

Mental Health Services Act Housing Program Application

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MENTAL HEALTH SERVICES ACT HOUSING PROGRAM APPLICATION

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1.0 Introduction

The California Department of Mental Health (DMH), the California Housing Finance Agency (CalHFA) and the County Mental Health Directors Association are pleased to announce a new housing program under which up to \$75 million in Mental Health Services Act (MHSA) funds will be allocated each year to finance the capital costs associated with development, acquisition, construction and/or rehabilitation of permanent supportive housing for individuals with mental illness and their families, especially including homeless individuals with mental illness and their families. The MHSA Housing Program will also make available up to an additional \$40 million per year in capitalized operating subsidies. Eight percent of both capital funds and capitalized operating subsidies, currently estimated at \$9.2 million annually, will be set aside for small counties to ensure that the program addresses their unique needs.

Executive Order S-07-06, signed by the Governor on May 12, 2006, mandated development of the MHSA Housing Program, with the stated goal of creating 10,000 additional units of permanent supportive housing for this population. The program will be jointly administered by DMH and CalHFA. 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 provision of services, including continuing assessment as to whether the target population served continues to meet MHSA Housing Program requirements.

Funds provided under this program must serve the MHSA Housing Program target population as specified in the Executive Order and defined in further detail below. 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 funds from a range of programs administered by other agencies including, but not limited to, the Department of Housing and Community Development (HCD), CalHFA, the Tax Credit Allocation Committee (TCAC), localities, and the federal Department of Housing and Urban Development (HUD). However, for Shared Housing Developments, funds from this new program may be used to cover all capital costs up to the funding limits specified in this application.

While the MHSA Housing Program application process, as described in this application package, is the same for both large and small counties, a more flexible process is available to small counties applying for program funds. Specifically, small counties may request exceptions from the various requirements of this application. In addition, enhanced technical support will be available to small counties upon request, to assist them in completing the application process. Section 2.16, Small Counties, provides further information on the application process for small counties.

The MHSA asks the State of California to transform the way in which it has delivered mental health services to individuals with serious mental illness. Over the past decade or more, this transformation had already begun through the implementation of several pilot programs, each with the goal of moving beyond the mental health clinic setting to offer a much wider array of services and supports to consumers in community settings, enhancing their recovery efforts and their opportunities for independent living.

The MHSAs Housing Program embodies both the individual and system transformational goals of the MHSAs through a unique collaboration among government agencies at the local and State level. The partners in this system collaboration include CalHFA and HCD, with their housing and financial expertise; DMH, with responsibility for overseeing the mental health system and ensuring that consumers have access to an appropriate array of services and supports; and county mental health departments, which have ultimate responsibility for the design and delivery of mental health services and supports throughout the State. Through this collaboration, the MHSAs Housing Program will continue to transform the mental health system, offering consumers housing and supportive services that will enable them to live more independently in our communities.

1.1 Program Summary

The program makes permanent financing and capitalized operating subsidies available for the purpose of developing permanent supportive housing, including both rental housing and shared housing, to serve persons with serious mental illness who are homeless or at risk of homelessness and who meet the MHSAs Housing Program target population description. A total of \$400 million has been set aside for initial funding of the program. This amount will fund both capital costs and capitalized operating subsidies. However, the intention is to continue funding the program on an ongoing basis at the levels described in Section 1.0 above as long as the Mental Health Services Act continues to generate sufficient revenues and the program is effective in meeting the needs of the counties and the target population.

1.2 Organization of the Application Package

This application package is divided into sections as follows:

- Section 1: Introduction
This section describes the purposes and objectives of the MHSAs Housing Program.
- Section 2: Development Requirements
This section outlines specific requirements applicable to all MHSAs Housing Program developments.
- Section 3: Other Considerations
This section presents other issues to consider when applying for MHSAs Housing Program funds.
- Section 4: Submission Requirements
This section delineates requirements for submission of an application. This includes a checklist of documents to be submitted, the order in which they must be submitted, and formatting requirements and binding requirements.
- Section 5: CalHFA Underwriting Process
This section describes the general process that will be used by CalHFA to underwrite the financial aspects of each application for MHSAs Housing Program funds.

Section 6: DMH Application Approval Process
This section describes the general process that will be used by DMH to review and approve the target population and supportive services aspects of each application for MHSA Housing Program funds.

Section 7: Attachments
This section includes all attachments referenced in this application package.

2.0 Development Requirements

Developments must meet the following requirements in order to be considered for funding under this program.

2.1 MHSA Community Services and Supports Plan

In order for a development to be eligible for MHSA Housing Program funding, it must be consistent with the priorities identified in the Community Services and Supports (CSS) component of the county's Three-Year Program and Expenditure Plan. This requirement is designed to foster the goal of establishing and strengthening partnerships at the local/county level, resulting in a development that reflects local priorities while expanding safe, affordable housing options for individuals with serious mental illness who receive services through the MHSA. Additionally, prior to approval of any application for MHSA Housing Program funding, the county mental health department must have an executed MHSA Performance Contract (or other successor document, as prescribed by DMH) with the necessary language providing authority for the transfer of funds to CalHFA. For purposes of this document, a county mental health department includes the City of Berkeley and Tri-Cities mental health departments pursuant to Welfare and Institutions Code Section 5897(a).

2.2 MHSA Housing Program Target Population

The State of California recognizes that there is currently, and will continue to be for the foreseeable future, inadequate funding to provide permanent supportive housing for all those with serious mental illness who need it. The MHSA Housing Program is primarily intended to provide funding to create permanent supportive housing with services for individuals with serious mental illness who are homeless. Secondly, and in keeping with the values of the MHSA, the State believes that individuals should not have to 'fail first' and become homeless in order to become eligible for supportive housing; rather, individuals identified as "at risk of homelessness" are eligible for the housing and supports available under this program. Please note that "at risk of homelessness," as used here, is a definition unique to the MHSA Housing Program and is not applicable to other local, State or federal housing programs.

DMH has defined the MHSA Housing Program target population as low-income adults, or older adults with serious mental illness, and children with severe emotional disorders and their families who, at the time of assessment for housing services, meet the criteria for MHSA services in their county of residence and are homeless or at risk for homelessness, as defined below. The county mental health department, or its designee, will certify the target population eligibility of individuals and/or families.

