

**MEMORANDUM OF UNDERSTANDING  
BETWEEN THE COUNTY OF NEVADA HEALTH AND HUMAN SERVICES  
AGENCY, FOOTHILL HOUSE OF HOSPITALITY D/B/A HOSPITALITY HOUSE,  
AND THE REGIONAL HOUSING AUTHORITY**

THIS MEMORANDUM OF UNDERSTANDING, hereinafter referred to as "MOU," is made and entered into this 1st day of October 2018 ("Effective Date") by and between Nevada County through the Health and Human Services Agency, hereinafter referred to as "COUNTY," the Foothill House of Hospitality d/b/a Hospitality House, hereinafter referred to as "PROJECT SPONSOR," and the Regional Housing Authority, hereinafter referred to as "DEVELOPER," collectively, the "Parties."

WHEREAS, the Parties intend to collaborate and work cooperatively on a *No Place Like Home Program* (NPLH) Project to address affordable housing needs in our community for persons with serious mental illness who are chronically homeless, homeless, or at risk of being chronically homeless, as well as providing transitional housing to eligible individuals, through the planning, construction, and operation of affordable housing, transitional housing, and Navigation Center programs on property located at 936 Old Tunnel Road, Grass Valley, CA 95945; and,

WHEREAS, COUNTY has a reserved allocated amount of \$500,000 in funding from the California State Department of Housing and Community Development (HCD) which will be released 60-days after certification of occupancy of a completed *No Place Like Home Program* (NPLH) housing project; and,

WHEREAS, COUNTY has a maximum of \$75,000 in allocated NPLH technical assistance funds, of which \$50,000 has been allocated to PROJECT SPONSOR to assist in qualified activities related to project pre-development and technical assistance activities; and,

WHEREAS, attaining additional funds for the completion of this project will require coordination and cooperation between the Parties to this MOU; and,

WHEREAS, should there be any funding deficits for the project, the Parties will work collaboratively to attempt to locate additional funding sources to bridge the gap; and,

WHEREAS, DEVELOPER has identified an experienced development firm with necessary and required affordable housing financing and project development experience to assist DEVELOPER in the furtherance of its responsibilities set forth in this MOU; and,

WHEREAS, COUNTY, through the Behavioral Health Department, provides mental health services for individuals with mental illness and/or serious emotional disorders who are the target population of NPLH ; and,

WHEREAS, the Parties desire to work collaboratively to pursue and provide permanent supportive affordable housing to homeless people with mental illness and/or serious emotional disorders in accordance with the California Mental Health Services Act (MHSA); and,

WHEREAS, the proposed project meets the qualifying criteria, laid out in the NPLH guidelines, to receive funding for this project.

NOW, THEREFORE, the Parties agree as follows:

## **I. PURPOSE**

This MOU delineates the understandings of the Parties with regard to the submission of applications to HCD for the NPLH funds and any other funds that are eligible to be used for the development and construction of permanent supportive affordable housing and a Day Services Center for people with mental illness and/or serious emotional disorders. It is understood by and between the Parties that this MOU is specific to the understandings related to acquisition of funding for, and pre-development activities related to, the construction of affordable housing and Day Services Center on behalf of eligible individuals. It is anticipated that upon fulfillment of the understandings set forth herein, the Parties will enter into an amendment to this MOU to address the construction and ongoing operation of the affordable housing, transitional housing, and Day Services Center programs.

## **II. TERMS AND DEFINITIONS**

Throughout this MOU, the following terms have the following definitions:

- Assisted Units shall refer to all rental housing, shared housing or other units within the proposed project set aside for homeless or people with mental illness and/or serious emotional disorders if the acquisition, rehabilitation, capitalized operating costs, and/or construction is financed in part or whole with NPLH funding and/or other available federal or state funding sources.
- Tenant shall mean homeless families and individuals or others with mental illness and/or serious emotional disorders that are NPLH eligible clients under NPLH guidelines as determined by Nevada County Behavior Health or a contracted Service Provider or as determined by other federal or state funding sources which provided project development funding.
- Project Owner shall mean the County of Nevada, individual firm, corporation, partnership, or similar entity that holds title to the housing project units and site funded through NPLH or other funding sources.
- Project shall mean a *No Place Like Home Program* (NPLH) “Project” to address affordable housing needs in our community for persons with serious mental illness who are chronically homeless, homeless, or at risk of being chronically homeless, as well as providing

transitional housing to eligible individuals, through the planning, construction, and operation of affordable housing, transitional housing, and Day Services Center programs on property located at 936 Old Tunnel Road, Grass Valley, CA 95945.

