

**MEMORANDUM OF UNDERSTANDING**

**Between**

**Sonoma County Community Development Commission,  
County of Sonoma on behalf of its Department of Health Services,**

**Danco Communities,**

**And**

**Danco Property Management**

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This memorandum of understanding ("MOU") is entered into as of July 20, 2020 between Danco Communities ("Project Developer"), Danco Property Management ("Property Manager"), County of Sonoma on behalf of its Department of Health Services ("DHS"), and the Sonoma County Community Development Commission ("SCCDC"), collectively "Parties." This MOU addresses the development and operation of rental permanent supportive housing known as "Sage Commons," located at 80 College Avenue Santa Rosa, California.

WHEREAS, the Parties desire to coordinate their resources and actions toward the common goal of enabling persons with serious mental illness who are homeless or at risk of homelessness and their families to achieve permanent supportive housing and self-sufficiency by promoting integration of affordable housing and supportive services, including mental health support systems;

WHEREAS, on October 30, 2018, the State of California Department of Housing and Community Development ("HCD") issued the No Place Like Home ("NPLH") notice of availability of funds to solicit qualified borrowers interested in applying for capital development and operating subsidies for permanent supportive housing for individuals with serious mental illness;

WHEREAS, on December 11, 2018 the Sonoma County Board of Supervisors and the Board of Commissioners of the Sonoma County Community Development Commission passed a resolution authorizing DHS and SCCDC to participate in the NPLH program;

WHEREAS, on January 30, 2019 DHS intends to submit a collaborative application requesting capital development and operating subsidies to HCD for the development of permanent supportive housing for individuals with serious mental illness who are homeless or at risk of homelessness and their families;

WHEREAS, although the funding award is made directly to the Project Developer as the qualified borrower through a contract with HCD, DHS will provide mental health services to those individuals entering NPLH funded units;

WHEREAS, Project Developer has expertise in developing affordable housing, in managing housing funding, and in leveraging resources for the creation of such housing; and

WHEREAS, Property Manager has expertise in property management and will act as the property management agent.

Now therefore be it agreed:

**1. TERM OF MEMORANDUM OF UNDERSTANDING**

This MOU will commence upon execution and will expire at the conclusion of the permanent loan with HCD unless sooner terminated or extended, in whole or in part, to ensure that this MOU is in effect throughout the life of the permanent loan.

## 2. PURPOSE

The purpose of this MOU is to outline the roles and relationships among SCCDC, DHS, the Project Developer, and the Property Manager, and to assist the Parties to coordinate their resources and efforts to provide NPLH rental housing by means of Sage Commons utilizing the supportive housing model. Nothing in this MOU shall be construed as modifying any of the funding documents between CDC and developer.

Supportive housing is a nationally-recognized evidence-based practice that has consistently shown that coupling appropriate services with permanent housing increases housing stability and the likelihood that the tenant will remain connected to mental health treatment. Supportive housing has also been shown to reduce the high cost of providing services to homeless individuals with serious mental illness and their families. Stable housing provides the foundation that enables individuals, through their resiliency, to further realize their life goals.

## 3. GUIDING PRINCIPLES

All Parties share the following common principles that will guide this NPLH rental housing project:

- 3.1. All parties will work together, establish a foundation of trust and partnership, and provide seamless and high quality services to each tenant, based on the tenant's individual needs.
- 3.2. All mental health services will be client-driven and coordinated with the needs and wishes of the tenant and will include on-site supportive services and service coordination.
- 3.3. On-site services and activities provided through the Project Developer and/or Property Manager will be designed to complement mental health services and be made available to all eligible tenants on a voluntary basis.
- 3.4. Space, furnishings, internet and HIPAA compliant secure document storage for the confidential delivery of supportive services to both individuals and groups will be available on-site for DHS' use. This will include at least one office dedicated for DHS' use.

## 4. RESPONSIBILITIES OF SCCDC and DHS

SCCDC and DHS will be responsible for the following:

- 4.1. Project Preparation
  - 4.1.1. DHS to develop a plan for supportive services for tenants of Sage Commons (which will be funded through a separate stream of mental health funding).
  - 4.1.2. Recognize that SCCDC, DHS and Project Developer plan to submit a joint application to the NPLH Housing Program on January 30, 2019 for this supportive housing project and take any additional steps necessary for the processing of the application.
  - 4.1.3. Identify and make reasonable efforts to seek additional housing funds that may be available for planning, predevelopment, capacity building, development, case management services and/or operating subsidies.

