COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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DATE: **November 18, 2025** **03**

TO: Board of Supervisors

SUBJECT

AUTHORIZE A SINGLE SOURCE CONTRACT FOR THE ADMINISTRATION OF A FLEXIBLE HOUSING POOL PILOT TO SUPPORT THE IMPLEMENTATION OF THE BEHAVIORAL HEALTH SERVICES ACT HOUSING INTERVENTIONS (DISTRICTS: ALL)

OVERVIEW

Beginning January 1, 2026, Transitional Rent will be available to qualifying Medi-Cal beneficiaries with substance use disorders (SUD) and/or serious mental illness (SMI). This service will be provided through the Medi-Cal managed care plans (MCPs) under the Community Supports component of the Department of Health Care Services (DHCS) Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Initiative. Under BH-CONNECT, this new Transitional Rent benefit, inclusive of rent and temporary housing, will be provided to members who are experiencing or at risk of homelessness, have certain clinical risk factors and meet certain additional eligibility criteria for up to six months.

Transitional Rent is intended as a new tool to help address and prevent homelessness and will be available for up to six months to eligible Medi-Cal beneficiaries who meet the Behavioral Health Services Act (BHSA) Housing Interventions funding criteria. On July 1, 2026, BHSA Housing Interventions will launch to align with Transitional Rent. To support a pathway to long-term housing stability, eligible Medi-Cal beneficiaries may transition to BHSA Housing Interventions after receiving six months of Transitional Rent. BHSA replaces the Mental Health Services Act (MHSA) passed by voters in 2004. It reforms behavioral health care funding to prioritize services for people with the most significant mental health needs, while adding the treatment of substance use disorders.

Furthermore, the establishment of a Flexible Housing Pool (Flex Pool) could enable centralized administration of diverse funding streams for rental and housing subsidies, enhancing coordination of Transitional Rent and BHSA Housing Interventions among MCPs, the County of San Diego (County) Behavioral Health Services (BHS), and community partners. A Flex Pool is not a rental assistance program but rather a mechanism to coordinate rental assistance payments through braided funding streams. Braided funding is a strategy where more than one source of funding, such as federal, State, and private funding, are used together, with each source's funds tracked and

reported separately. Additionally, a Flex Pool facilitates compliance and reporting, acts as a single fiscal intermediary between funders and landlords, secures and supports a portfolio of housing units, and coordinates with housing support services providers. It serves as a centralized operator at the community level, creating efficiencies by managing relationships and timely payments across a single network of landlords to support faster access to housing.

Upon the determination to establish a Flex Pool in San Diego County, Behavioral Health Services, in collaboration with the County's Departments of Medical Care Services (MCS) and Housing and Community Development Services (HCDS), has engaged with Managed Care Plans to develop implementation options for Transitional Rent, which will take effect on January 1, 2026, for the Behavioral Health population, and for BHSA Housing Interventions, which will take effect on July 1, 2026. The accelerated timeline for implementation and the highly complex nature of the process has required extensive levels of coordination between MCPs, the County, and existing housing systems. An Administrator is needed at this time to conduct a number of strategic implementation activities for a Flex Pool Pilot while the County works with Technical Assistance Consultants subcontracted by DHCS to determine a long-term program, tailored to San Diego County.

Today's action requests the San Diego County Board of Supervisors authorize a single source contract with Brilliant Corners to serve as the Administrator for a Flex Pool Pilot for an Initial Term of up to one year, with four 1-Year Options, and up to an additional six months, if needed, contingent upon completion of Medi-Cal certification.

This item supports the County vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically left behind, as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities by supporting faster access to housing for people with behavioral health conditions.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER
In accordance with Board Policy A-87, Competitive Procurement, approve and authorize the Director, Department of Purchasing and Contracting to enter into negotiations with Brilliant Corners and subject to successful negotiations and a determination of a fair and reasonable price, award a contract to administer a Flexible Housing Pool Pilot for an Initial Term of up to one year, with four 1-Year Options, and up to an additional six months, if needed; and to amend the contract as needed to reflect changes in program funding or service requirements, subject to the availability of funds and the approval of the Director of Behavioral Health Services or designee.

EQUITY IMPACT STATEMENT
A Flex Housing Pool Pilot that combines Transitional Rent supports available through the State Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment Initiative and Behavioral Health Services Act Housing Interventions is an integrated funding approach to enhance the capacity to prevent and address the adverse health outcomes that result from homelessness. According to the Department of Health Care Services Transitional Rent

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Concept Paper, published in August 2024, non-elderly individuals experiencing homelessness have 3.5 times the mortality risk of those who are housed, and a 40-year-old person experiencing homelessness faces a similar mortality risk to a housed person nearly 20 years older. Individuals experiencing homelessness also have significantly higher rates of chronic conditions and behavioral health needs than the housed population, along with higher rates of acute and emergent health services utilization.

SUSTAINABILITY IMPACT STATEMENT
Today's actions support the County of San Diego (County) Sustainability Goal #2 to provide just and equitable access to County services and Sustainability Goal #4 to protect the health and well-being of everyone in the region. This action will maximize the housing-related supportive services provided through the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment Initiative and Medi-Cal Transformation. This will be accomplished through the coordination of rental assistance for eligible individuals as they shift from Transitional Rent to rental subsidies under Behavioral Health Services Act Housing Interventions available in July 2026.

FISCAL IMPACT
Funds for this request are included in the Fiscal Year (FY) 2025-2027 Operational Plan for the Health and Human Services Agency. If approved, this request will result in no costs in FY 2025-26, and estimated costs and revenue ranging from $3.45 million to $5.35 million in FY 2026-27 during the Flex Pool Pilot's initial term. The anticipated funding source is Behavioral Health Bridge Housing and Behavioral Health Services Act. These costs will be incorporated into future Operational Plans. There will be no change in net General Fund costs and no additional staff years.

BUSINESS IMPACT STATEMENT
N/A

ADVISORY BOARD STATEMENT
At their regular meeting on October 2, 2025, the Behavioral Health Advisory Board approved this Board Letter on consent.

BACKGROUND
The State of California is transforming Medi-Cal to improve health care quality, access, and outcomes for Medi-Cal beneficiaries. The drivers of this transformation are a series of Department of Health Care Services (DHCS) initiatives in the managed care and behavioral health delivery systems, including initiatives under the California Advancing and Innovating Medi-Cal (CalAIM) Section 1115 demonstration and the Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Initiative. Under BH-CONNECT, DHCS will begin providing the new Transitional Rent benefit, inclusive of rent and temporary housing, to members who are experiencing or at risk of homelessness, have certain clinical risk factors, and meet certain additional eligibility criteria for up to six months.

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Beginning January 1, 2026, Transitional Rent will be available to qualifying Medi-Cal beneficiaries with substance use disorders (SUD) and/or serious mental illness (SMI) through the Medi-Cal managed care plans (MCPs) under Community Supports. Community Supports are in lieu of services, which provide social supports to improve overall health and well-being beyond traditional health services.

Transitional Rent is a new tool designed to help prevent and address homelessness and is provided alongside other Medi-Cal services. These services include the Housing Trio Community Supports, which consist of Housing Transition Navigation Services, Housing Deposits, and Housing Tenancy and Sustaining Services, as well as Enhanced Care Management (ECM), physical and behavioral health services, and non-Medi-Cal social supports. Transitional Rent is the first Community Supports benefit that Managed Care Plans (MCPs) are required to cover, and eligible Medi-Cal beneficiaries may access the benefit once during each five-year demonstration period.

Transitional Rent is available for up to six months to eligible Medi-Cal beneficiaries who meet the Behavioral Health Services Act (BHSA) Housing Intervention funding criteria. Behavioral health assessments will be required for individuals not currently engaged in County of San Diego (County) Behavioral Health Services (BHS) services. To effectively identify and serve this population, BHS recommends the initial focus be on housing individuals enrolled in Assertive Community Treatment (ACT) services. By prioritizing clients engaged in ACT, who present with the highest levels of need and require comprehensive, wraparound support, we can ensure housing stability is closely integrated with intensive case management, treatment, and recovery-focused services. The MCPs' administration of the Transitional Rent Community Support benefit is not contingent on an individual receiving BHSA Housing Interventions.

On July 1, 2026, BHSA Housing Interventions will launch to align with Transitional Rent. To support a pathway to long-term housing stability, eligible Medi-Cal beneficiaries may transition to BHSA Housing Interventions after receiving six months of Transitional Rent. BHSA replaces the Mental Health Services Act (MHSA) passed by voters in 2004. It reforms behavioral health care funding to prioritize services for people with the most significant mental health needs, while adding the treatment of substance use disorders.

BHSA creates pathways to ensure equitable access to care by advancing equity and reducing disparities for individuals with behavioral health needs. BHSA requires behavioral health agencies to dedicate 30% of their BHSA funding allocation on housing interventions for individuals with significant behavioral health needs who are experiencing or at risk of homelessness. Under California Welfare & Institutions (W&I) Code section 5830(c)(2), BHSA funds shall not be used for housing interventions covered by a Medi-Cal managed care plan and Medi-Cal members will not be permitted to receive rental assistance under the BHSA until the Transitional Rent Community Support benefit is exhausted. This will require coordination between the County and MCPs to develop successful pathways into BHSA Housing Interventions from Transitional Rent.

Key roles and functions that will support implementation of Transitional Rent include:

- **DHCS**: Administers payments for Transitional Rent to MCPs and provides technical assistance to MCPs, counties, and partners, such as Continuum of Cares, Public Housing Authorities, and homeless service providers.
- **MCPs**: Administers payments for Transitional Rent to their contracted Transitional Rent Providers. Conducts eligibility and service authorization determinations, establishes referral pathways, connects members to other Community Supports and Enhanced Care Management, and coordinates with BHS for members with SMI and/or substance use disorders.
- **BHS**: Connects people with SMI and/or substance use disorders to the MCPs for coverage of Transitional Rent (up to six months), coordinates with MCPs to develop individualized plans, confirms eligibility for the BHS Population of Focus for Transitional Rent, and facilitates the transition of members from Transitional Rent to BHSA Housing Interventions funds when the Transitional Rent benefit is exhausted.
- **Transitional Rent Providers**: Contracts with MCPs to provide Transitional Rent and pays housing providers for rental costs on behalf of eligible Medi-Cal members.
- **Flex Pool Administrator**: A centralized administrative entity that works to efficiently and effectively locate and secure housing and administer rental payments within a complex multi-funding environment that creates a seamless experience for landlords, participants, service providers and funders.

Flexible Housing Pool

To support the coordination of Transitional Rent and BHSA Housing Interventions across MCPs, BHS, and local entities, a Flexible Housing Pool (Flex Pool) option may be established to administer multiple streams that fund rental and housing subsidies. Flex Pools support continuity of rental assistance while people transition from one funding source to another and coordinate the sequence of rental assistance with housing-related supportive services, including Community Supports. Varying eligibility criteria for different rental assistance programs makes it challenging for all entities locally to optimize matching of individuals to programs, effectively manage landlord relationships and housing acquisition, and smoothly transition people between programs.

A Flex Pool is not a rental assistance program but rather is a mechanism to coordinate rental assistance through braided funding streams and facilitate compliance and reporting; act as a single fiscal intermediary between funders and landlords; secure and support a portfolio of housing units; and coordinate with housing support services providers. It serves as a centralized operator at the community level, creating efficiencies by managing relationships and timely payments across a single network of landlords to support faster access to housing.

To determine whether a Flex Pool is the most optimal path locally, BHS applied for and was conditionally awarded $125,000 for the Flex Pools Planning Grant (Planning Grant) and was accepted to participate in the Flex Pool Technical Assistance (TA) Academy by DHCS on July 31, 2025, along with 12 other counties. The intent of the Planning Grant is to support the formation and sustainability of Flex Pools, aims to leverage vouchers, and coordinate with housing authorities to expand the available housing inventory across our BHS population. TA Consultants

have been subcontracted with DHCS over an 18-month period to assist the County in making these informed decisions. At the conclusion of the TA consultation, BHS will return to the San Diego County Board of Supervisors (Board) with additional recommendations.

Administrator for Flex Pool Pilot
Upon determining a Flex Pool was to be established in San Diego County, BHS, in partnership with County departments of Medical Care Services (MCS) and Housing and Community Development Services (HCDS), has been engaged with the MCPs that serve San Diego County residents to outline options that will support the successful implementation of Transitional Rent that will launch on January 1, 2026 and BHSA Housing Interventions that will begin on July 1, 2026. The accelerated timeline for implementation and the highly complex nature of the process has required extensive levels of coordination between MCPs, the County, and existing housing systems. An Administrator is needed to conduct strategic implementation activities for a Flex Pool Pilot, including:

- Developing an approach that maximizes the Transitional Rent and Medi-Cal Community Supports services for housing for eligible beneficiaries for the first six months.
- Transitioning people meeting criteria for specialty mental health and substance use disorders to BHSA Housing Intervention options in months seven through 12.
- Supporting the exploration of ongoing Flex Pool operations beyond month 12 to ensure continued housing stability and support.
- Sharing best practices in the areas of securing funds for administrative efforts such as start-up costs, and administrative and expert staff to process timely health plan reimbursements, locate units, secure property management, and engage landlords.
- Informing the development of a purposeful and strategic Flex Pool model that integrates housing funded through various funding streams and incorporates operational and financial best practices.
- Developing and maintaining a robust portfolio of units, including proactive landlord engagement, master leasing, and troubleshooting for lease violations.
- Strengthening and coordinating service delivery by ensuring robust housing navigation, effective tenancy support, and ongoing sustaining services that promote stability and long-term housing retention for individuals with behavioral health needs.

The Administrator development efforts will also support the planning to operationalize the referral process by establishing a centralized single point of access, streamlining coordination across providers, and improving timely connections to housing resources, thereby ensuring seamless client navigation through complex systems. Lastly, the Administrator will also support engagement and coordination with key regional stakeholders to create a model that has local buy-in from the various entities involved.

Justification for Single Source Procurement
The timeline for implementation of the Transitional Rent Community Support on January 1, 2026, and BHSA Housing Interventions on July 1, 2026, has accelerated planning between the County and the MCPs. To ensure successful implementation in San Diego County, the most efficient path forward is to enter into a single source contract with Brilliant Corners, a local non-profit

organization that partners with State and local agencies and private organizations to create community-based housing and administers flexible housing pools.

Brilliant Corners has contracted with the San Diego Regional Task Force on Homelessness since 2020 for a County-funded Flexible Housing Pool program and is the only organization that has experience locally operating a Flex Pool model. All four local MCPs have submitted their Models of Care to DHCS and have all committed to contracting solely with Brilliant Corners to administer Transitional Rent. Accordingly, Brilliant Corners is the only provider capable of administering a Flex Pool that utilizes both Transitional Rent funding and BHSA Housing Interventions funding. Therefore, a single source procurement with Brilliant Corners is justified pursuant to Policy A-87 § 3.A.1 "*[t]he procurement is for goods and/or services where only one product or provider can reasonably or adequately meet the County's needs, or where the provider has unique knowledge, skill, or ability*", and it is in the County's best interest to contract with Brilliant Corners to leverage the benefits of Flex Pool.

Today's action requests the Board authorize a single source contract with Brilliant Corners to administer BHSA Housing Interventions to support a Flex Pool with braided funding for an Initial Term of up to one year, with four 1-Year Options, and up to an additional six months, if needed, contingent upon completion of Medi-Cal certification. If approved, today's actions will support accelerated implementation of the new Transitional Rent Community Support and BHSA Housing Interventions by establishing Brilliant Corners as the Administrator for the Flex Pool Pilot as an interim solution to support coordinated and streamlined access to housing for eligible Medi-Cal beneficiaries enrolled in BHS ACT services.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN
Today's actions support the County of San Diego (County) 2025-2030 Strategic Plan Initiatives of Equity (Housing, Health, and Economic Opportunity), and Community (Quality of Life and Partnership) by supporting community development and partnerships that reflect value areas identified by the San Diego County Board of Supervisors by establishing a centralized operator at the community level that creates efficiencies by managing relationships and timely payments across a single network of landlords to support faster access to housing for individuals with behavioral health conditions.

Respectfully submitted,

Elizabeth A. Hernandez PhD

FOR

EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)
N/A