- Day Services Center refers to the structure located on site that provides a service location for NPLH tenants, transitional housing participants, office spaces for service providers and for overall day resource access for individuals and families experiencing homelessness in Nevada County.
- Development Team shall mean the assembled COUNTY, PROJECT SPONSOR, DEVELOPER, and contracted consultants responsible for completing funding applications and managing pre-development Project activities.

### III. **TERM**

The term of this MOU shall commence as of the Effective Date stated above and shall continue for five (5) years, unless this MOU is terminated sooner according to the Termination clause herein, or the term is extended by mutual agreement of the parties.

### IV. **RESPONSIBILITIES**

#### A. **COUNTY** shall:

1. Upon the release of the \$500,000 in funding from HCD, the COUNTY intends to make the funds available to the DEVELOPER through a subsequent agreement with the DEVELOPER for permanent financing toward Project construction as a 55-year deferred interest loan that can be used to repay other project financing sources.
2. Coordinate and facilitate project development team meetings and activities pertaining to the NPLH and other funding sources application process, including but not limited to establishing reoccurring meetings, distribution of meeting notes and other meeting materials, and creating and maintaining documents and tools related to project planning and timelines.
3. Maintain a contractual relationship with the Coordinated Entry System's (CES) provider to ensure the tenant selection process for the proposed assisted units meets NPLH funding requirements as set forth in NPLH guidelines.
4. Participate in project planning, technical assistance and/or public meetings related to the application process and the development process, including but not limited to developing written background materials on NPLH and other funding sources requirements, as determined, providing background and information pertaining to Community Development Agency and Health and Human Services Agency programs, policies and procedures and making them available to decision making entities and stakeholders throughout the process.

5. Cooperate and coordinate with the PROJECT SPONSOR in assembling the applications for NPLH and any other identified funds wherein the proposed Project complies with funding requirements and/or eligible activities.
6. In coordination with its Behavioral Health Department, assume responsibility for completion of the Supportive Services plan elements of the application.
7. In coordination with its Department of Social Services, commit to the planning and provision of on-site eligibility outreach services for clients of the Day Services Center, as deemed reasonable and available by COUNTY.
8. Designate appropriate staff to participate in collaborative decision-making regarding NPLH and any other identified funding applications, planning and implementation.
9. Fulfill NPLH and other funding source requirements related to the adoption by the Board of Supervisors of resolutions, including but not limited to: the Ten Year Strategic Plan to Address Homelessness (RES 18-608), the provision of mental health services for NPLH tenants, and the authorizations allowing for PROJECT SPONSOR to apply for and accept NPLH Noncompetitive and Competitive funds to be directed to the identified development Project. COUNTY staff will ensure these items are completed prior to funding submission deadlines.
10. Work with PROJECT SPONSOR and DEVELOPER in furtherance of Project compliance with all threshold requirements under NPLH guidelines, and all other requirements specified in other potential funding sources including but not limited to: MHSA, Homeless Emergency Assistance Program (HEAP), and California Emergency Solutions and Housing (CESH). COUNTY will work with PROJECT SPONSOR and DEVELOPER to promote mutual understanding of NPLH and any other identified funds regulations and guidelines.

**B. PROJECT SPONSOR shall:**

1. Prepare and provide information and documentation of application materials necessary for the completion of the NPLH project Universal Application and the Supplemental Application in accordance with the established Project timeline.
2. Work with COUNTY staff to provide all information and documentation required for completion of any other identified funds applications.
3. Designate appropriate staff to participate in collaborative decision making regarding NPLH, and other potential funding sources. For the purpose of this MOU, staff shall include retained consultants.
4. Secure and maintain contracted consultants with the minimum experience required under NPLH guidelines.