4.2. Project Development

4.2.1. Review any recommendations regarding proposed housing development project.

4.2.2. Review Project Developer recommendations in a timely way, and approve an appropriate project.

4.3. Long-Term Management of NPLH Operating Subsidy (COSR)

4.3.1. Work with Parties to establish a method and structure for managing operating funds that is consistent with HCD guidance and ensures that the funds are only made available for units dedicated to qualified tenants and qualified NPLH apartment units.

4.4. Project Agreements

4.4.1. Develop and approve agreements with construction developers and property managers.

4.5. Financial Monitoring

4.5.1. Work with all parties to establish financial policies for the NPLH rental housing project.

4.6. Outreach, Application and Screening

4.6.1. DHS to inform directly-operated and contracted mental health services providers of the DHS' NPLH Housing eligibility certification process and accept referrals for clients that appear to meet the criteria for program participation.

4.6.2. SCCDC to screen project based voucher certification applications and notify applicants of their status. DHS to screen NPLH certification applications and notify applicants of their status. NPLH Housing eligibility is solely determined by DHS pursuant to satisfaction of the following requirements: Individuals with a serious mental illness as defined in the Welfare and Institutions Code Section 5600.3; meeting the criteria for homeless or at risk of homelessness as defined in NPLH regulations; and a determination that NPLH Housing units are an appropriate residential setting.

4.6.3. DHS to establish a centralized referral list of DHS-certified clients to help expedite the process of filling new or vacated units. Use the Sonoma County Coordinated Entry System and HMIS in the process of tenant selection.

4.6.4. When informed of upcoming vacancies, forward rental application(s) to Property Manager.

4.7. Ongoing Tenancy

4.7.1. DHS to conduct periodic administrative and programmatic collaborative meetings to ensure that the involved parties are in compliance with this MOU and the units funded through the NPLH grant are being fully utilized.

4.8. Communication

- 4.8.1. Conduct periodic meetings with representatives of the Project Developer and the Property Manager to discuss coordination of services, referrals and vacancies.

## 5. RESPONSIBILITIES OF THE SUPPORTIVE SERVICES STAFF

DHS will provide mental health services either directly or through contractors to individuals who have been certified by DHS as eligible prospective tenants in NPLH-funded units. These mental health services providers will be referred to as “Supportive Services Staff.” The Supportive Services Staff will:

### 5.1. Move-In Process

- 5.1.1. Make staff available to meet with incoming tenants at the time of move-in, provided there is reasonable notice by Property Management.
- 5.1.2. Orient new tenants to the services available on-site and provide them with information on community resources they may find helpful.
- 5.1.3. Offer tenants the opportunity to participate in supportive services and receive individual and group services.

### 5.2. Ongoing Tenancy

- 5.2.1. In partnership with each tenant, conduct needs assessments, develop recovery focused service plans and establish appropriate linkage to community-based services such as health care, child care, alcohol and other substance abuse treatment, education and/or employment services, self-help groups and other services essential for achieving and maintaining independent living. Provide mental health services including assessment, individual and group therapy, rehabilitative groups, case management, crisis intervention, medication support, and psychiatric services as requested by each NPLH tenant.
- 5.2.2. There is no requirement that tenant accept specialty mental health services from DHS. Supportive staff will assist tenant in locating and receiving alternative treatment at the tenant’s request.
- 5.2.3. Conduct ongoing assessments, evaluations and update service plans to monitor progress and provide appropriate interventions as needed.
- 5.2.4. Have the capacity to provide 24-7 crisis intervention, as needed such as the DHS Mental Health Crisis Line, Crisis Stabilization Unit and Mobile Response Team as appropriate.
- 5.2.5. Be knowledgeable of community services and supports including, but not limited to health care, wellness, child care, alcohol and other substance misuse treatment, education and/or employment services, and self-help groups.
- 5.2.6. Have face-to-face contact with each tenant according their individual service plan.
- 5.2.7. Provide life skills training which includes, but is not limited to, health education, money management, housekeeping, menu planning, meal preparation, and being a good neighbor.

- 5.2.8. Collaborate with Property Manager, as appropriate; to ensure that tenants obtain the support and services they need to maintain their housing.
- 5.3. Lease Violation Interventions and Eviction Prevention
  - 5.3.1. In collaboration with each tenant and Property Manager, establish plans to help tenants obtain the appropriate support and services they need to maintain their permanent housing, in times of crisis.
  - 5.3.2. Assist tenants in times of crisis to obtain the appropriate support and services they need to maintain their permanent housing, in accordance with the established plans.
- 5.4. Communication
  - 5.4.1. Notify Property Manager of any changes in the Supportive Services Staff offered to tenants, and any potential changes or losses of funding that could impact the availability of supportive services.

## 6. RESPONSIBILITIES OF THE PROJECT DEVELOPER

The Project Developer will:

- 6.1. Project Preparation
  - 6.1.1. Recognize that SCCDC, DHS and Project Developer will submit a joint application to the HCD for funding under the NPLH Housing Program for Sage Commons on January 30, 2019 and will take any additional steps necessary for the processing of the application.
  - 6.1.2. Seek and provide all required management, environmental, local government, and funding approvals.
  - 6.1.3. Create a single asset entity (created to hold title to only the NPLH-funded Sage Commons), legally organized as (a) a California limited partnership (the “Project Entity”) with a managing general partner that is either (1) a 501(c)(3) corporation or (2) a limited liability company (LLC) whose sole member or members are a 501(c)(3); (b) a 501(c)(3) California corporation; (c) a California limited liability company whose member(s) is/are a 501(c)(3) corporation(s).
  - 6.1.4. Identify and seek any additional housing funds that may be available for planning, pre- development, capacity building, development, case management services and/or operating subsidies.
  - 6.1.5. Cause the Project Entity to enter into long-term regulatory agreements as required for NPLH funding. Such regulatory agreements will, among other things, specify the NPLH target population, tenant income requirements, and rents for NPLH housing units.
  - 6.1.6. Cause the Project Entity to comply with applicable fair housing laws in administration of the NPLH Rental Housing units. Cause the Project Entity to follow any applicable terms of this MOU.
- 6.2. NPLH Rental Housing Project Development

- 6.2.1. Obtain an attorney opinion regarding whether NPLH Housing Program loan funds trigger prevailing wage requirements. Project Developer will provide a copy of this opinion to DHS.
- 6.2.2. Confirm that the development of the NPLH Rental Housing project is in conformance with requirements under Article 34 of the California Constitution. Project Developer will provide a copy of any Article 34 Letter or legal opinion to DHS.
- 6.2.3. Provide documentation required at development completion to permit conversion of the NPLH construction period to permanent financing.
- 6.3. Long-Term Management of NPLH Operating Subsidy (COSR)
  - 6.3.1. Enter into a contract with Property Manager for property management services for the NPLH Rental Housing.
  - 6.3.2. Ensure that an account is established for the dedicated NPLH funding, and deposit initial funds and all additional funds, into an interest-bearing account. HCD will disburse the first year of approved COSR funds in advance of project occupancy. After the first year, funds will be available on a quarterly basis from HCD.
  - 6.3.3. Provide to SCCDC and DHS an annual report of the funding, plus a semi-annual or quarterly report to be determined by SCCDC and DHS for reporting of available funds.
  - 6.3.4. Work with all parties to establish a method and structure for managing operating funds that is consistent with HCD guidance and ensures that the funds are only made available for units dedicated to qualified tenants and qualified NPLH apartment units.
- 6.4. Project Agreements
  - 6.4.1. Create agreements with construction developers and property managers.
  - 6.4.2. Work with all parties to establish financial policies for the NPLH rental housing project.
- 6.5. Disbursement of NPLH Funds from HCD
  - 6.5.1. Comply with all HCD loan requirements
- 6.6. Other Planning and/or Policy Matters
  - 6.6.1. Participate in NPLH Housing Program meetings at the local, regional, and State level in order to plan for rental housing development and to obtain training and technical assistance.
  - 6.6.2. Work with DHS to review and finalize the legal documents.
- 6.7. Application & Screening
  - 6.7.1. Make available 26 units out of a total of 50 units for NPLH Housing certified eligible prospective tenants.

- 6.7.2. Income limits will be 30% of AMI for NPLH Housing certified eligible prospective tenants.
- 6.7.3. The tenant portion of the rent will be set at 30% of the current SSI/SSP grant amount for a single individual living independently, or 30% of total household income, whichever is higher.

#### 6.8. Ongoing Tenancy

- 6.8.1. Monitor and provide oversight of Property Manager.
- 6.8.2. Place individuals who have been certified by DHS as eligible prospective tenants on the project's waiting list.
- 6.8.3. Develop and maintain a clear separation of responsibilities and duties between the Property Manager and the Supportive Services Staff.
- 6.8.4. Establish policies and procedures for resolving conflicts between Property Manager and DHS when they cannot reach agreement on a course of action.
- 6.8.5. Comply with the necessary documentation and reporting requirements and guidelines as established by DHS.
- 6.8.6. Ensure and document that all on-site staff complete at least 10 hours per year of DHS approved mental health trainings.

#### 6.9. Communication

- 6.9.1. Notify DHS immediately if a Supportive Services Staff has been non-responsive to requests regarding a tenant.
- 6.9.2. Notify DHS immediately upon knowing when an upcoming vacancies will occur in NPLH- funded units.

### 7. RESPONSIBILITIES OF PROPERTY MANAGER

The Property Manager will:

#### 7.1. Application & Screening

- 7.1.1. Will include DHS in selection and hiring of the on-site property manager including development of interview questions, interviews and selection of candidate.
- 7.1.2. Create admission, eviction, and appeals policies that are consistent with requirements established by fair housing laws and other funding sources, and are also sensitive to the needs of tenants with a severe mental illness diagnosis.
- 7.1.3. Screen potential tenants' applications and notify DHS of potential tenants' application status within 14 days.
- 7.1.4. Collaborate with DHS to address and resolve any barriers for potential tenants' successful applications in a timely manner.

#### 7.2. Move-In Process

- 7.2.1. Notify DHS of the day and time of move-in and make any necessary adjustments.

- 7.2.2. Provide an orientation to the lease and the property rules and regulations to new tenants to establish Property Manager expectations in areas such as use of common areas, rent collection, maintenance requests, etc.
- 7.2.3. Provide current copies to and include DHS and the Supportive Services Staff in any revisions of the leases, property rules and regulations etc.
- 7.2.4. Document orientation of new tenants to emergency procedures.
- 7.3. Ongoing Tenancy
  - 7.3.1. Comply with applicable local, State, and federal statutes and regulations, specifically statutes and regulations governing fair housing and tenants' rights.
  - 7.3.2. Establish policies and procedures that ensure tenants' access to the Property Manager for routine business during regular business hours.
  - 7.3.3. Maintain the capacity to respond to tenants' requests for service within 24 to 72 hours, contingent on the nature of the request. This will also include providing facility and maintenance support to areas utilized for any on-site service provision that is equivalent to the level of maintenance provided to tenants.
  - 7.3.4. Provide DHS access to a Property Manager representative 24 hours per day for emergencies.
  - 7.3.5. Provide DHS and the Supportive Services Staff with written policies and procedures for maintenance requests, including any forms that must be completed to request maintenance work.
  - 7.3.6. Establish and maintain a tenant advisory board or other structure to solicit tenant input regarding house policies and rules.
  - 7.3.7. Establish, maintain and submit to DHS, the Supportive Services Staff, and tenants a monthly calendar of events for any activities occurring on-site.
  - 7.3.8. Ensure that all on-site activities are voluntary for tenants to participate and that no tenants will be excluded from participation based on their NPLH status.
  - 7.3.9. Maintain and monitor a resource materials area that includes local information such as public transportation schedules, food bank schedules, alcohol and drug support group schedules, no cost and low cost community events (e.g. farmers market, fairs etc.) and any other materials, flyers or brochures that DHS request be made available to tenants.
- 7.4. Lease Violation Interventions and Eviction Prevention
  - 7.4.1. Establish policies to help tenants obtain the appropriate support and services they need to maintain their permanent housing in times of crisis.
- 7.5. Safety, Security and Emergency Response
  - 7.5.1. Provide and document regular trainings for tenants and staff on basic safety and evacuation procedures.
  - 7.5.2. Post evacuation plans for the housing site and provide Supportive Services Staff with copies of current evacuation plans.



- 7.5.3. Provide and document that all on-site staff is trained on when to call emergency medical personnel or the police, and when to communicate with the Supportive Services Staff in the event of an emergency.
- 7.5.4. Provide and document that all on-site staff is trained to maintain an incident log, submit log to DHS and Supportive Services Staff within 24 hours of an incident and ensure the log is available to Supportive Services Staff to review when on-site.
- 7.6. Communication
  - 7.6.1. Notify DHS immediately upon knowing when an upcoming vacancy will occur in any NPLH-funded unit.
  - 7.6.2. Notify the Supportive Services Staff when a tenant is displaying behaviors that could jeopardize tenancy such as failure to pay rent or conflicts with property manager or other tenants.
  - 7.6.3. Notify DHS of any potential changes to the regular operations of the housing site, or any potential changes or losses of funding that could impact the operations of the housing site.
  - 7.6.4. Notify DHS immediately of any incidents that could potentially jeopardize a resident's tenancy and of any critical incidents resulting in loss of life or serious bodily harm.
- 7.7. Financial Monitoring
  - 7.7.1. Work with all Parties to establish financial policies for disbursement of NPLH rental housing funds.

## 8. GENERAL RESPONSIBILITIES OF ALL PARTIES

All Parties will:

- 8.1. Respect tenant confidentiality. Follow all applicable privacy and confidentiality laws and regulations regarding potential tenants and tenants. These laws include but are not limited to California Welfare and Institution Code Sections 5328 and 10850; and the United States Health Information Portability and Accountability Act of 1996 (“HIPAA”) and the United States Health Information for Economic and Clinical Health Act (“HITECH Act”), and their implementing regulations, including as appropriate Title 45 of the Code of Federal Regulations Section 205.50. Releases of Information will be obtained where necessary for the exchange of confidential information.
- 8.2. Conduct regular trainings for staff regarding maintaining tenant confidentiality, and include maintenance of tenant confidentiality as a work performance expectation for all appropriate job classifications.

## 9. DATA COLLECTION

### 9.1. Project Developer

- 9.1.1. The Project Developer will have the capability to and will collect, manage and submit data as directed by DHS.

## 10. MEDIA RELEASE

10.1. All press releases and informational material related to this MOU shall receive approval from SCCDC and DHS prior to being released to the media (television, radio, newspapers, Internet). In addition, Project Developer and Project Manager shall inform DHS of requests for interviews by media related to this MOU prior to such interviews taking place. DHS reserves the right to have a representative present at such interviews. All notices required by this provision shall be given to the Director of the Sonoma County Department of Health Services or their designee.

## 11. AMENDMENTS

11.1. All amendments to this MOU will be in writing and must be approved by all Parties.

## 12. APPLICABLE LAWS

12.1. The Parties will comply with all applicable federal, state and local laws, as well as new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this MOU.

## 13. TERMINATION

13.1. This MOU may be terminated at any time by any Party upon giving a minimum of one hundred and twenty (120) days written notice. If the Parties desire to terminate this MOU, HCD must be notified and issue an approval of the MOU's termination for the termination to be effective.

IN WITNESS WHEREOF, the parties hereto have executed this MOU as of the Effective Date.

**Sonoma County Community Development Commission**

  
\_\_\_\_\_  
Michelle Whitman, Executive Director


12/21/2023  
Dated

**County of Sonoma**

  
\_\_\_\_\_  
Tina Rivera, Director  
Department of Health Services

2/2/2024  
Dated

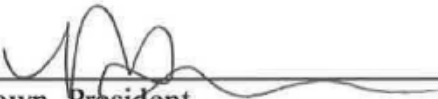
**Danco Communities:**

  
\_\_\_\_\_  
Christ Dart, President

12/13/2023  
Dated

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**Danco Property Management:**

  
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Blair Brown, President

12/13/2023  
Dated