



*COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY
BEHAVIORAL HEALTH SERVICES
ADULT/OLDER ADULT MENTAL HEALTH
SERVICES*

*MENTAL HEALTH SERVICES ACT
HOUSING PROGRAM*

GUIDELINES FOR APPLICATION

*FOR FUNDS TO ACQUIRE, CONSTRUCT, AND/OR
REHABILITATE PERMANENT SUPPORTIVE HOUSING FOR
INDIVIDUALS WITH SERIOUS MENTAL ILLNESS*

August 2009



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August 31, 2009

We are pleased to announce the following packet of information for parties interested in applying for funding through the Mental Health Services Act (MHSA) Housing Program. The MHSA Housing Program provides funding for the development of permanent supportive housing for individuals with serious mental illness who are homeless or at-risk of homelessness.

The California Department of Mental Health (State DMH) and the California Housing Finance Agency (CalHFA) have allocated approximately \$33 million dollars to the County of San Diego Mental Health Services (SDMHS) for capital and operating subsidies for the development, acquisition, construction and/or rehabilitation of permanent supportive housing. In addition, the County of San Diego Department of Housing and Community Development (HCD) is administering, on behalf of SDMHS, an additional amount of up to \$3.24 million for the same purpose. Proposed supportive housing projects may receive funds from both sources of funding at a cumulative total of up to \$104,830 per unit for capital and up to an additional \$100,000 per unit for operating subsidies.

This packet provides information to interested parties on how to apply for the funds administered by State DMH and CalHFA. The application is available at the State DMH website or CalHFA's website. If you are interested in applying for this funding, please review the following information and follow the submission process as described in the attached information packet.

We are looking forward to the successful implementation of this program in San Diego County. Should you have any questions, please contact Kevine Ky, Administrative Analyst II, at Kevine.Ky@sdcounty.ca.gov.

Sincerely,

ALFREDO AGUIRRE, LCSW
Deputy Director

PIEDAD GARCIA, Ed.D., LCSW
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Attachments

TABLE OF CONTENTS

Background.....	1
Eligible Applicants for CalHFA Program.....	2
Locally Adopted MHSA Housing Plan.....	2
Submission Process.....	3
Relationship to the County HCD NOFA for MHSA Housing Funds.....	8
Attachment 1: San Diego County MHSA Development Summary Form.....	9
Attachment 2: Initial Development Summary Form.....	9
Attachment 3: Mental Health Services Act Contact Information.....	10
Attachment 4: MHSA FSP Housing Recommendations.....	11
Attachment 5: 2009 Recommendations and Guidelines.....	13

Background

The Mental Health Services Act (MHSA) created new funding for mental health services for unserved and underserved persons with serious mental illness. Many unserved and underserved persons with mental illness are homeless or living in unstable or inappropriate housing. Addressing their mental health needs appropriately requires also getting them into stable housing. MHSA funds can be used to create and/or operate supportive housing.

The California Department of Mental Health (DMH) and the California Housing Finance Agency (CalHFA) are administering housing funds under the MHSA to finance the capital costs of development, acquisition, construction and/or rehabilitation of permanent supportive housing for individuals with mental illness and their families. The MHSA Housing Program will also make available a specific amount of operating subsidies for those projects that are approved for capital funding.

During the application review and evaluation process, CalHFA will underwrite requests for capital funds and capitalized operating subsidies, while DMH will evaluate each applicant's proposed target population and supportive services plan. Once funds are awarded, CalHFA will oversee all housing and financial aspects of the development and DMH will oversee the provision of services.

Capital funds may be used for either rental housing developments or shared housing developments. For rental housing developments, applicants will also be required to obtain capital and operating funds from a range of programs administered by other agencies including but not limited to: the State Department of Housing and Community Development; the Tax Credit Allocation Committee; the federal Department of Housing and Urban Development; the County of San Diego Department of Housing and Community Development for additional MHSA funding; and locally administered housing funds. However, for Shared Housing Development, funds from this new program may be used to cover all capital costs up to the funding limits specified in this application.

In order to submit an application for funding to the State, the sponsor must first go through a review process with the County of San Diego Mental Health Services (SDMHS). SDMHS, by signing off on the application, agrees that the development, if successfully approved, will be an appropriate housing development for the local client population and that SDMHS will ensure that appropriate supportive services are provided. These guidelines describe the process for local review prior to submitting the application to the State of California for funding.