5. Oversee and coordinate the work of client staff in relation to the preparation of the proposal documents, support COUNTY in its timely submission of the proposal, and the inclusion of all required documents, attachments, assurances, and certifications.
6. Work with consultants and COUNTY staff in developing and completing grant application components, including but not limited to required demographics and description of the target population and Project description narratives per State specifications. Review and provide input as needed on the development of a Supportive Services Plan.
7. Work with the City of Grass Valley and COUNTY staff to develop documents acceptable to the State for establishing site control as defined by the State.
8. Prepare for and appear before the HCD Loan and Grant Committee with COUNTY staff; providing responses to committee members regarding the application and project overall.
9. If NPLH funding is awarded, assist COUNTY with review of the loan contract, and work with the State to provide any required additional documentation or assurances, facilitating the timely execution of the deferred loan contract.
10. Work with COUNTY in pre-development planning of the affordable housing, transitional housing, and Day Services Center programs, including the identification of funding sources, service needs, service providers, and operations of the aforementioned programs.

C. **DEVELOPER** shall:

1. Prepare funding applications to various funding sources that may include, but are not limited to HUD, California Tax Credit Allocation Committee, local governments and private lenders for acquisition, construction, bridge and permanent financing necessary for the development and construction of the affordable housing project described in this MOU.
2. Conduct negotiations and communications with lenders, including construction, permanent, and bridge lenders, investors, and government loan programs.
3. Manage all loan closings through payoff of all construction loans and final payment of all equity payments from investors, if any ("Construction Completion"); provide all due diligence information to lenders; coordinate all lenders documents and requirements; submit development proformas as needed; prepare and submit all lender reports and coordinate with all lender monitoring.
4. Development accounting and bookkeeping; working with auditor to prepare audited financial statements, tax returns, development cost certifications, and K-1's; supervise the accounting firm's performance through development closeout;
5. Provide lenders and investors with guarantees and net worth requirements through construction completion.

6. Oversee preparation of architect's and engineers' plans and specifications; ensure compatibility with adjacent developments and design and development standards of the DEVELOPER, lenders, investors and City departments.
7. Obtain Soils Report and all other environmental clearances, as required, to develop the property; consultant must be approved by lenders and investors; scope of work must include specified requirements from lenders and investors.
9. Obtain lender-approved appraisal(s) as needed.
10. Provide technical assistance, as required, related to grant and other funding applications and approvals, related to pre-approval and pre-development activities.
11. Oversee local government review and approval process; and attend meetings with planning/building department officials, community members, as well as other public meetings and processes, as may be required, in furtherance of the Project.
12. Coordinate, apply for, and secure all required land use approvals, permits, and California Environmental Quality Act (CEQA) reports required to develop the Project, as well as any environmental impact reports and/or studies, appraisals, design services and any other reports or documents required for inclusion in the proposal and/or required under the City of Grass Valley Planning Department and/or City and County Code and Planning Departments.
13. Present information to the Board of Supervisors, Planning Commission/City Council and other partners, lenders, etc. as appropriate.
14. Provide course of construction Liability and Builder's Risk Insurance.
15. Assemble team of co-developer and contractor(s), construction lender, permanent lender, and tax-credit investor as needed.
16. Commit Project Based Section 8 rental assistance for the permanent supportive affordable housing development, approximately 35-40 units, prepare all necessary HUD submissions, and approvals.

**D. Collectively, the Parties Shall:**

1. Work cooperatively in the planning and development of the Project. All plans related to the development of the property must be reviewed and approved in advance by all Parties.
2. Develop and implement a joint marketing campaign and commit to joint messaging and public outreach related to addressing community and neighborhood concerns of the proposed NPLH Project. Parties will work collaboratively to draft talking points, coordinate media messaging and develop materials to disseminate to the public, which shall be mutually agreed upon in advance.

