development will include 75 units of affordable housing and 100 units of market-rate housing.
- B) Authorize the Commission to acquire the adjacent 26,136 square foot (0.60 acre) Gee Parcel for inclusion in the affordable housing portion of the Roseland Village Development Property
- C) Authorize the Commission to enter into a lease with MidPen Housing (with the right to subsequently assign the lease to Notre Mere Inc., DBA: Mitote Food Park) for the Plaza Temporal portion of the Roseland Village Development property

(Fifth District)

Executive Summary:

Roseland Village is a mixed-use development that will include affordable housing, market-rate housing, a retail development, a civic-use building and a public plaza. The Board of Commissioners has long recognized the Roseland Village Development as an important project to the residents of the Roseland Neighborhood, to the City of Santa Rosa, and to County as a whole. Commission staff, along with MidPen and Urban Mix, have been working diligently to achieve key milestones on the way to getting this development project under construction. The Commission is now requesting Board approval of three key actions, important milestones in the forward progress of the Roseland Development Project.

Approval of these three actions brings the Commission a major step closer to getting 175 units of desperately needed affordable and market-rate housing under construction. Additional improvements that are part of the Roseland Development project will provide resources and amenities, crucial in support of the well-being of the community.

Agenda Date: 3/12/2019

Discussion:

1. Disposition and Development Agreement On January 26, 2016 the Board authorized the Executive Director of the Commission to negotiate a DDA with MidPen as the intended developer of the planned Roseland Village Neighborhood Center mixed- use redevelopment project. Commission staff, with support from County Counsel and Goldfarb Lipman LLP attorneys, have completed negotiation of this comprehensive document with MidPen and Urban Mix. Negotiation of this document has been concurrent with the very substantial predevelopment work envisioned in the Exclusive Negotiating Agreement. At this time, the Commission is prepared to execute the DDA, which identifies key responsibilities of the parties, including the following (the terms used herein are as defined in the DDA): 1. MidPen: a. Must close on all financing necessary to complete the Affordable Housing Development prior to conveyance by the Commission of the Affordable Development Parcel. 2. Urban Mix: a. Must submit a Market Rate Development Financing Plan to the Commission prior to conveyance by the Commission of the Market Rate Development Parcel. 3. MidPen and Urban Mix: a. Must obtain all Government Approvals for development and operation of their respective Development Improvements. 4. The Commission: a. Must complete an Environmental Remediation and Infrastructure Construction Financing Plan for the Development Site. b. Provide insurable Title to both the Affordable and Market Rate Development Parcels. c. Complete an appraisal prior to conveyance of the Parcels to establish fair market value. The DDA lays out a two-phased development process for the entire Roseland Village site. The financing and construction of the elements identified as Phase I, including Infrastructure Construction, Environmental Remediation, the Affordable Housing Development and the Market Rate Development, are clearly defined in the DDA presented to the Board today. The development process and financial feasibility of the elements of the Roseland Village Development identified as Phase II, including the Civic Building (future Library and Boys & Girls Club), the Mercado, and the Plaza will be negotiated over a period of 24-months, commencing with the execution of this DDA. It is envisioned that a second DDA will be presented to the Board for review and approval at the conclusion of Phase II negotiations.

2. Gee Parcel Acquisition The construction of the affordable housing element of the Roseland Village mixed-use development, planned as a 75-unit mid-rise apartment building, required the purchase of an adjacent .60 acre property, known as the Gee Parcel (APN 125-101-031). The Gee parcel, located at 883 Sebastopol Road, was the former location of the Roseland Hardware Store. In August 2016, MidPen, acting in its role as Master Developer entered into a contract to acquire the Gee Parcel. To facilitate this acquisition, on November 15, 2016 the Board authorized the Commission to issue a County Fund for Housing (CFH) Loan in the amount of \$537,000 to reimburse MidPen for Gee Parcel acquisition and related predevelopment costs. MidPen has held the Gee Parcel in the interim, awaiting the achievement of additional milestones in the development of the Roseland Village site. Now that the City of Santa Rosa Planning Commission has approved the Temporary Map application and subdivision plan for the Roseland Village

Development site, it is necessary for the Commission to take ownership of the Gee Parcel. By virtue of the approved subdivision plan, the affordable housing element will then be combined with the adjacent Gee Parcel into a new, larger subdivided parcel. Once the Commission receives Board approval to acquire the Gee Parcel, MidPen will execute a Grant Deed in order to convey the property to the Commission. In return for transfer of the Gee Parcel title, the Commission will deem the acquisition portion of the CFH loan, plus associated closing costs (\$458,053) to have been repaid. The remaining balance of the CFH loan of (\$78,947, the predevelopment portion) will remain as an unsecured note. At a future date, when MidPen takes title to the affordable housing element of the Roseland Village development, this remaining balance will be secured anew against the Affordable Housing Development component of the property using a Deed of Trust.

3. Plaza Temporal Lease The Roseland Village development Temporary Map approved by the City of Santa Rosa Planning Commission includes a one-acre park (Plaza) and an approximately 12,000 square-foot retail building (Mercado) fronting on Sebastopol Road. The approved site plan also includes a "Plaza Temporal", an installation within the footprint of the Plaza and Mercado, constructed during the first phase of development of the project. The Plaza Temporal will be a temporary space, not exceeding 10 years, on approximately 7,200 square feet of paved parking lot for the use of food trucks, public seating, restroom facilities and other temporary amenities. This Plaza Temporal will serve to activate the site by engaging the community, generating income and providing security while other necessary predevelopment and site construction work is completed (construction drawings, building permits, infrastructure construction). MidPen, the Master Developer for the Roseland Village project, has identified Notre Mere Inc., DBA: Mitote Food Park (Operator) as a qualified and successful entrepreneur and food service operator based on the recommendation of the Sonoma County Economic Development Board (EDB). EDB conducted an informal outreach process to identify an operator with experience and organizational capacity needed to operate / manage the Plaza Temporal facility. Considerations included the following criteria: 1. Five plus years of prior food / restaurant management experience with a successful track record in managing facilities 2. Staffing capacity to take on a new project 3. Demonstrated financial resources to successfully fund the launch of the project with resources to grow and expand 4. Personnel management experience in staffing restaurant operations 5. Good corporate reputation with successful community engagement history 6. Local presence with a knowledge of the Sonoma County food & beverage and hospitality industry EDB compiled a short list of businesses meeting this criteria and selected Notre Mere Inc., DBA: Mitote Food Park, owned by restaurateur Octavio Diaz, as the best candidate for recommendation to MidPen. The Commission has concurred with the Master Developer's selection of Notre Mere Inc., DBA: Mitote Food Park as Lessee and Operator of the Plaza Temporal. The Plaza Temporal Lease will consist of two distinct lease periods with a third option to extend: (1) The Development Term, (2) the Initial Operational Term and (3) Initial