Eligible Applicants for State CalHFA Program

An application for MHSAs Housing Program funding may be submitted **only** by the County of San Diego Mental Health Services (SDMHS). Once an application has been approved at the State level by both the Department of Mental Health (DMH) and the California Housing Finance Agency (CalHFA), the funds are distributed to a qualified borrower in the form of a loan (and in some cases, as capitalized operating subsidies) from CalHFA. Therefore, the prepared application must be reviewed and signed by SDMHS and the developer.

By signing and submitting the application, the County Mental Health Services Director will signify that the SDMHS:

- Approves the use of a portion of its allotted MHSAs Housing Program funds for the supportive housing project described in the application,
- Authorizes State DMH to transfer the corresponding portion of County MHSAs funds to CalHFA for administration of the MHSAs Housing Program loan,
- Agrees to permit CalHFA to establish the capitalized operating subsidy amount, and
- Commits to providing supportive services to the MHSAs tenant population of the project for the full term of the MHSAs Housing Program loan.

In addition, the Director will be required to sign Attachment H, County Mental Health Department Sponsorship and Services Verification Form, specifically committing support and services to the development.

Locally Adopted MHSAs Housing Plan

The County of San Diego MHSAs Second Annual Housing Plan Update establishes a goal of developing approximately 241 units of affordable housing for individuals with serious mental illness over a four-year period. These housing units will be dedicated for individuals enrolled in MHSAs-funded Full Service Partnerships (FSP's) programs that provide wraparound services to individuals with serious mental illness who also have unmet housing needs. This Plan was prepared by the Corporation for Supportive Housing (CSH) based on recommendations by County Mental Health Services (SDMHS) and the Mental Health Services Housing Council (MHS Housing Council) with significant input from clients, service providers, housing developers and housing funders in San Diego County.

To best meet the housing needs of individuals enrolled in the FSP's, SDMHS set a goal of creating the most housing units feasible given the available funding. The financial model establishes a numerical goal of 241 units for the FSP's. Attachment Three shows the goal units distributed by FSP; geographic area of the County; and demographic profile of clients served. Attachment Four is useful contact information. Attachment Five is excerpts from the current MHSAs housing plan related to neighborhood and unit type criteria.

The MHSA Housing Plan also includes guidance for developers about desirable projects, including certain design and development principles which MHSA projects must meet, or be given waivers through a special review process. This guidance includes minimum unit sizes for studio apartments, a requirement that projects be located near amenities such as transportation and services, and that tenants pay no less than 30% of their incomes. (See Attachment Five: 2009 Recommendations and Guidelines). Projects that do not meet the guidelines will be considered on a case by case basis according to the process below.

To view a copy of the San Diego MHSA Housing Plan click [here](#). All documents and links related to the MHSA Housing Program in San Diego can be found at: <http://sandiego.camhsa.org/housing.aspx>

Or contact Tricia Tasto Levien at CSH for a hard copy. Tricia can be reached by email at tricia.levien@csh.org.

Submission Process

The initial step in the San Diego County process for developers applying for MHSA funds is to submit one copy of the information listed below to Lauren Quinlan, Lauren.Quinlan@sdcounty.ca.gov or 619-584-5061. Ms. Quinlan will arrange a meeting with Dr. Garcia, Director of Systems of Care to discuss the project. Prior to the meeting, a copy of Attachment should be sent to Ms. Quinlan.

- The Development Summary Form (Attachment One)
- A maximum two-page narrative description of the proposed project and the experience of the sponsor

Within 10 business days of receiving the information, SDMHS staff will arrange a meeting between the developer and Dr. Piedad Garcia, Director of Systems of Care, SDMHS, to discuss the project concept. If there is mutual agreement between the developer and Dr. Garcia that the project could meet the objectives of the MHSA program, Dr. Garcia will provide to the applicant referral contact information of a FSP who would be the most suitable to provide supportive services for the proposed development. Suitability will most likely depend upon geography and target population for the project, as well as the level of unmet housing need of each of the FSP's. In addition, Dr. Garcia will indicate if the proposal is consistent with the San Diego MHSA Housing Plan Recommendations and Guidelines. If the application is inconsistent with the guidelines, then a meeting will be set up with the MHS Housing Council's Project Exception Committee to review the proposal and provide a recommendation to Dr. Garcia.

MHSA Housing project sponsors must involve client representatives and family members in the design and planning process for all new projects that have not already

been through the design process. SDMHS will organize client representatives and family members, in a timely manner, to provide feedback.

For project proposals that are recommended to move forward, the next step is for the applicant to contact the FSP and determine if the FSP can provide services for the proposed development. If agreement is reached between the FSP and the applicant, then both parties will work cooperatively on completing the [CalHFA application](#). Projects recommended to move forward for underwriting review will be reviewed by both CALHFA and the State Department of Mental Health.

In addition to completing the [CalHFA application](#) and sending to SDMHS and CSH, the applicant must complete the Development Summary Form, which is Attachment I from CalHFA's application. Please note that this is a different form than the Development Summary Form found in SDMHS' guidelines for application. The applicant must also complete a narrative Development Description, which is limited to two (2) pages in length. The narrative Development Description must provide a thorough discussion of the development, including, at a minimum, the housing and service goals of the development, characteristics of tenants to be served, the type of housing that will be provided, how the building(s) in which housing and services will be provided (location, building type, layout, features, etc.) will meet the housing and service needs of the tenants, the primary service provider and other development partners, and development financing.

Once the applicant submits the Development Summary Form and Development Description, to SDMHS and CSH, the following information from the application will be reviewed and posted on the SDMHS website for 30 days for public comment.

- Development Summary Form;
- Development Description;
- Sections D.1 through D.5 of the [CalHFA application](#).

This notice is not a competitive solicitation offered by the County of San Diego or SDMHS. Acknowledgement and posting of the application is not a guarantee that SDMHS will support an application for State DMH funding.

Within the same 30 day posting period, SDMHS will do the following:

- Provide input and suggested revisions intended to improve Section D of the Application; and
- Provide technical assistance to complete the full application

Within a maximum of the 30 day posting period, SDMHS will either:

- Reject the current proposal as not consistent with local plan and priorities;
- Agree to forward the application to the State of California and sign Attachment H;
or
- Request that the applicant make certain revisions to the application in order to reconsider the application for submission.

Please see the diagram on the following pages which reviews the application process.

MHSA: Housing Program Application Process

Developer submits copies of the following information to SDMHS and CSH:

- The Development Summary Form (*See Attachment One*)
- A maximum two-page narrative description of the proposed project

Within ten business days, SDMHS staff will arrange a meeting between the developer and Dr. Piedad Garcia to discuss project concept.

Upon mutual agreement between the developer and Dr. Garcia that the project could meet the objectives of the MHSA program, Dr. Garcia will provide to the applicant referral contact information for a FSP.

Dr. Garcia will indicate if the proposal is consistent with the MHSA local plan Chapter Five Guidelines

If the proposal is **consistent**, developer makes contact with FSP and the two mutually agree to work together

If the proposal is **NOT consistent**, a meeting will be set up with the MHS Housing Council Project Exception Committee to review the proposal and provide a recommendation to Dr. Garcia

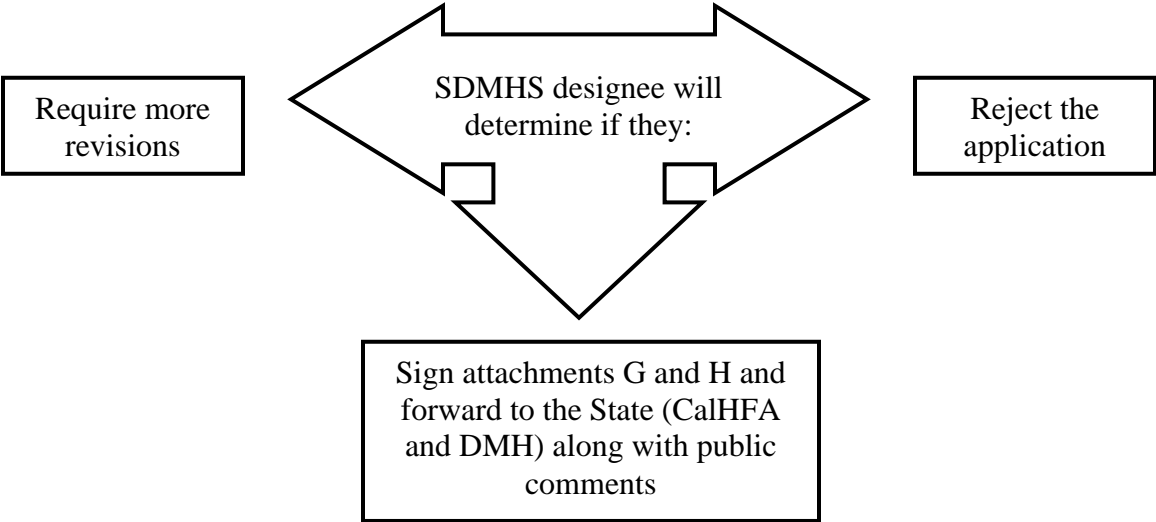
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Developer and FSP Submit to SDMHS and CSH:

- Development Summary Form
- Development Description
- Entire CalHFA application, including Sections D.1 – D.5

SDMHS reviews and posts required excerpts from state application for 30 day comment period.
Developer/Sponsor works on completing the entire application during this time period.

Applicant will meet with SDMHS designee to discuss the complete application.



Relationship to the County of San Diego HCD NOFA for MHSA Housing Funds

The County of San Diego Department of Housing and Community Development (HCD) has posted a NOFA for MHSA funds in the amount of up to \$3.24 million dollars. These funds are in addition to the CalHFA allocated dollars to County of San Diego Mental Health Services (SDMHS). HCD is administering these funds for SDMHS. Proposed projects can be located in both unincorporated areas and within any local jurisdictions. This NOFA is available at [HCD's website](#).

**ATTACHMENT ONE: SAN DIEGO COUNTY MHSA
DEVELOPMENT SUMMARY FORM**

Developer:

Sponsor:

Name of Project:

Project Address (including parcel #):

Supervisor/Council District:

Status of Site Control:

Entitlement Status and Time Estimate to complete Entitlements:

Anticipated Date of Certificate of Occupancy:

Community Planning Group:

**Any Contact made yet with local neighbors or planning group? If yes,
please specify meeting dates and times.**

**Community Process Plan including potential meeting dates with
community groups:**

PAGE TWO OF TWO

Total number of units and bedroom types:

Total number of MHSA units and bedroom types:

Square footage by bedroom of MHSA units:

Type of Development:

Rental Shared New Construction Acquisition/Rehab

Type of Building:

Apartment Shared Condominium Single
Other

Total Cost of the Development:

Total Cost of MHSA Units:

Amount of MHSA Funds Requesting:

Requesting MHSA funds for Capitalized Operating Subsidies:

YES NO

Additional Comments:

Contact Information:

Name:

Company:

Phone:

Fax:

Email:

ATTACHMENT TWO: INITIAL DEVELOPMENT SUMMARY FORM

Please submit Attachment One, the development summary form, along with a maximum two-page narrative description of the proposed project and the experience of the developer.

Submit to:

Lauren Quinlan, Administrative Analyst II
Behavioral Health Services
3255 Camino del Rio South
San Diego, CA 92108-3806
Email: Lauren.Quinlan@sdcounty.ca.gov

Submit a copy to:

Tricia Tasto Levien, Program Manager
Corporation for Supportive Housing
328 Maple Street, 4th Floor
San Diego, CA 92103
Email: tricia.levien@csh.org

ATTACHMENT THREE: MENTAL HEALTH SERVICES ACT CONTACT LIST

County of San Diego Health and Human Services Agency Behavioral Health Services

Piedad Garcia, Ed.D., LCSW
Assistant Deputy Director
3255 Camino del Rio South
San Diego, CA 92108-3806
619-584-5061

Piedad.Garcia@sdcounty.ca.gov

Lauren Quinlan
Administrative Analyst II
3255 Camino del Rio South
San Diego, CA 92108-3806
619-584-5061

Lauren.Quinlan@sdcounty.ca.gov

California Housing Finance Agency

Kathy Weremiuk
Program Manager
100 Corporate Point, # 250
Culver City, CA 90230
310-342-1256

kweremiuk@calhfa.ca.gov

Nan Guevara
Multi Family Loan Officer
P.O. Box 4034 MS 15
Sacramento, CA 95812
916-324-9844

nguevara@calhfa.ca.gov

California State Department of Mental Health

Jane Laciste
Chief, Special Projects
1600 9th Street, Room 250
Sacramento, CA 95814
916-654-3529

jane.laciste@dmh.ca.gov

Corporation for Supportive Housing

Tricia Tasto Levien
Program Manager
328 Maple Street, 4th Floor
San Diego, CA 92103
619-232-1982

tricia.levien@csh.org

County of San Diego Department of Housing and Community Development

Dolores Diaz
Housing Program Analyst, Special Programs Division
3989 Ruffin Road
San Diego, CA 92123-1890
858-694-4804

Dolores.Diaz@sdcounty.ca.gov

ATTACHMENT FOUR: MHSA FSP HOUSING RECOMMENDATIONS

The primary focus of this Plan is to meet the housing needs associated with San Diego's new MHSA-funded Full Service Partnerships. San Diego's Community Services and Supports Plan includes five FSPs dedicated to meeting the comprehensive mental health housing and services needs of individuals with serious mental illness who have been unserved or underserved by the mental health system.

To best meet the housing needs of individuals enrolled in an FSP, SDMHS set a goal of creating the most FSP housing units feasible given available funding. The assumption is that at any given time some of those enrolled will not accept housing and some of those enrolled will have access to non-MHSA funded housing, such as current Shelter Plus Care, Section 8 or other existing subsidized housing. The financial model establishes a numerical goal of developing 241 units for the FSPs. By FSP, the housing creation goals are:

- Transition age youth – 45 units
- Homeless and At Risk Adults – 93 units (within two FSPs)
- Adults (Center Star) – 56 units
- Older Adults – 47 units

A number of models exist to provide special needs housing, including shared housing, transitional housing, scattered site permanent supportive housing and single site permanent supportive housing.* Different strategies for developing or providing such housing are appropriate based on the nature of the housing need, resources available, local real estate market dynamics, the subpopulation to be served, and the capacity of the local community to provide housing services.

Client focus groups, MHS Housing Council stakeholders, client advocates, and county staff concur that the Plan's goal is to provide adequate supportive housing for FSP clients. Generally, supportive housing is community-based housing that is affordable to clients on a permanent basis, provides all the rights and responsibilities of tenancy, and is accompanied by appropriate, voluntary services that assist clients to retain their housing. In the case of San Diego's FSPs, intensive supportive services are built into the programs and the housing created generally will not need additional services attached to the housing to be considered supportive housing.

Throughout the planning process for this Housing Plan, the focus remained on creating guidelines for supportive housing that are responsive to client preferences and promote client choice. The stakeholder process sought to create MHSA housing guidelines that reflected the client preferences voiced at the clubhouse focus groups, while recognizing the needs and realities of the local housing market.

* Permanent supportive housing combines and links permanent, affordable housing with support services designed to help the tenants stay housed. Tenants have the legal right to remain in the unit as long as they wish, as defined by the terms of a renewable lease agreement.

Taking these considerations into account, the MHS Housing Council made the following recommendations to guide this Plan in terms of the types of housing opportunities to be pursued. Included are not only the preferred types and models of housing to be pursued but also a method for making exceptions in order to take advantage of opportunities to secure housing.

ATTACHMENT FIVE: 2009 RECOMMENDATIONS AND GUIDELINES

2009 Updated Recommendations to Develop a Variety of FSP Housing Opportunities

1. FSP clients will choose and direct their housing arrangements.
2. MHSA funds dedicated to housing should be used to leverage funds toward at least 356 new housing opportunities for FSP clients in San Diego County (115 leased and 241 developed through new construction or acquisition/rehabilitation). To ensure long-term affordability, the majority of new housing opportunities should be in permanently affordable sponsor-owned housing projects located throughout the county, including new construction and acquisition / rehabilitation projects. The remaining units may be leased apartments spread throughout the county.
3. MHSA units may be in buildings that are 100% targeted for FSP clients and in mixed population and/or mixed-income buildings serving other target populations. To ensure client choice, SDMHS should seek to achieve a mix of building types.
4. While there is a need for different housing types to provide a continuum of care, the limited resources available for housing under MHSA are dedicated to the creation of permanent housing. The development of new transitional housing is not allowable using local MHSA housing funds.
5. SDMHS, CSH, the San Diego Housing Federation, and the FSP providers will work with affordable housing developers to secure units dedicated to FSP clients in their housing projects.
6. Once all the housing units are created and filled there will still be a need for housing for new clients coming into the FSPs. SDMHS, CSH and FSP providers should work together, consistent with State Department of Mental Health guidelines, to explore graduation/exit strategies for clients ready to leave the intensive services of an FSP to ensure that they are able to retain stable housing while making sure some FSP-dedicated housing can be made available to house new clients.

2009 Updated Housing Project Development Guidelines

For shared and rental housing projects developed using MHSA housing funds, the following guidelines shall apply.

1. SDMHS intends to provide housing that is affordable to the client population served. FSP clients will pay no less than 30% of their income for housing (and no more than 50% of their income).[†]
2. FSP clients will live in housing where they have their own bedrooms.
3. Shared housing may be eligible for funding under the condition that clients have their own lockable bedrooms. All shared housing projects will require the review process outlined in 8 below.[‡]
4. While buildings may be of any size, SDMHS must ensure that a variety of projects are developed, that efforts are made to minimize concentration of clients, and that at least some projects funded are mixed population/mixed-income tenancy and some projects are small in size (25 units or less.) Projects proposed that have more than 25 MHSA units, but the MHSA-dedicated units represent less than 10% of the total development, do not need to go through the Project Exception Committee. If the development has 25 units and it represents more than 10% of the total development, the project shall be evaluated under the process outlined in 8 below.[§]

[†]CSS planning guidelines from the State Department of Mental Health require housing affordability for MHSA clients living in MHSA supportive housing, meaning that each tenant pays no more than 30% to 50% of household income towards rent.

[‡] The Mental Health Housing Ad Hoc Committee recommended removal of language that stated that shared housing for the transition-age youth (TAY) clients was not recommended. The idea of shared housing was discussed at all of the FSP client focus groups that were held in March 2009, including the TAY focus group. The results of the focus groups highlighted the importance of client choice, including both rental and shared housing. Although many clients expressed the desire to have their own apartment, some clients, including some TAY, did express a desire to share an apartment or house with a roommate, granted that they had their own bedroom. All shared housing will still go through the Project Exception Committee for review.

[§] The Mental Health Housing Ad Hoc Committee recommended that instead of proposed projects with more than 25 units being evaluated by the Project Exception Committee, it is recommended that if the project has more than 25 MHSA units but they are less than 10% of the total development then the project does not need to go through the Project Exception Committee. This change was in consideration of larger developments where 25 units may represent a small percentage of the total units in a development.

5. MHSA-supported housing developments must be located near transportation. In addition, projects should have access to health services, groceries and other amenities such as public parks and/libraries.**
6. Studio apartments dedicated to individual FSP clients should be designed for unit livability, meaning the space in the unit can accommodate the potential number of occupants and the basic pieces of common furniture necessary for daily activities. Units must at minimum include a bathroom and food preparation area. Studio units less than 350 square feet will be evaluated under the process outlined in 8 below. Rental Single Room Occupancy (SRO) units with shared bathrooms are not desirable and should not be funded.
7. MHSA-supported housing developments should include community space, which may include the following: common meeting spaces, communal kitchens, computer room, and gardens. Dedicated space for services delivery is desirable, particularly in projects with higher numbers of MHSA units, but not required.
8. For any proposed housing project, if guidelines 1 through 7 are not met, the Project Exception Committee of SDMHS staff, CSH, MHS Housing Council members, clients and family members will review the proposed project's design and provide input to the developer and County Mental Health before the project is considered for approval. This committee will review the proposed projects in an expedited process to prevent any delays in funding applications.
9. MHSA Housing projects must involve client representatives and family members in the planning process for all new MHSA projects. The Full Service Partnerships will organize client representatives and family members in a timely manner to provide feedback.††
10. MHSA funded units should be retained as dedicated for mental health clients for the maximum time possible, based on other funding requirements and continued need and availability of services. Affordability requirements should be as long as permissible, with a target goal of 55 years if financially feasible.

** At minimum, public transit that comes with reasonable frequency must be accessible within 0.5 mile. It is preferred that, where possible, other services be walkable within 0.5 mile (e.g. not including physical barriers that prevent access by foot or public transit).

†† The Mental Health Ad Hoc Committee reinforced the importance of client feedback for all new MHSA housing projects.