3. No less than quarterly, the directors of each Party to this MOU or their designees will meet to identify new potential funding sources, review the work and project milestones accomplished under this MOU, evaluate the efficacy of this MOU, assess the quality of the working relationship between the Parties, and determine the status of work products.

#### **V. FUNDING**

1. The Parties shall work cooperatively to identify and access sufficient funding to defray the cost of the housing development described in this MOU. This may be done through seeking grants from foundations, applying for additional State funding, the Neighborhood Stabilization Program and/or other sources.

2. COUNTY intends to provide the supportive services to the target population who will reside on the housing Project identified in this MOU, including the continuation of these supportive services to each project's NPLH tenants in accordance with timelines required under NPLH, including the provision of or referral to other services in accordance with the relevant supportive services plan.

3. Where necessary, and where possible, the Parties will work together to apply for funds related to ongoing expenses outlined in the Supportive Service Plan.

#### **VI. TERMINATION**

Any party may terminate this MOU for any reason, or without cause, by giving 60 days' notice to the other, which shall be served in conformity with the notice provisions contained in this MOU. The Parties desire to maintain effective working relationships and agree to meet in good faith to first attempt to resolve any disputes or other issues that may result in either party terminating this MOU early.

#### **VII. AMENDMENTS**

Any material changes to any of the clauses above must be mutually agreed upon by all Parties, and shall only become effective when in writing and fully executed by duly authorized officials of the Parties hereto.

#### **VIII. PARTIES AS INDEPENDENT**

In agreeing to the obligations and understandings set forth herein, each Party acknowledges that it shall act in an independent capacity, and not as the employees, agents, or officials of the other. Each Party agrees that neither its agents nor employees have any rights, entitlement or claim against the other for any type of employment benefits or workers' compensation. Each Party shall hold the other harmless and indemnify against any such claim by its agents or employees.

#### **IX. INDEMNIFICATION**

Each Party to this MOU will indemnify, defend, and hold harmless the other Parties and their officers, officials, employees, agents, and volunteers from and against any and all liabilities, claims, demands, damages, losses and expenses (including without limitation, defense costs and attorney fees of litigation) which result from the negligent act, willful misconduct, or error or omission of the indemnifying Party, its officers, agents, employees, or volunteers, related to the performance of this MOU.

**X. NOTICES**

All notices to be provided under this MOU shall be in writing and serviced by first-class mail, and shall be deemed received by the Parties below on the fifth (5th) day following the date of mailing, or the earlier date of personal service, as the case may be.

Health and Human Services Agency  
Attn. HHS Director  
950 Maidu Ave., Suite 120  
Nevada City, CA 95959

Foothill House of Hospitality  
Attn. Executive Director  
1262 Sutton Way,  
Grass Valley, CA 95945

Regional Housing Authority  
Attn. Executive Director  
1455 Butte House Rd.  
Yuba City, CA 95993

**XI. INSURANCE**

It is agreed that the Parties to this MOU shall each maintain at all times during the term of this MOU insurance coverage in the amounts of not less than One Million Dollars (\$1,000,000) to cover all of its operations. Specifically, but not limited to, not less than One Million Dollars (\$1,000,000) general liability, One Million Dollars (\$1,000,000) automobile liability, One Million Dollars (\$1,000,000) workers' compensation, and One Million Dollars (\$1,000,000) professional liability (E&O).

**XII. AUTHORIZED SIGNATURE**

The Parties to this MOU represent that the undersigned individuals executing this MOU are fully authorized to execute and deliver this MOU on behalf of their respective party.

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**XIII. ENTIRE UNDERSTANDING**

This MOU represents the entire understanding of the Parties, and no representations have been made or relied upon except as set forth herein.

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Nancy S. Baglietto, Executive Director  
Foothill House of Hospitality

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Michael Heggarty, Director  
Health and Human Services Agency

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Dated:

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Dated:

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Gustavo Becerra, Executive Director  
Regional Housing Authority

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Dated: