



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

*LOCAL GOVERNMENT
SPECIAL NEEDS HOUSING PROGRAM
(SNHP)*

GUIDELINES FOR APPLICATION

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

June 2018

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Background

In 2004, the people of the State of California passed Proposition 63, which established the Mental Health Services Act (MHSA) to create new funding for mental health services for unserved and underserved persons with serious mental illness (SMI). In 2007, the MHSA Housing Program was created as a limited-term program to administer MHSA funds set aside to finance permanent supportive housing for individuals with mental illness. The County of San Diego utilized the initial MHSA allocation to create 249 new housing opportunities for some of the most vulnerable clients in San Diego County. The MHSA Housing Program concluded on May 30, 2016, with the original \$33 million in funding expended or committed to San Diego projects.

In September 2015, the County of San Diego Board of Supervisors decided to utilize the successor program to the MHSA Housing Program, the California Housing Finance Agency (CalHFA) Local Government Special Needs Housing Program (SNHP), by committing \$10,000,000 in funds for additional housing units to support a healthy, safe and thriving community. In June 2018, as addressing homelessness for individuals with SMI continued to be a priority for the County of San Diego, the Board of Supervisors committed an additional \$10,000,000, bringing the County's total SNHP investment to \$20,000,000.

The commitment of these funds supports the Healthy Families initiative of the County of San Diego's 2015-2020 Strategic Plan as well as the *Live Well San Diego* vision by providing necessary resources and services for individuals with behavioral health needs in order for them to lead healthy and productive lives. Additional permanent supportive housing units are expected to promote a safe and thriving community while addressing the priority issue of serving individuals who are both homeless and have a SMI.

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 Health and Human Services Agency, Behavioral Health Services (BHS). BHS will review projects that meet the County goals to serve individuals who are both homeless and have a SMI as well as the County's priority criteria (see below). By recommending a project for funding, BHS will commit to providing the appropriate supportive services. These guidelines describe the process for local review prior to submitting the application to CalHFA for final funding approval and underwriting.

Program Recommendations and Guidelines

The County will review proposals for the construction or acquisition and renovation of either rental units or shared units using SNHP Funds.

Developers applying for funding under the SNHP program should consult with BHS to identify the appropriate population for the project prior to application to CalHFA. Priority populations for the SNHP program are people with SMI who are unserved or

underserved, including Transition Aged Youth (TAY), Adults, Older Adults, and those involved in the justice system. The housing units that are created will be primarily dedicated to individuals eligible for MHSA-funded Full Service Partnership (FSP) programs that provide wraparound services to individuals with SMI who also have unmet housing needs.

PRIORITY CRITERIA

SNHP funds are prioritized for projects that:

- Meet the goals of the BHS Strategic Housing Plan (<http://sandiego.camhsa.org/housing.aspx>)
- Meet CalHFA SNHP criteria <http://www.calhfa.ca.gov/multifamily/snhp/application/index.htm>
- Meet the *MHSA Housing Program Recommendations and Guidelines* (Attachment Two)
- Have operating subsidy funding commitments that ensure SNHP units are affordable to tenants with Supplemental Security Income (SSI) (or who have SSI-level incomes), or have sufficient cash-flow to operate without operating subsidy commitments
- Demonstrate project readiness (e.g., site control; entitlements; permits; funding commitments or active pursuit of funding commitments; etc.)
- Demonstrate a project timeline of planned start of construction within two years of SNHP Application submission to County BHS
 - Due to the urgent need for housing, priority is given to projects that will have units available in a timely manner (i.e., will receive their Certificate of Occupancy in less than two years of an SNHP Application submission)

Other criteria that may be considered include:

- Tenant population mix/priority populations served (e.g. TAY, Adult, Older Adult, justice involved)
- Project location and regional need for MHSA housing (based on regional homeless population and availability of supportive services)
- Overall unit mix of the development, including unit size (see Attachment Two for project design element information)
- SNHP investment per unit

Project sponsors who are approved for SNHP funding must involve client representatives and family members in the design and planning process if they are proposing a new project that has not already been through the design process. BHS will assist the developer in organizing client representatives and family members to provide feedback, when necessary.

Capital funds may be used for either rental housing developments (5 or more units) or shared housing developments (1-4 units for MHSA-eligible clients who rent a bedroom within a single-family home, duplex, tri-plex or four-plex). However, all projects must reserve a minimum of 5 units (or 5 bedrooms in shared housing) for County referred MHSA eligible tenants.

The County intends to utilize the SNHP funding to finance capital development only. Applicants are encouraged to seek other rent or operating subsidies, such as Project-Based Section 8 vouchers, to subsidize rent for the very low-income clients expected to

be served under the SNHP program. Maximum rents for SNHP funded units will be limited to 30% of 30% of AMI.

Projects submitted for approval are subject to loan limits on each unit, in accordance with the CalHFA SNHP Term Sheet (Attachment 3). However, the County reserves the right to limit or expand the recommended loan limits to meet its current housing needs. In any instance, the minimum SNHP loan amount per project will be set at \$500,000.

Application for SNHP Funding

To initiate the application process, the following documents should be completed and sent to BHS:

- The Development Summary Form (Attachment One—below, pages 6-7)
- A maximum two-page narrative description of the proposed project and the experience of the sponsor in developing and operating affordable and supportive housing

This information can be submitted via email to Jason Miller at Jason.Miller@sdcountry.ca.gov (he is reachable by phone at 619-584-5086) and cc'd to Simonne Ruff at Simonne.Ruff@csh.org (or by phone at 619-232-3194 ext. 4292).

Once these documents are received, Mr. Miller will arrange a meeting with Dr. Piedad Garcia, Director of the Adult/Older Adult System of Care for the County of San Diego Health and Human Services Agency, Behavioral Health Services (BHS). The meeting will be to discuss the project concept and whether the proposal is consistent with the BHS Five-Year Strategic Housing Plan.

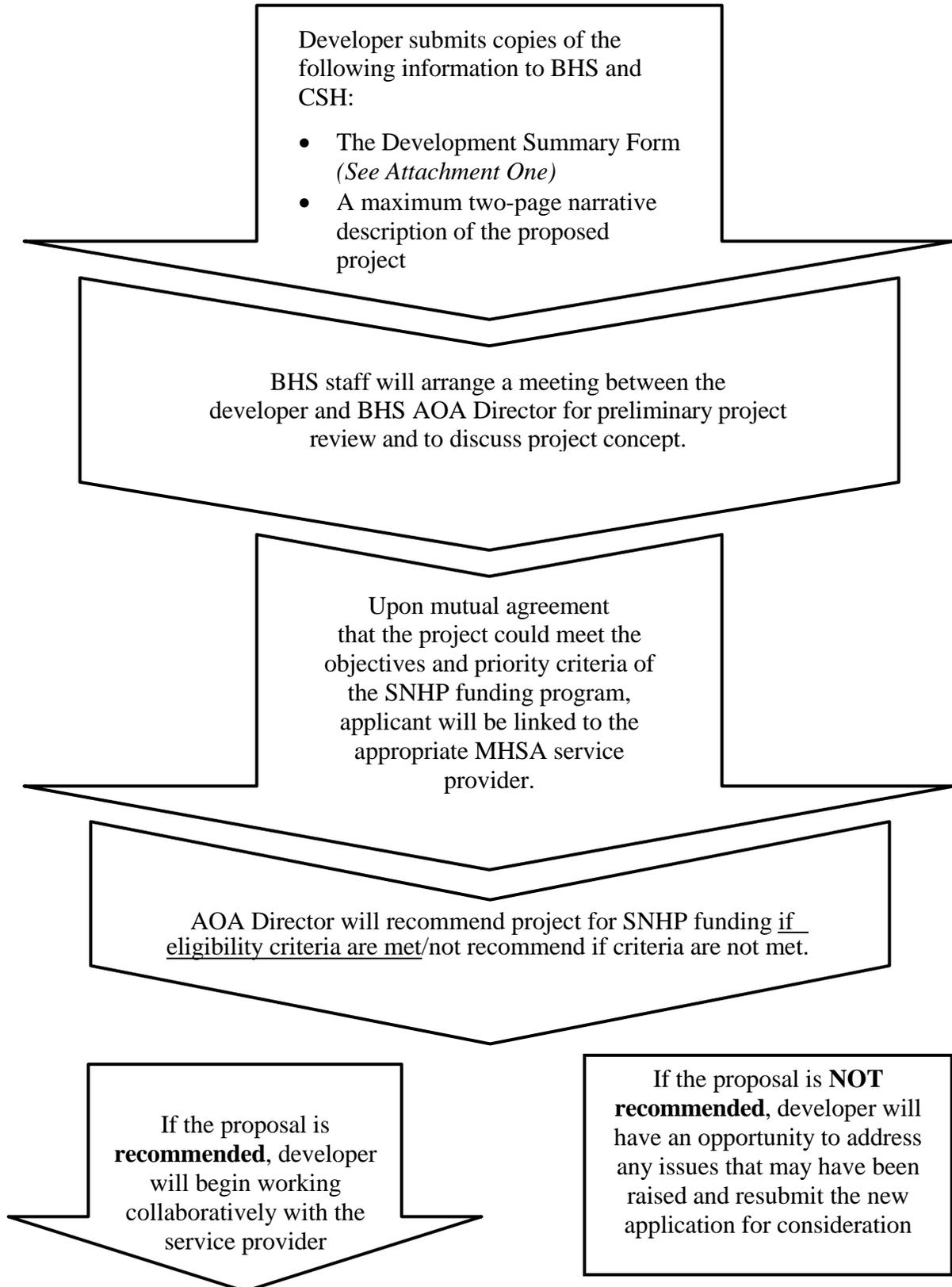
SELECTION PROCESS

Applications are received on an “over the counter” basis. The selection process is outlined in the flow chart below and includes an evaluation of the proposed project, including an assessment of whether a project meets the SNHP priority criteria (listed above). Following this review, BHS will determine whether a project will be recommended to CalHFA for underwriting and loan approval. If a project is recommended, the applicant will complete the full application to be submitted to CalHFA for final funding approval. However, the application for SNHP funding may **only** be submitted by the County of San Diego Health and Human Services Agency, Behavioral Health Services (BHS). Once an application has been approved at the State level by CalHFA, the funds are distributed to a qualified borrower in the form of a loan administered by CalHFA. Therefore, the prepared application must be reviewed and signed by both BHS and the developer prior to submission to CalHFA.

By signing and submitting the application, the County Behavioral Health Services Director will signify that BHS:

- Approves the use of a portion of its SNHP funds for the supportive housing project described in the application,
- Authorizes CalHFA to administer the SNHP loan, and
- Commits to providing supportive services to the MHSA tenant population of the project for the full term of the SNHP loan

SNHP: Housing Program Application Process Chart



Developer and Service Provider work collaboratively to prepare the application for SNHP funding and submit the application to BHS and CSH.

BHS reviews the application and completes any required public posting.
Developer/Sponsor continues to finalize the remainder of the application during this time

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

Require more revisions

SDBHS designee will determine if they:

Reject the application

SDBHS Director signs the final application approvals for submission to CalHFA for underwriting and funding approval

ATTACHMENT ONE - DEVELOPMENT SUMMARY FORM
COUNTY OF SAN DIEGO SPECIAL NEEDS HOUSING PROGRAM
EXPRESSION OF INTEREST

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:

**Has contact been made yet with local neighbors or planning groups?
If yes, please specify meeting dates and times.**

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

**Have you previously submitted to the County of San Diego an
Expression of Interest form (either for capital funding or
supportive services only) for this project? (Please check one)**

Yes

No

ATTACHMENT ONE - DEVELOPMENT SUMMARY FORM
COUNTY OF SAN DIEGO SPECIAL NEEDS HOUSING PROGRAM
EXPRESSION OF INTEREST

Total number of units and bedroom types:

Total number of MHSA units and bedroom types:

Square footage (by bedroom type) of MHSA units:

Type of Development:

Rental Shared New Construction Acquisition/Rehab

Type of Building:

Apartment Shared Other: _____

Total cost of the development:

Total cost of MHSA units:

MHSA/SNHP capital funds requested:

Will you be requesting non-MHSA operating subsidies, such as project-based vouchers? (Please check one) Yes No

If so, what type?

Additional Comments:

Contact Information:

Name: _____

Title: _____

Company: _____

Phone: _____

Fax: _____

Email: _____



Attachment Two - Recommendations and Guidelines

Recommendations to Develop a Variety of MHSA Housing Opportunities

1. MHSA Housing Program eligible clients (“clients”) will choose and direct their housing arrangements.
 2. MHSA units are prioritized for integrated housing/mixed population and/or mixed-income buildings housing a range of tenant populations. To ensure client choice, BHS should seek to achieve a mix of building types.
 3. MHSA housing should be located in neighborhoods that meet the needs of the clients, including safety and security. Security design features such as architectural and landscape security design configurations, cameras in common areas, secured entry, and/or security services should be used to the extent possible.
 4. BHS, CSH, the San Diego Housing Federation, and the FSP/BHS providers will work with affordable housing developers to secure units dedicated to clients in their housing projects.
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MHSA Housing Project Development Guidelines

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

1. BHS intends to provide housing that is affordable to the client population served. MHSA Housing Program eligible clients will pay no less than 30% of their income for housing (and no more than 50% of their income).¹
2. 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.²
4. While buildings may be of any size, BHS must ensure that a variety of projects are developed, that efforts are made to minimize concentration of clients, and that some projects funded are mixed population/ mixed-income tenancy and some projects are small in size (25 units or less.) Projects

¹CSS 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.

² 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.

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 more than 25 units and it represents more than 10% of the total development, the project shall be evaluated under the process outlined in 9 below.³

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.⁴
6. Studio apartments dedicated to individual 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 9 below. Rental Single Room Occupancy (SRO) units with shared bathrooms are not desirable and should not be funded.

Due to the crisis of homelessness and the need to create housing opportunities quickly, projects that convert hotel/motels, and which may have units smaller than 350 square feet, and bring units online within a year of application for SNHP funding will be prioritized and not required to follow the process outlined in 9 below.

7. MHSA-supported housing developments should include sufficient community space, which could 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. Refrigerators should be at least “apartment size” refrigerators to allow for adequate food storage. It is also desirable for developments to have laundry facilities on-site.
8. Developments should have a plan for tenants in the event of an emergency. The emergency plan should be sent to the County prior to certificate of occupancy and it should be shared with tenants shortly after tenants move-in. The plan must include steps for helping tenants that need assistance in exiting the building.
9. For any proposed housing project (not including hotel/motel conversions), if guidelines 1 through 8 are not met, the Project Exception Committee of BHS staff, CSH, BHS Housing Council members, clients and family members will review the proposed project’s design and provide input to the developer and

³ 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.

⁴ 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).

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.

10. MHSA Housing projects must involve client representatives and family members in the planning process for all new MHSA projects. The Full Service Partnerships/BHS contractors will organize client representatives and family members in a timely manner to provide feedback.⁵
11. 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.
12. BHS reserves the right to establish standard criteria and timelines that projects must meet in order to remain in BHS' MHSA Housing Pipeline. BHS reserves the right to de-commit funding if there are delays in project implementation, changes to the financial structure, and/or changes to applicant status. Standard criteria will be shared with the community, including developers.

⁵ The Mental Health Ad Hoc Committee reinforced the importance of client feedback for all new MHSA housing projects.

Attachment 3 - CalHFA SNHP Term Sheet

All CalHFA documents related to the Local Government Special Needs Housing Program can be found here:

<http://www.calhfa.ca.gov/multifamily/snhp/index.htm>