Operational Term Extension. *1. The Development Term.* The initial term of the Plaza Temporal Lease is with the Developer for development of the improvements of the Plaza Temporal and shall commence after Board of Commissioners approval on March 12, 2019, expiring upon obtaining a Certificate of Occupancy for the Improvements of the Plaza Temporal. The Developer and Operator will not be required to pay monthly base rent during the Development Term. *2. Initial Operational Term.* The Initial Operational Term will be granted to the Operator for operations of the Plaza Temporal and shall commence upon obtaining a Certificate of Occupancy for the Improvements to the Plaza Temporal and expire 24 months later, unless earlier terminated in accordance with other applicable provisions of the Plaza Temporal Lease. The Operator shall initiate regular food service and Plaza Activities within 30 days following the commencement of the Initial Operational Term. The Operator will not be required to pay monthly base rent during the Initial Operational Term. *(3) Initial Operational Term Extension.* The Commission and the Operator may extend the Initial Term on all the provisions contained in the Plaza Temporal Lease Agreement for a maximum period of eight additional years following expiration of the Initial Term. The Operator will pay base rent of \$1,500 per month during years 3-5 of the Extension Term. Monthly base rent will be increased by 3% per year during years 6-10 of the Extension Term. Operating Expenses: During all terms of the Plaza Temporal Lease Agreement, the Developer will pay all operating expenses including taxes, insurance, maintenance and repair, janitorial, garbage and recycling, and telephone/internet services, with the exception of certain expenses identified as Commission Operating Expenses. Commission Operating Expenses are identified as electricity, gas, water and sewer. **Action Requested:** The Commission requests that the Board of Commissioners take the following actions: 1. Authorize the Sonoma County Community Development Commission to enter into a Disposition and Development Agreement with MidPen Housing Corporation and Urban Mix Development LLC for construction of a mixed-use development on the Roseland Village site at 665 Sebastopol Road, Santa Rosa. 2. Authorize the Executive Director of the Commission to execute all documents necessary for the Commission to acquire the Gee Parcel for inclusion in the affordable housing portion of the Roseland Village Development property. 3. Authorize the Commission to enter into a lease with MidPen Housing and Notre Mere Inc., DBA: Mitote Food Park for the Plaza Temporal portion of the Roseland Village Development property

Prior Board Actions:

1. January 29, 2019 - (Item #2) Board approves Commission to disburse \$500,000 for interim relocation assistance (\$250,000 to Sonoma County Library for interim relocation of Roseland Branch; \$250,000 to Boys & Girls Club of Central Sonoma County for interim relocation of Roseland Village Teen Club).
2. December 11, 2018 - (Item #58) Board approves CFH Loan of \$2,000,000 to MidPen

Housing for predevelopment of the Roseland Affordable Housing Development

3. November 15, 2016 - (Item #56) Board approves CFH Loan of \$537,000 to MidPen Housing for acquisition and predevelopment of the Gee Parcel
4. August 16, 2016 - Board approves Business Term Sheet with MidPen Housing to guide the drafting and negotiation of the Disposition and Development Agreement
5. January 26, 2016 - Board approves Roseland Village Neighborhood Center Developer Selection and Environmental Remediation Agreement
6. July 21, 2015 - Board approves 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

FISCAL SUMMARY

Expenditures	FY 18-19 Adopted	FY19-20 Projected	FY 20-21 Projected
Budgeted Expenses	\$808,053		
Additional Appropriation Requested			
Total Expenditures	\$808,053	0	
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$808,053		
Use of Fund Balance			
Contingencies			
Total Sources	\$808,053	0	0

Narrative Explanation of Fiscal Impacts:

Expenditures and funding related to the three actions recommended herein were already appropriated in FY 18-19 for current year expenses related to the development of the Roseland Village property. Action 2 of this Board Item authorizes the Commission to take title to the Gee Parcel in exchange for forgiveness of debt in the amount of \$458,053, owed by MidPen to the Commission as part of an executed CFH loan agreement. Action 3 of this Board Item specifically identifies the expenditure of \$350,000 to construct the Plaza Temporal using a portion of pre-approved Successor Agency to the Sonoma County Redevelopment Agency funding for the Roseland site.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A - I Step)	Additions (number)	Deletions (number)

Narrative Explanation of Staffing Impacts (If Required):

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Attachments:

- 1) PowerPoint Presentation:
 - a. DDA-Key terms of the agreement
 - b. Gee Parcel Acquisition-Site map
 - c. Plaza Temporal-Architectural design
- 2) Video Link: Roseland Development and Plaza Temporal
- 3) Grant Deed for Gee Parcel Acquisition
- 4) Plaza Temporal Lease

Related Items “On File” with the Clerk of the Board:

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