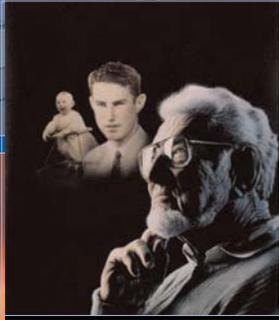
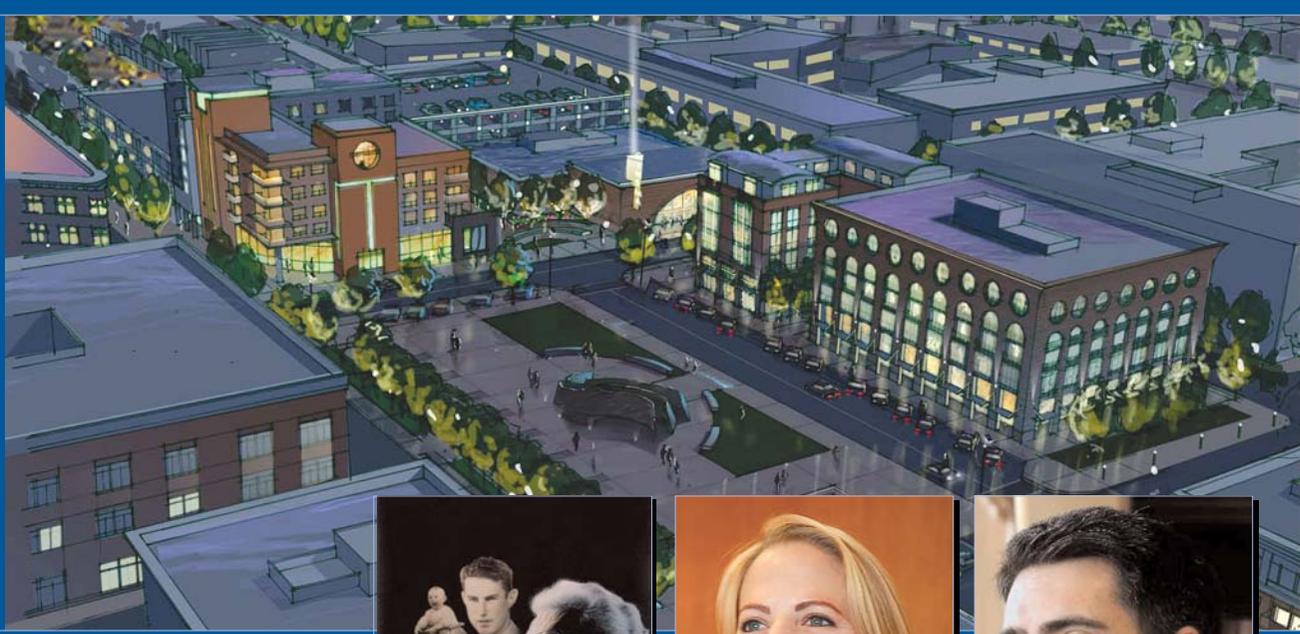


# THE NEW GOODDINGS



Renderings of Sonoma Mountain Village in Rohnert Park. Inset: Hugh Codding, Lisa Codding (VP, COO) and Brad Baker (president and CEO).

A family's evolution from homebuilding to shopping centers to environmentally friendly development

By Stephanie Derammelaere

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In Sonoma County, the name “Hugh Coddling” brings to mind a colorful history of home building, shopping center development and real estate acquisitions. After graduating from Santa Rosa High School in 1936, Hugh Coddling worked for his stepfather, plumbing contractor E.W. Hall before entering the real estate industry. Hall encouraged young Coddling to build homes so Hall would have more plumbing work. Coddling borrowed \$2,500 from Santa Rosa Savings & Loan, purchased a foreclosed lot on Bush Street in Santa Rosa for \$500 and started constructing his first home, just 800 square feet, which he completed in eight months in 1937. Coddling was 20 years old. By the time he was 25, he had built 44 homes in Santa Rosa, including his first major development, a 24-home subdivision called the McKinley Tract, off South E Street.

Today, Coddling Enterprises employs approximately 70 people and controls more than 2 million square feet of commercial real estate. The firm includes Coddling Construction, which handles all of the firm’s own buildings as well as acts as a contractor on outside work; Coddling Maintenance, which maintains all of the Coddling-owned properties, Coddling Enterprises, which manages Coddling’s properties and develops new projects, and Coddling Foundation, which oversees the many charitable contributions Coddling Enterprises handles each year. As Chairman of the Board, Hugh Coddling, now 89, still comes into the office daily to oversee his operation although in 2004, he promoted two key individuals to take the company to the next level: Brad Baker and his own granddaughter, Lisa Coddling. Baker had been vice president and a member of the board of directors for Coddling Investments and the general partner of Coddling Enterprises since 1990, and Lisa had been involved in the company’s leasing and property management since 2003.

“With his first house, he made \$400, but it took him eight months!” quips Lisa Coddling, current vice president and COO of Coddling Investments. “He worked as a plumber’s



Brad Baker and Lisa Coddling  
[Duncan Garrett: Photography]

helper for E.W. Hall and built his first house in the evenings and on weekends, which is why it took him so long to complete.”

### A storied history

Coddling soon jumped production to nearly 200 houses per year and formed his first corporation, Coddling Homes, in 1947. That same year, he purchased more than 40 acres on Montecito Avenue and built his first shopping center, The Town and Country Shopping Center, on about two of those acres. The idea for the center, a relatively new concept at that time, came from designer Murray “Doc” Yates, who

had seen one in Sacramento. Before the center was completed, Mario Gracchi approached Coddling and asked how much he wanted for the entire center. The highest figure he could think of was \$100,000. The offer was accepted.

“[Hugh] was building houses and making \$500 to \$1,000 a house,” explains Brad Baker, president and CEO of Coddling Investments. “And then he built Town and Country, and he sold it for \$100,000. So he thought, ‘Why build houses when I can make the big hit building shopping centers?’”

The Town and Country experience inspired Coddling to venture forth in commercial building, and other shopping centers soon followed, including Montgomery Village in 1950, Coddlingtown in 1961 and the Merced Mall in 1972. In addition, Coddling built several smaller shopping centers, including the strip mall on Montgomery Drive, Lakeside Village on Montgomery Drive, Roseland Village Shopping Center, Piner Plaza, the strip mall on Hopper Lane, the Crossroads Shopping Center, Mayette Village and Montecito Village in Santa Rosa; Expressway Mall, Sonoma Valley Plaza, Pacific Plaza, Wal-Mart Plaza and Raley’s Towne Centre in Rohnert Park; and the Rancho Cotate Shopping Center in Cotati, just to name a few.

While shopping centers were the prime concentration of the business, Coddling also built numerous other commercial buildings, including hotels (the Flamingo Hotel and Motel 6 in Santa Rosa and the Best Western Inn and Ramada/Budget Inn in Rohnert Park), various subdivisions and apartment buildings, restaurants, banks, office buildings and even a couple of churches (one of which, the Presbyterian Church of the Roses in Montgomery Village, was built in five hours and 16 minutes).

The firm continuously developed until about 1995, at which point it focused exclusively on managing existing properties. Now, more than 10 years later, it’s returned to both developing and managing properties.



Coddling Enterprises will renovate the buildings on the old Agilent site, such as the one shown here, to create Sonoma Mountain Village.  
[Duncan Garrett: Photography]

## Shaking the doldrums

By 2004, Coddling Enterprises was well established and stable, primarily maintaining properties. But the two young executives were looking to make their marks by making the company grow and develop. Building more shopping centers seemed infeasible, given the fiercely competitive and consolidated nature of this market, with 75 percent of all malls across the country owned by just a handful of companies. While Coddling Enterprises may own much of Sonoma County, it lacks the leverage needed to compete with huge, international, publicly traded REITs—Real Estate Investment Trusts that act as a tax designation for corporations investing in real estate, reducing or eliminating corporate income taxes.

“We sat down and decided, as a company, where we wanted to go,” says Baker. “Did we want to try and compete head-to-head with Simon [Simon Property Group is a real estate investment trust that owns 342 properties, primarily shopping centers, around the world and is the largest publicly traded retail real estate company in North America] in the mall business? Or were there other areas—because of our reputation in the county and our connections in the community—that would be a better use of our resources, our balance sheet and our management skills in the real estate business?”

Baker and Coddling decided to look at mixed-use projects because of their popularity in the county. It must have been fate because, not two months later, opportunity knocked in the form of Agilent Technologies auctioning off its 200-acre site in Rohnert Park. The site was perfect for Coddling Enterprises, which had been headquartered in Rohnert Park for more than 30 years; it’s within city limits and already had a great deal of infrastructure in place, including existing buildings, water and sewer systems and a train track. In addition, the location itself is beautiful—rural yet surrounded by residential homes and less than a mile away from Sonoma State University.



Another view of an old Agilent building that will be renovated as part of Sonoma Mountain Village.  
[Duncan Garrett Photography]

“There’s 700,000 square feet of space, and so we figured, even if we just leased out the space as-is, it was a pretty good investment,” explains Baker. “But then, as we went through our due diligence process, we decided this would be a great mixed-use project. That was the genesis for Sonoma Mountain Village. We thought we could create this place where people could work, shop, play and live.”

The idea behind

“The board was excited that something was happening since we’ve just been a management company for the last 20 years.” —Lisa Coddling

Sonoma Mountain Village was to build a community where all of one’s needs can be met and reached by foot, including office and other commercial space for work, grocery and retail stores and service businesses (such as hair or nail salons) for shopping and amenities, a movie theater, restaurants, parks, a soccer and baseball field for entertainment and, of course, the 1,000 single family homes and 900 multi-family units for living space.

Baker and Coddling championed the idea to the board, and Coddling Enterprises purchased the property in March 2005. The firm has been working ever since on making the dream a reality.

“The board could see our excitement,” says Coddling. “They were excited that something was happening since we’ve just been a management company for the last 20 years. Then we came up with this great idea that can really work.”

## The view from the mountain

While this may seem like an entirely new direction for Coddling Enterprises, it’s actually a faithful evolution of Hugh Coddling’s original vision, whose success has often been attributed to his uncanny ability to recognize what his neighbors wanted and then provide it. In the spirit of Hugh’s community-focused vision, the current management reached out to the public—particularly those who would be most affected by the building of Sonoma Mountain Village—to discuss the plan, listen to suggestions and accommodate individual concerns. The firm set up two community meetings that drew approximately 300 people each.

“We listened to what everyone had to say. The good ideas we incorporated immediately, and some things we negotiated,” says Baker. “Some of the people who were our most vocal opponents are now proponents of the project. Overall, it’s been in the 90th percentile positive. We like to credit the fact that we did a lot of outreach, listened, were available and worked with people.”

In many ways, Sonoma Mountain Village is a return to the firm’s roots in that one of Hugh Coddling’s earliest shopping centers, Montgomery Village, was in effect a mixed-use project, including the building of home communities followed by a place for people to shop and, with offices on the second floor, a place to work as well. While it wasn’t perfectly designed for that purpose, it effectively accomplished many of the same goals Sonoma Mountain Village is trying to achieve today.

“We’ve learned a lot since then about how to really make these projects great,” says Baker, who’s traveled across the country and even internationally to evaluate mixed-use projects to determine what works, what doesn’t work and what’s applicable to Sonoma Mountain Village. “We look at

the best parts of these projects and, at the same time, we have very original architecture and definitely a unique setting. We'll create something that's never been done, but use components that have worked time and time again in other cities."

Some of those components will be an emphasis on safety and building a community that's centered on the pedestrian rather than the automobile. Sonoma Mountain Village designers are devising numerous ways for inhabitants to feel safe, such as narrower streets to encourage slower driving and driveways in the rear of homes so houses overlook major streets, which has been shown to decrease criminal activity.

### Keep it green

Besides the emphasis on walking to work, home and play, Sonoma Mountain Village will also take ecological and environmentally friendly design one step further by utilizing numerous green building tactics. Using recycled carpet and no-VOC (volatile organic compounds) paint, utilizing high-quality insulated windows, waterless urinals and double-flush toilets to conserve water, recycling groundwater onsite and using green roofs to capture rain water and increase insulation are just some of the many modern green building elements SMV will employ. In addition, the community has installed the largest privately funded solar power system in California.

"No one has really done that whole package right that we've seen," says Baker. "We feel the time has come. The technology is there. We want it to be beautiful and look great. You won't even know it's environmentally conscious unless you want to know."

The project is also transit-based. A rail system is already in place, and Cotati station is just half a mile from where most of the housing will be in Sonoma Mountain Village. Codding Enterprises hopes this proximity will help make the rail system flourish (that is, if it's ever approved by voters).

Codding Enterprises filed its final development application in October 2006 and it's been deemed complete. An environmental impact report (EIR), which can take about six to nine months, will follow. Once the EIR is completed, the public can again offer input, and the plans will be brought back to the planning commission and city council for final approval. The company is hoping to receive approval of the latest version of the plan within one to two years, at which point it can start courting larger retailers and selling

**"Sonoma Mountain Village is one of the only opportunities like it in Sonoma County." —Brad Baker**

residential units. The firm is already generating some smaller retail business and leasing office space. At this point, more than 290,000 square feet of commercial space inside the project has been leased. In fact, Codding Enterprises has relocated its own office to Sonoma Mountain Village and has already leased space to 20 other businesses.

### Forward momentum

Sonoma Mountain Village looks like it's headed for success, and Codding Enterprises hopes it will be only the first of many future mixed-use projects and a paradigm shift for the company as a whole. And while the great majority of Codding Enterprises' real estate acquisitions have historically been within Sonoma County, the firm is looking to branch outside the county with its new focus on mixed-use developments.

"Sonoma Mountain Village is one of the only opportunities like it in Sonoma County," explains Baker. "We have to expand our horizons a bit. We'd like to stay as close as possible, but at the same time, we realize there aren't too many opportunities. This is a very rare find that has a lot of attributes that are almost impossible to duplicate elsewhere in the county."

Indeed, Baker is already considering at least two other potential projects, one in Sonoma County and one in Napa County—and possibly even one in Oregon.

"We think mixed-use development is an area where we could be one of the premier companies in that business," says Baker. "We think Sonoma Mountain Village is going to be an award-winning type project. We really want to do this one well and make a statement." ■



A view of Sonoma Mountain Village's landscape.  
[Duncan Garrett Photography]

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