For the purposes of this program, the following definitions and criteria apply:

1. Adults or Older Adults means adults with serious mental illness as defined in Welfare and Institutions Code Section 5600.3 (b) (1).
2. Children or adolescents with severe emotional disorders as defined in Welfare and Institutions Code 5600.3 (a) (1), and their families.
3. "Homeless" means living on the streets, or lacking a fixed, regular, and adequate night-time residence. (This includes shelters, motels and living situations in which the individual has no tenant rights.)
4. Individuals who are "at risk of homelessness" include:
 - Transition-age youth (as defined in Welfare and Institutions Code Section 5847(c), and in Title 9, California Code of Regulations, Section 3200.80) exiting the child welfare or juvenile justice systems
 - Individuals discharged from institutional settings including:
 - Hospitals, including acute psychiatric hospitals, psychiatric health facilities (PHF), skilled nursing facilities (SNF) with a certified special treatment program for the mentally disordered (STP), and mental health rehabilitation centers (MHRC)
 - Crisis and transitional residential settings
 - Individuals released from local city or county jails
 - Individuals temporarily placed in Residential Care Facilities upon discharge from one of the institutional settings cited above
 - Individuals who have been assessed and are receiving services at the county mental health department and who have been deemed to be at imminent risk of homelessness, as certified by the county mental health director.

2.3 Housing Options

MHSA Housing Program developments must offer permanent supportive housing to the target population. Supportive housing means housing with no limit on length of stay that is occupied by the target population and that is linked to on-site or off-site services. These services must help the tenant to retain the housing, support recovery and resiliency, and maximize the ability to live and work in the community.

The types of permanent supportive housing that may receive funding under the MHSA Housing Program include:

- Apartment buildings
- Duplexes, triplexes and four-plexes
- Single-family homes and condominiums

The development may be either a:

- **Single Population Development**—Development in which all units are dedicated to housing the MHSA Housing Program target population, or a
- **“Mixed Population” Development**—Development that has set aside a specific number of units within a development to house the MHSA Housing Program target population. The other units are open to occupancy by persons who are not members of the MHSA Housing Program target population.

Housing types that are eligible for MHSA Housing Program funding fall into one of two categories of housing developments—Rental Housing Developments and Shared Housing Developments. Each of these development categories is described in detail in the following subsections.

2.3.1 Requirements for Rental Housing Developments

Rental Housing Developments are apartment buildings that include five or more separate apartments, each with its own lease. Each MHSA Housing Program targeted apartment must be occupied by a qualifying member of the MHSA Housing Program target population, as certified by the sponsoring county mental health department. All individuals age 18 or older who will occupy the unit must sign the lease. For Rental Housing Developments, a unit is defined as a separate apartment.

Rental Housing Developments may include both general occupancy developments and special occupancy developments. Special occupancy developments include either senior housing or housing for homeless youth, as defined in the California Government Code, Section 11139.3. Each apartment must include, at a minimum, a sleeping area, a kitchen area and a bathroom, in order to provide a dignified housing situation for the residents. All Rental Housing Developments must set aside adequate space for supportive services staff and programming.

In addition, in developments with 5 to 100 units, at least 10 percent of the units, but no fewer than 5 units per development, must be set aside for members of the MHSA Housing Program target population. In developments with more than 100 units, at least 10 units must be set aside for members of the MHSA Housing Program target population.

All Rental Housing Developments must meet the requirements of the California Housing Finance Agency Architectural Guidelines, which may be obtained from CalHFA’s website at www.calhfa.ca.gov.

2.3.2 Requirements for Shared Housing Developments

The Shared Housing Development component of the MHSA Housing Program has been designed as a shared “house-mate” program for unrelated adults who are members of the MHSA Housing Program target population. For Shared Housing Developments, a unit is defined as a traditional residential unit that has a bathroom and a kitchen, such as a single family home, a condominium or one-half of a duplex. The following requirements apply:

- Shared Housing Developments are developments that contain one or more traditional residential units (i.e., contain a kitchen and at least one bathroom).
- Each bedroom in a Shared Housing Development must be targeted to provide shared housing for a member of the MHSA Housing Program target population.
- Shared Housing Developments generally consist of two- to four-unit buildings, including duplexes, triplexes and four-plexes, provided that all units in the development are targeted for use as shared housing for a member of the MHSA Housing Program target population.
- Developments with five or more units may be permitted on an exception basis.
- Single-family homes and condominiums may also qualify as Shared Housing Developments, provided they have at least two bedrooms.
- One-bedroom or studio units in duplexes, triplexes and four-plexes may qualify as Shared Housing units if all two-bedroom and larger units in the development are Shared Housing units.

All units in a Shared Housing Development must be rented to, and shared by, two or more unrelated adults, each of whom is a member of the MHSA Housing Program target population. For purposes of this program, an adult is defined as an individual who is either at least 18 years of age or who is younger than 18 years of age and has been emancipated. While this program is intended primarily as a program for unrelated adult “house-mates,” nothing in this definition excludes the spouse, adult partner or child of an MHSA Housing Program-qualified tenant from sharing the bedroom of that tenant, up to housing occupancy limits. To qualify for funding under this program, the Shared Housing Development must provide a lease and a separate lockable bedroom for each MHSA Housing Program tenant; the MHSA Housing Program tenant must be responsible for paying rent; and all bedrooms in each unit must be targeted for occupancy by a member of the MHSA Housing Program target population.

All Shared Housing Developments must meet the requirements of the CalHFA Architectural Guidelines for Shared Housing Developments, which may be obtained from CalHFA’s website at www.calhfa.ca.gov.

2.4 Occupancy and Rent Requirements

All MHSA Housing Program units must be targeted for occupancy to MHSA Housing Program target population households. Area median income information, and rent and income limits by county, as published by HUD, may be obtained from CalHFA’s website at www.calhfa.ca.gov. The following income and rent limits apply:

- All MHSA Housing Program targeted units in Rental Housing Developments must be targeted to households earning 50 percent or less of the area median income (as adjusted by household size).
- All MHSA Housing Program targeted units (bedrooms) in Shared Housing Developments must be targeted to households earning 50 percent or less of the area median income (as adjusted by household size).
- Applicants for MHSA Housing Program funds are encouraged to restrict occupancy in MHSA Housing Program targeted units and units to MHSA Housing Program target population households earning 30 percent or less of area median income, and to restrict rents to 30 percent of 30 percent or less of area median income (as adjusted by household size).

- For units with an MHSA Housing Program capitalized operating subsidy, the tenant portion of the restricted rent must be set no lower than 30 percent of the current Supplemental Security Income/State Supplemental Program (SSI/SSP) grant amount for a single individual living independently, or 30 percent of total household income, whichever is higher.
- Rents in MHSA Housing Program targeted units in Rental Housing Developments must be restricted to 30 percent of 50 percent or less of area median income (as adjusted by household size).
- Rents in MHSA Housing Program targeted units (bedrooms) in Shared Housing Developments must be restricted to 30 percent of 50 percent or less of area median income (as adjusted by household size).

2.5 Eligible Applicants/Developers

An application for MHSA Housing Program funding may be submitted only by a county mental health department. However, funds may be distributed only to a qualified borrower in the form of a loan (and in some cases, as capitalized operating subsidies). Therefore, the application must be prepared and signed by both the county and the developer, and will serve as the loan (and capitalized operating subsidy) application from the developer, for the ultimate borrower.

2.5.1 Applications from County Mental Health Departments

In signing and submitting the application, the county mental health director will signify that the county mental health department:

- Approves the use of its allotted MHSA Housing Program funds for the development described in the application,
- Agrees to DMH's transfer of the county's MHSA funds to CalHFA for administration of MHSA Housing Program loans, and
- Agrees to permit CalHFA to establish the capitalized operating subsidy amount, and
- Commits to providing supportive services to the target population for the full term of the MHSA Housing Program loan.

In addition, the county mental health 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.

2.5.2 Qualified Developers

Qualified developers include any of the following:

- 1) Developers with a track record of successful housing development and a history of serving the target population,
- 2) Developers with a track record of successful housing development but with no history of serving the target population, but with a strong contract/Memorandum of Understanding with a qualified service provider and property manager, and the assistance of qualified consultants with a history of successfully working with developers to house the target population,
- 3) A qualified supportive services provider with a joint venture developer partner with a history of successful development, who has entered into a contract/Memorandum of

Understanding (acceptable to CalHFA) with a qualified property manager, and has the assistance of qualified consultants who have a history of successfully working with similar joint venture partners to house the target population,

- 4) A qualified supportive services provider with a qualified development team that has a history of successful development and that has entered into a contract/Memorandum of Understanding (acceptable to CalHFA) with a qualified property manager, or
- 5) For a Shared Housing Development that consists of a condominium, single family home, duplex, triplex and/or four-plex, an appropriate agency of the county.

The developer and its affiliate organizations will be evaluated both for their ability to successfully develop and manage the real estate component of the development, and for their ability to partner with a primary service provider to deliver high-quality services to the target population. The developer will also be required to meet CalHFA's underwriting criteria, as discussed in Section 5.0 of this application.

The ultimate borrower must be one of the following:

- a limited partnership (LP) (the managing general partner of the LP must be a 501(c)(3) corporation or a limited liability company (LLC) whose sole member or members are 501(c)(3) corporations),
- a 501(c)(3) corporation,
- a LLC whose sole member or members are 501(c)(3) corporations,
- an affiliate of a local redevelopment agency,
- an affiliate of the county created to hold properties financed with MHSA Housing Program funding, or
- an affiliate of a local housing authority created to hold MHSA Housing Program properties.

The borrower also must be organized as either a single asset entity (in the case of a LP or LLC), or as a separate legal entity that only holds properties that have MHSA Housing Program funding, as appropriate.

2.6 Funding Limits

Funding available under the MHSA Housing Program will be subject to two separate limits—an overall county limit and a per-development limit.

1. DMH will apportion a specific amount of MHSA Housing Program capital (loan) and capitalized operating subsidy funds to each county. Thus, the total amount of all loans and capitalized operating subsidy awards made under the program in a given county at this time will be limited to the allotted amount provided to that county under the DMH formula, plus any interest earned while the funds are held by CalHFA. The county may use other funding sources for this program in addition to its allotted MHSA Housing Program funds. While CalHFA will hold the MHSA Housing Program funds until they are distributed in the form of capital funds or capitalized operating subsidies, funding will be awarded based strictly upon the amounts apportioned to each county by DMH. For further details on funding availability by county, see Attachment J, County Planning Estimates.

2. Funding will also be subject to a per-development limit, for both capital costs and capitalized operating subsidies. These funds will be made available based on the number of units restricted to the MHSA Housing Program target population, not on the total number of units in the proposed development.
3. County mental health departments, at their option, may use their capitalized operating subsidy funds for capital development costs instead of operating subsidies.
4. County mental health departments may, at their option, use interest earned on funds held by CalHFA for capital costs or capitalized operating subsidies.

Further details regarding funding limits on capital costs and capitalized operating subsidies are presented in Sections 2.7 and 2.8 below.

2.7 Funding Limits on Capital Costs

The MHSA Housing Program will initially make available approximately \$267 million in capital costs. These funds will be allocated to counties as described in Section 2.6 above to finance the capital costs associated with development, acquisition, construction and/or rehabilitation of permanent supporting housing for the target population. Per-development funding limits on capital costs for Rental Housing Developments and Shared Housing Developments are described in Subsection 2.7.1 and 2.7.2.

2.7.1 Capital Costs—Rental Housing Developments

A county may apply for up to one-third of the capital costs of the MHSA Housing Program restricted units in a Rental Housing Development (developments with five or more units) to a maximum of \$100,000 per targeted unit. At a county's request, amounts greater than \$100,000, up to one-third of total development costs per targeted unit, will be considered on an exception basis. The loan term for capital funds awarded under this program will be 20 years, or longer if required by other funding sources.

Other funds may be obtained from such sources as grants, tax credits, other deferred, forgivable or residual receipts loans from governmental and private loan sources, and other county mental health funds.

2.7.2 Capital Costs—Shared Housing Developments

A county may apply for \$100,000 per targeted bedroom in a Shared Housing Development, up to 100 percent of capital costs, provided each bedroom is targeted to a tenant who is a member of the MHSA Housing Program target population. The loan term for capital funds awarded under this program will be 20 years, or longer if required by other funding sources or if tax credits are involved.

2.8 Funding Limits on Capitalized Operating Subsidies

The MHSA Housing Program will initially make available approximately \$133 million in capitalized operating subsidies. Capitalized operating subsidy funds may be provided only to those developments that:

- Receive funds for capital costs from the MHSA Housing Program,
- Require capitalized operating subsidies to cover their operating costs,

- Request capitalized operating subsidies for those MHSA Housing Program target population units housing individuals whose combined income is 50 percent or less of area median income,
- Have applied for but have been denied rental or operating subsidies from all other available and appropriate sources (for at least one application cycle), including project-based Section 8 and all HUD McKinney programs such as Shelter Plus Care and the Supportive Housing Program, and
- Set the tenant portion of the restricted rent for units with an MHSA Housing Program capitalized operating subsidy at no lower than 30 percent of the current SSI/SSP grant amount for a single individual living independently, or 30 percent of total household income, whichever is higher.

CalHFA will provide conditional commitments to developments that apply for these other subsidies, but will not execute the MHSA Housing Program capitalized operating subsidy contract or distribute MHSA Housing Program capitalized operating subsidy funds until the development has received a formal denial of its other rental or operating subsidy application(s). Preference in allocating capitalized operating subsidies will be given to Rental Housing Developments.

Capitalized operating subsidies for both Rental Housing Developments and Shared Housing Developments are expected to be available for a period of 18 to 20 years per development (depending upon availability of funds). It will be the responsibility of the county mental health department to apply for a capitalized operating subsidy for a specific development. CalHFA will determine the amount of capitalized operating subsidy based on the development's first-year operating budget, a two-and-one-half (2.5) percent annual income escalator, a three-and-one-half (3.5) percent annual cost escalator, and the amount of interest earned on the operating reserve account. CalHFA will keep the awarded capitalized operating subsidies in reserve in an interest-bearing account and will distribute them quarterly to borrowers.

Capitalized operating subsidy funds are only available while a member of the MHSA Housing Program target population resides in the unit (that is, not during months in which the target population member has moved out of the unit). Subsidies will continue if the MHSA Housing Program target population member is institutionalized for up to three months. If family members who are not members of the MHSA Housing Program target population continue to reside in the unit after the target population member is no longer in residence, rent for the unit will increase to market rent or the highest restricted rent following a 90-day grace period. Capitalized operating subsidies will continue until the end of the grace period. In single population developments, the family members will also be required to relocate. In mixed population developments, the family members may be able to remain, provided there is another unit available for MHSA Housing Program target population members. Capitalized operating subsidies will continue for two months upon vacancy of an MHSA Housing Program unit that receives capitalized operating subsidies. For further details, see MHSA Housing Program lease and eviction procedures, which are available on the CalHFA website at www.calhfa.ca.gov.

CalHFA will reconcile capitalized operating subsidy payments with actual operating costs on an annual basis. MHSA Housing Program capitalized operating subsidy funds will not be the property of the development until they have been disbursed. A development's

capitalized operating subsidy reserve will be evaluated periodically following occupancy and recaptured as appropriate for other MHSA Housing Program developments.

For a “mixed population” development, the borrower must submit a bifurcated annual budget that distinguishes the MHSA Housing Program units receiving capitalized operating subsidies from those units that do not receive the subsidy, and shows associated costs. Attachment A, Application Supplement for Developments Applying for Capitalized Operating Subsidy Funds, includes the required budget forms. For all developments requesting capitalized operating subsidies, this application supplement must be submitted in accordance with either Section 4.2.3, Section B: MHSA Housing Program Supplemental Application (Rental Housing Development), or Section 4.2.4, Section C: MHSA Housing Program Supplemental Application (Shared Housing Development).

To request a MHSA Housing Program capitalized operating subsidy for a specific development, the applicant must complete and submit Attachment A, Application Supplement for Developments Applying for Capitalized Operating Subsidy Funds under Item B.10 of its application, in accordance with Section 4.2.2 of this application package. CalHFA will calculate the capitalized operating subsidy for each development using Attachment B, Financial Spreadsheet for Calculating Capitalized Operating Subsidy. The capitalized operating subsidy will be determined based on need, but will be no more than \$100,000 per subsidized unit.

2.9 Supportive Services Plan

Applicants for MHSA Housing Program funds must provide a clearly articulated supportive services plan and service delivery program. The services to be provided must be appropriate to the MHSA Housing Program target population and must be designed to support in housing stability as well as wellness, recovery and resiliency.

Each application must include a supportive services plan that meets MHSA Housing Program requirements and is approved by DMH. The plan must describe each service to be provided and the service delivery system that will be in place. Further, CalHFA requires that the borrower have a commitment for service funding from the County Mental Health Department for the full term of the MHSA Housing Program loan, before any funds are disbursed. The supportive services plan must include the information specified in Section 4.2.5, Item D.4, of this application package.

Nothing in the section restricts supportive services funding to only MHSA sources. Supportive services may be funded by Medi-Cal, other federal funding and/or private sources.

2.10 Property Management Plan

Applicants for MHSA Housing Program funds must also provide a clearly articulated property management plan that includes the name and qualifications of the property management agent, its experience in serving the MHSA Housing Program target population, and its plan for managing building and other anticipated costs. The property management plan must include the information specified in Section 4.2.5, Item D.13, of this application package.

2.11 Asset Management

Replacement reserves and regular operating expense reserves for both Rental Housing Developments and Shared Housing Developments will be held by CalHFA, unless the Agency determines otherwise. CalHFA will also hold capitalized operating subsidies in a reserve. CalHFA typically will not hold reserves where there is a fully amortizing first mortgage, or where CalHFA is not holding the capitalized operating reserve.

Borrowers will be required to submit quarterly financial reports to CalHFA. However, this requirement may be waived or more frequent reporting may be required at CalHFA's discretion. Borrowers will also be required to submit annual audits prepared by a certified public accountant in accordance with commonly accepted accounting standards. This annual audit requirement may be waived at CalHFA's discretion or, alternatively, CalHFA may, at its discretion, substitute a different form of financial certification for Shared Housing Developments and very small Rental Housing Developments of 25 apartments or fewer.

2.12 Development Oversight

CalHFA will be responsible for ongoing oversight of the "housing aspects" of MHSA Housing Program developments during the 20-year loan term. DMH and the county mental health departments will be responsible for ensuring appropriate oversight and monitoring to ensure that the target population is being served and that the approved supportive services are being provided. Borrowers must complete and submit the MHSA Housing Program Annual Self-Certification form to both DMH and CalHFA on an annual basis. In applying for MHSA Housing Program funding, the applicant is agreeing to adhere to all oversight requirements mandated by CalHFA, DMH and the sponsoring county mental health department. This requirement will be included in the Regulatory Agreement. The MHSA Housing Program Annual Self-Certification form is available on the CalHFA website at www.calhfa.ca.gov.

2.13 Outcomes Reporting

Outcomes reporting will be required for all MHSA Housing Program tenants. For Full Service Partnership (FSP) tenants, reporting requirements will be consistent with those established by DMH for individuals enrolled in the CSS category of FSP. For tenants not enrolled in a FSP, outcomes reporting requirements will be provided at a later date, but prior to loan closing. Specific information regarding housing outcomes will be required for all tenants, as specified in the Regulatory Agreement. This outcome information must be provided on the MHSA Housing Program Annual Self-Certification form (see CalHFA website). Developments will also be required to provide data on tenant access to housing subsidies and benefits, including but not limited to the number of tenants who:

- Are on the Section 8 waiting list,
- Are enrolled in the Section 8 voucher program,
- Are receiving SSI/SSP, and
- Have an application in progress for, but are not yet receiving, SSI/SSP.

All outcomes requirements will be included in the Regulatory Agreement (see Section 2.14). In applying for MHSA Housing Program funding, the county applicant must agree to comply with all outcomes reporting requirements mandated by DMH by submitting the form required in Section 4.2.5, Item D.8.

Please note that the definition of the term Full Service Partnership (FSP) can be found in Title 9, California Code of Regulations (CCR), Section 3200.130. The Full Service Partnership Category is defined in CCR Section 3200.140. Program requirements for the FSP Category are set forth in CCR Sections 3620, 3620.5 and 3620.10.

2.14 Regulatory Agreement and Term Sheet

A Regulatory Agreement will be placed on the development for the term of the loan. A copy of the MHSA Housing Program Annual Self-Certification will be appended to the Regulatory Agreement. Attachment C, MHSA Housing Program Term Sheet, describes the loan requirements in detail.

2.15 Predevelopment Loans

A predevelopment loan may be available, at CalHFA's discretion, to any development that has received a loan commitment for MHSA Housing Program capital funds, has obtained other funding commitments, and can demonstrate site control and evidence of appropriate zoning. The intent of this predevelopment loan program is to provide the funds necessary to enable the developer to complete the due diligence required to close all development loans. The loan limit for Rental Housing Developments is \$500,000, while the loan limit for Shared Housing Developments is \$200,000. The developer may request a predevelopment loan by checking the appropriate box on the Universal Application, which must be submitted as Section A of the MHSA Housing Program application requesting capital funds.

2.16 Small Counties

The application process will be the same for large and small counties. However, CalHFA may waive some of the program requirements for small county applications. Requests for waivers will be reviewed on a case-by-case basis. MHSA Housing Program funds may be combined by small counties to create developments that serve regional needs. While it is anticipated that the MHSA Housing Program is sufficiently flexible to meet the needs of small counties, alternate program provisions may be developed if they are needed to address the unique needs of small counties.

3.0 Other Considerations

This section outlines critical issues that should be considered by county mental health departments and borrowers when planning developments for which they intend to submit MHSA Housing Program funding applications.

3.1 Licensing Considerations

Applicants must comply with applicable laws relating to facility licensure and related zoning requirements. The MHSA Housing Program makes funding available only for developments that will offer independent housing with supportive services. Funds are not available for developments that require licensure of any kind. In order for a developer to determine whether a proposed development is subject to Community Care Licensing requirements, it is usually necessary to examine all of the following:

- The needs of the tenants who reside in the development
- The development's ownership and building type

- The services provided in conjunction with the housing, and
- The relationships among the property owner, property management agent, service provider(s) and tenants.

For guidance in this area, see the *Supportive Housing Licensing Guidelines, May 2005*, developed jointly by DMH and the Corporation for Supportive Housing (CSH) and available on the DMH website at <http://www.dmh.ca.gov/mhsa/Housing.asp>. Applicants are advised to seek legal advice on this issue.

3.2 Fair Housing Considerations

Applicants must comply with both fair housing laws and MHSA Housing Program target population requirements. Applicants are advised to seek legal advice on this issue.

3.3 SSI Considerations

Applicants should be aware that the manner in which they organize their project (development) may impact the Supplemental Security Income (SSI) eligibility of their tenants. For instance, in-kind food, clothing or shelter may be counted as income to the individual, depending upon the circumstances of the particular development. Applicants are advised to seek legal advice on this issue.

3.4 Article 34

Applicants should be aware that their developments may be subject to Article 34 of the State Constitution, depending upon the particular circumstances of the development. Applicants are advised to seek legal advice on this issue.

3.5 Prevailing Wage

Use of MHSA Housing Program funds may trigger State prevailing wage requirements. Applicants are advised to seek legal advice on this issue.

3.6 Accessibility Considerations

Developments must meet Americans with Disabilities Act (ADA) and fair housing accessibility requirements. Developments that utilize federal funding may be required to meet Section 504 requirements. Applicants are advised to seek legal and architectural advice on this issue.

4.0 Submission Requirements

Applications will be accepted over the counter, with no deadlines for submission, and will be awarded funding once DMH and CalHFA have determined that:

- All requirements are met,
- The MHSA Performance Contract (or other successor document, as prescribed by DMH) and the contract amendment for the MHSA Housing Program have been signed by the county, and
- There is still available funding within the allocation provided to the county in which the proposed development is located.

To be considered for funding, applications must be submitted in accordance with Section 4.0 in its entirety, and on forms provided in the attachments to this application package. Applications must meet all requirements specified in this application package.

4.1 Rules of the Application Process

Applicants must adhere to the following requirements when submitting an application for MHSA Housing Program capital and/or operating subsidy funds:

- a. Only one application may be submitted per development. Each application must meet all requirements set forth in this application package.
- b. Two master sets of the application must be submitted—one to DMH and one to CalHFA—at the following addresses:

California Department of Mental Health
Special Projects
Attention: Jane Laciste, Chief, Special Projects
1600 9th Street, Room 250
Sacramento, CA 95814

California Housing Finance Agency
Multifamily Programs
Attention: Edwin Gipson, Chief of Multifamily Programs
100 Corporate Pointe, Suite 250
Culver City, CA 90230

- c. Each master set must be submitted in a three-ring binder.
- d. The boxes in which each master set is submitted must be labeled as follows: “MHSA Housing Program Application.” Each box must also show the name and address of the applicant organization.
- e. Certain forms in the application require signatures. Both master sets shall contain original signatures.
- f. The application must be organized as specified in Subsection 4.2 below. The binder must be divided into four sections—a Project Overview and three lettered sections (Sections A, B or C, and D). Each section must be represented by a corresponding tab (Project Overview or lettered), as specified in 4.2, Application Response Guidelines, and in Attachment D, MHSA Housing Program Application Index and Checklist. Within each section of the binder, tabbed dividers must be labeled and inserted in the order specified in Attachment D. All responses, forms and required documents must be placed behind their corresponding tabs.
- g. For items that are not applicable to the application, a sheet must be placed behind the corresponding tab, stating “Not Applicable.”

DMH and CalHFA will conduct Application Workshops throughout the State to assist prospective applicants in understanding the application requirements. The workshops will be held at a time and place to be announced on the DMH and CalHFA websites at www.dmh.ca.gov and at www.calhfa.ca.gov. Prospective applicants will have an opportunity to ask questions of DMH and CalHFA regarding this application package. In addition, applicants may submit questions in writing via email, fax or letter to DMH at jane.laciste@dmh.ca.gov, or to CalHFA at egipson@calhfa.ca.gov.

Information provided in submitted applications will become a public record available for review by the public pursuant to the Public Records Act. As such, any materials provided will be disclosed to any person making a public records request. Therefore, applicants should use discretion in providing information that is not specifically requested, including but not limited to, bank account numbers, personal phone numbers and home addresses. By providing this information, the applicant is waiving any claim of confidentiality and consents to the disclosure of all submitted material upon request.

All parties should be aware that county mental health departments are required to follow the provisions of Welfare and Institutions Code (W&I) Sections 5847 and 5848 and relevant regulations in the preparation and submission of any proposals or applications for new MHSA-funded developments and programs. This includes posting Section 4.2.1, Project Overview, and Section 4.2.5, Section D: MHSA Housing Program Supportive Housing and Services Information, Items D.1 through D.5, of this application for review and comment by stakeholders for at least 30 days, pursuant to the requirements of W&I 5848. The county is also required to submit a summary and analysis of any substantive recommendations and revisions made as a result of stakeholder input, in accordance with Item D.16. MHSA Housing Program applications are updates to the county's CSS component of its Three-Year Program and Expenditure Plan and, as such, a public hearing is not required. **NOTE: The 30-day stakeholder process must be completed prior to submission of the MHSA Housing Program application.**

4.2 Application Response Guidelines

Applications submitted in response to the requirements of this section must be presented in the order specified in Attachment D, MHSA Housing Program Application Index and Checklist, which will also serve as the Table of Contents for the application. This completed Index and Checklist must be placed in front of the Project Overview.

4.2.1 Project Overview

The Project Overview consists of two parts—A Development Summary Form (see Attachment I, Development Summary Form) and a narrative Development Description. The Development Summary Form contained in Attachment I must be completed and placed at the front of the Project Overview. The Development Description, which is limited to two (2) pages in length, must follow the Development Summary Form.

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.

Within the Project Overview tab, these two items must be placed behind a separate divider, the first labeled "Development Summary Form," and the second labeled "Development Description."

4.2.2 Section A: Universal Application

Section A must be tabbed and entitled “Universal Application.” All items must be submitted in accordance with the instructions in the Universal Application. Within Section A, each required item must be placed behind a divider that has been labeled to match the item number on Attachment D, MHSA Housing Program Application Index and Checklist. For Rental Housing Developments, Items UA.1 through UA.14 must be submitted. For Shared Housing Developments, Items UA.1 through UA.12 must be submitted.

Please complete only those aspects of each required item that appear to apply to your development. CalHFA will provide technical assistance on completion of the Universal Application upon request. If the information required on the Universal Application is not complete at the time of submission, CalHFA will contact the applicant to request additional information or to provide assistance, if necessary.

Applicants are responsible for submitting the most recent version of the Universal Application, which may be obtained from the CalHFA, TCAC, the California Debt Limit Allocation Committee (CDLAC) or HCD websites. CalHFA’s website is www.calhfa.ca.gov.

4.2.3 Section B: MHSA Housing Program Supplemental Application (Rental Housing Development)

Section B must be completed for all Rental Housing Development applications. Shared Housing Development applications should not include a Section B.

Section B must be tabbed and entitled “MHSA Housing Program Supplemental Application (Rental Housing Development).” All items listed in Section B of Attachment D, MHSA Housing Program Application Index and Checklist, must be submitted if available and/or applicable. Within Section B, each required item must be placed behind a divider that has been labeled to match the item number on the MHSA Housing Program Application Index and Checklist.

4.2.4 Section C: MHSA Housing Program Supplemental Application (Shared Housing Development)

Section C must be completed for all Shared Housing Development applications. Rental Housing Development applications should not include a Section C.

Section C must be tabbed and entitled “MHSA Housing Program Supplemental Application (Shared Housing Development).” All items listed in Section C of Attachment D, MHSA Housing Program Application Index and Checklist, must be submitted if available and/or applicable. Within Section C, each required item must be placed behind a divider that has been labeled to match the item number on the MHSA Housing Program Application Index and Checklist.

4.2.5 Section D: MHSA Housing Program Supportive Housing and Services Information

Section D must be tabbed and entitled “MHSA Housing Program Supportive Housing and Services Information.” All items listed in Section D of Attachment D, MHSA Housing Program Application Index and Checklist, must be submitted if applicable. Within Section D, each required item must be placed behind a divider that has been labeled to match the item number on the MHSA Housing Program Application Index and Checklist. The following paragraphs provide specific information on the information to be included in each of the items that must be submitted in Section D of the MHSA Housing Program application. Applicants are cautioned that the proposed supportive services information presented in Section D, Items D.1 through D.5, is subject to a 30-day stakeholder review process. DMH will not accept the MHSA Housing Program application until the stakeholder review process is complete. (See Section 4.1, final paragraph, for information on posting requirements.)

D.1 Consistency with Three-Year Program and Expenditure Plan

In Item D.1 of your response, describe how the proposed supportive housing development is consistent with the sponsoring county mental health department’s CSS planning process and approved Three-Year Program and Expenditure Plan. Provide specific information regarding how the development meets priorities and goals that were identified in the Plan.

D.2 Description of Target Population to be Served

In Item D.2 of your response, describe the target population you will serve in your MHSA Housing Program supportive housing development, including the special needs and income level of the population.

D.3 Tenant Selection Plan

Item D.3 of your application must present a detailed Tenant Selection Plan that is specific to the development for which funds are being requested and is jointly developed by the development partners, including the county mental health department, the primary service provider, the property manager, and the borrower. The plan must be in narrative form and must describe:

- How prospective tenants will be referred to and selected for your MHSA Housing Program housing development, including the tenancy application process, wait list procedure, and process for screening and evaluating tenants for participation;
- The criteria that will be used to determine a tenant’s eligibility for participation in your development;
- How those criteria are consistent with both the county CSS Plan and MHSA Housing Program target populations;
- Your reasonable accommodation policies and protocols as they relate to targeting and tenant screening;
- How fair housing and MHSA Housing Program target population requirements will be met; and
- Your appeals process for individuals who are denied tenancy in your development.

Following the narrative Tenant Selection Plan, include a copy of the county mental health department’s Tenant Referral and Certification Process that applies to your development. This county-developed Tenant Referral and Certification Process must, at a minimum:

- Describe how an individual applies to the county to become certified as eligible for the MHSA Housing Program;

- Describe the process utilized by the county mental health department to determine whether the individual meets its requirements for certification as an MHSA Housing Program tenant;
- Describe how a wait list of potential tenants who have been certified as eligible for the MHSA Housing Program will be established and maintained;
- Describe how the county mental health department will refer tenants certified as eligible to the development; this description should discuss the county's referral process during the rent-up period and on an ongoing basis; and
- If the county mental health department designates specific non-county agencies, such as MHSA-qualified service providers, to certify an individual's eligibility for tenancy in a MHSA Housing Program development, identify the agency(ies) and describe how they will conduct the required activities.

Attachment E, Additional Guidance for Counties on Tenant Referral and Certification, provides additional information to county mental health departments on developing a process for identifying, certifying and referring appropriate tenants to MHSA Housing Program developments.

D.4 Supportive Services Plan

In Item D.4 of your response, provide a narrative that describes your approach to providing supportive services to the MHSA Housing Program target population. This narrative must include:

- A description of services to be delivered, including where and how they will be delivered, the frequency with which they will be made available to tenants, the primary service provider (see Item D. 11 below), and other community linkages. The narrative must also demonstrate an understanding of MHSA Housing Program target population needs/issues in permanent supportive housing (both Full Service Partnership and non-Full Service Partnership) and must describe the process for assessing their supportive services needs. (See Title 9, CCR, Section 3200.130, for the definition of the term Full Service Partnership (FSP).)
- Plan for helping tenants maintain their housing and achieve independence, including employment services, budgeting and financial training, educational opportunities, assistance in obtaining or maintaining benefits to which they are, or may be, entitled, and other community services that will be made available to tenants.
- A description of how services will support housing stability, as well as wellness, recovery and resiliency. It is anticipated that the supportive services plan for the development will include services that are facilitated by peers and/or consumers. If this is not part of your service delivery approach, please provide an explanation.
- Strategies for engaging tenants in supportive services and in community life. This narrative should describe the anticipated frequency of contact between supportive services staff and MHSA Housing Program tenants. A tenant's participation in MHSA services may not be a condition of occupancy in MHSA Housing Program-funded permanent supportive housing units. Note: Certain federal housing subsidy programs may impose service participation or other requirements as a condition of receiving the subsidy funds. MHSA Housing Program funds may be provided to such developments. However, regardless of the subsidy source, your response should include engagement strategies that provide opportunities for tenant choice.
- Describe the plan for communication between the service provider and property management regarding the status of tenants in the development and any building and/or community issues that need attention. This plan should include regularly scheduled meetings among the development partners, a description of service coordination for the development if there is more than one service provider, and

identification of a single point of contact for communicating and coordinating supportive services.

D.5 Supportive Services Chart

Attachment F, Supportive Services Chart, of this application package contains a Supportive Services Chart. This Supportive Services Chart must list all services that will be provided to tenants of the MHSA Housing Program units, including any in-kind services essential to the success of the Supportive Services Plan.

Please complete this chart and include it as Item D.5 in your response.

D.6 Design Considerations for Meeting the Needs of the MHSA Housing Program Target Population

In Item D.6 of your response, describe:

- The physical space in which supportive services will be delivered to the MHSA Housing Program target population, including a description of how this space will be designed to meet the needs of this population,
- How the residential units will be designed to meet the needs of this population, and
- If applicable, how the residential units will be designed to provide appropriate accommodations for physically handicapped members of the MHSA Housing Program target population.

D.7 Plan for Collecting and Submitting Outcome Data

In Item D.7 of your response, describe the county's plan for collecting and submitting required outcome data in accordance with DMH requirements. Identify staff responsible for collecting and submitting the required outcome data, and provide contact information. (Item D.7 must be submitted as soon as DMH requirements on collecting and submitting outcome data are released to counties.)

D.8 Agreement to Meet DMH Outcome Reporting Requirements

Attachment G of this application package includes an Agreement to Meet DMH Outcome Reporting Requirements form confirming that the applicant and all development partners agree to comply with all DMH outcome reporting requirements. In Item D.8, include a completed and signed copy of this form. (Item D.8 must be submitted as soon as DMH requirements on outcome reporting requirements are released to counties.)

D.9 County Mental Health Department Sponsorship and Services Verification Form

Attachment H of this application package includes a County Mental Health Department Sponsorship and Services Verification Form demonstrating the county mental health department's intent to participate as a development partner and fund supportive services for the MHSA Housing Program tenants for the duration of the loan term. In Item D.9, include a completed and signed copy of this form.

D.10 Applicant and Partner Experience Serving Target Population

The applicant organization and each of its primary development partners (other than service providers—see D.11) must demonstrate that they have experience in successfully providing supportive housing to tenants with serious mental illness. In Item

D.10 of your response, describe the background and experience of the applicant and each of its primary development partners, including but not limited to the:

- Developer and/or borrower,
- Property management agent,
- Local housing agency, and
- Any other collaborative partners.

For each of these partners, identify and describe all developments in which the partner has been involved that serve tenants with serious mental illness. For each development, include the name of the development; the number of units targeted to tenants with serious mental illness; the period during which the borrower will be/was involved in the development; the job title or position, roles and responsibilities of the borrower in the development; and the primary service provider for the development. Describe the history of the applicant organization's relationship with the development partners on developments that serve tenants with serious mental illness.

D.11 Primary Service Provider Experience Serving Target Population

The primary service provider must demonstrate that it has experience in successfully delivering services to tenants with serious mental illness. In Item D.11 of your response, identify and describe all developments in which the primary service provider has provided services to tenants with serious mental illness. Specify experience in providing supportive services designed to assist tenants with serious mental illness to retain their housing in housing developments. For each development, include the name of the development; the number of units targeted to tenants with serious mental illness; the services provided; the period during which the primary service provider delivered services to development tenants; and the number of unduplicated tenants served annually.

If the county mental health department has not designated a primary service provider at the time of application, the county will be considered the primary service provider for purposes of responding to this item. If the county submits information under this item as the primary service provider, final identification of a primary service provider, with an updated Item D.11 submission reflecting that provider's experience and qualifications, will be a condition of loan closing.

D.12 Memorandum of Understanding with Key Partners

In Item D.12 of your response, include a copy of your written Memorandum of Understanding (MOU) between the borrower, the primary service provider, the property management agent and the county, documenting the roles and responsibilities of each partner, each partner's willingness to enter into a contract to carry out those roles and responsibilities (including provision of supportive services and property management services), and procedures for ongoing communication and decision-making between the property management agent and the primary service provider to assist tenants in maintaining housing stability. If the MOU has not been completed at the time of application or at some point during the underwriting process, it must be submitted as a condition of loan closing.

D.13 Property Management Plan

In Item D.13 of your response, describe the Property Management Plan for the development. Describe the roles and responsibilities of the property management agent, including services to be provided. Include a description of how the development's property management rules address the issues and needs of the MHSA Housing Program target population. Describe procedures for ongoing communication between the property management and supportive services staff to assist tenants in maintaining housing stability. Describe how you will staff the property management function, including the location of staff providing property management services. Provide the management fee structure showing the amount the development will be charged for property management services.

D.14 Property Management Contract

In Item D.14 of your response, include a copy of the management contract or a letter of interest from the proposed property management agent indicating a willingness to enter into a contract to provide property management services to the development.

D.15 Physical Inspection Plans for Shared Housing Developments

CalHFA will not conduct physical inspections of Shared Housing Developments. However, third-party annual physical inspections are required. In Item D.15 of your response, describe who will conduct third-party annual housing quality control physical inspections of the Shared Housing Development. Describe your methodology for conducting inspections. Describe how, when, and in what format the physical inspection results will be transmitted to CalHFA.

D.16 Summary and Analysis of Stakeholder Input

In Item D.16 of your response, submit documentation of the local review/stakeholder process, including:

- A description of the methods used to circulate the Project Overview and Items D.1 through D.5 for the purpose of public comment,
- Proof of posting of the Project Overview and Items D.1 through D.5,
- A summary and analysis of any substantive recommendations, and
- A description of any substantive changes made.

5.0 Loan Underwriting Process

This section provides information regarding the loan processing requirements under the MHSA Housing Program. Specific loan terms and conditions are separately delineated in Attachment C, MHSA Housing Program Term Sheet.

5.1 Loan Process

The major stages of the loan process are:

- Application for loan (and predevelopment loan and capitalized operating subsidies, if appropriate) and review of submitted materials
- Concept Meeting
- Evaluation of submitted materials
- Final Commitment
- Predevelopment Loan Close, if applicable

- Construction/Permanent MHSA Housing Program Loan Close
- Completion of Construction/Execution of Capitalized Operating Subsidy Contract, if applicable

Prior to submitting an application, development sponsors and developers are encouraged to discuss their developments with CalHFA staff, and to familiarize themselves with the MHSA Housing Program processing requirements.

5.2 Application and Review of Submitted Materials

The application package (including the Universal Application and the applicable MHSA Housing Program Supplemental Application submissions) provides CalHFA with the information it needs to underwrite the loan and determine whether the development complies with program requirements.

The underwriting process for MHSA Housing Program loan applications will begin with CalHFA's receipt of one complete application master set, as required in Section 4.1, Rules of the Application Process, Item b. Once CalHFA receives the application, it will be reviewed for completeness. The developer and/or county that submitted the application will be contacted and a Concept Meeting will be scheduled.

5.3 Concept Meeting

The purpose of the Concept Meeting is to bring the key processing staff of the Agency/DMH and the developer together to review the scope of the development, discuss processing requirements, identify and address specific issues, determine the feasibility of the development, and establish the timeline for the loan. For an acquisition/rehabilitation project, a Physical Needs Assessment (PNA) is required and will be discussed during the Concept Meeting.

CalHFA recommends that the borrower include the following representatives in the Concept Meeting:

- Borrower's principals
- Consultants
- Property management agent
- Primary service provider
- County mental health department representative

At the Concept Meeting, the borrower is expected to discuss the proposed development, including at a minimum:

- Borrower's loan request
- Market conditions (if applicable)
- Sources and uses of funds, including construction loan, amortizing debt (if applicable), residual and deferred debt, grants, and tax credits (if applicable)
- Order of debt priority (if applicable)
- Development team
- Plans and specifications
- Environmental and other Issues

- Capitalized operating subsidy (if applicable), and other sources of rental or operating subsidy for which the borrower has applied
- Target population
- Supportive services plan
- Predevelopment funding

The plans and specifications will be reviewed by CalHFA with the development architect and the developer. This review may, at CalHFA's discretion, occur either at the Concept Meeting or at a separate meeting between CalHFA, the architect and the general contractor closer to loan closing.

CalHFA staff will review the requirements for loan processing (including required studies specified in Section 5.4), discuss the feasibility of the development, and discuss any other issues identified during their review of the application package.

DMH staff will review the requirements for approval of the supportive service components and will discuss any issues identified during their review of the application package.

Following the Concept Meeting, the Loan Officer will prepare a summary of the outstanding issues, including actions necessary to resolve identified issues, the responsible party for resolving each issue, and the timeframe for resolution. The Concept Meeting summary will be distributed to all appropriate parties.

5.4 Evaluation of Submitted Materials

During the evaluation of submitted materials, all application information, CalHFA-required studies, and other information the Loan Officer may request from the applicant, CalHFA will determine the feasibility of the development. CalHFA will complete its evaluation no later than 60 days after it receives a completed application and any additional requested information.

Included in the CalHFA's loan processing requirements are a number of studies and other submittals (at the borrower's expense), which must be submitted during the underwriting process and may include but are not limited to:

- Market Study;
- Appraisal;
- Phase 1 Environmental Toxic Report, to identify environmental concerns;
- Preliminary design drawings and specifications, which must include all off-site improvements required in connection with the proposed development, and service space for the supportive services program, as appropriate;
- Site Survey (ALTA Survey), which must show all site details; and/or
- Topographical map, if the slope exceeds five percent (5%).

CalHFA, may at its discretion and when appropriate, allow the developer to submit the market study, the appraisal, ALTA survey, and topographical map at a later date, but CalHFA will require these items to be submitted as a special condition at loan closing/funding.

In addition to these studies, acquisition/rehabilitation loans also require the following submittals during the underwriting process (prior to loan closing):

- Physical Needs Assessment or building inspection report, as appropriate. In either case, the assessment/inspection must also estimate the remaining useful life of systems and appliances and will be incorporated in the Agency's determination of replacement reserves;
- Lead Paint, Asbestos and Mold studies, as appropriate;
- Sewer Camera Report;
- Termite and Dry Rot Report;
- Narrative scope of work; and
- Plans and Specifications, following agreement on the scope of work between CalHFA and the borrower, including a detailed cost breakdown.

The rehabilitation plans and specifications and the detailed cost breakdown may be deferred by CalHFA as conditions of funding, where appropriate.

CalHFA will review preliminary design drawings and Plans and Specifications against the MHSA housing program design criteria contained in either the California Housing Finance Agency Architectural Guidelines (for Rental Housing Developments) or the CalHFA Guidelines for Shared Housing Developments, as applicable. Both of these documents may be found on CalHFA's website at www.calhfa.ca.gov.

Earthquake insurance is not required for MHSA Housing Program loans.

5.5 Final Commitment

When the required underwriting information is complete, including approval of the design and the supportive services plan and budget (by DMH), a Final Commitment request will be prepared by Multifamily Programs staff, including a revised cash flow spreadsheet (if necessary) and all supporting documentation that outlines the costs of the development, the actual terms and conditions of the financing, and related financing fees.

The Final Commitment package will then be presented for review and approval. The approval authority may approve a loan request, deny a loan request and/or impose additional conditions of approval. A supportive services budget for on-site supportive services will be a condition of approval for Rental Housing Developments. If the development has changed substantially since the application was originally submitted by the county mental health department, county consent may be solicited.

Following loan approval, a commitment package will be sent to the sponsor/borrower for signature. The package will include a commitment letter, sample note, deed of trust, capitalized operating subsidy contract and Regulatory Agreement.

5.6 Predevelopment Loan Close

The predevelopment loan closing, if applicable, will take place following final commitment of the MHSA Housing Program permanent loan. At CalHFA's discretion, the permanent and predevelopment loans may be combined, with predevelopment funds being released first. Predevelopment loans over \$200,000 must be secured. Payment of

a one percent (1%) MHSAs Housing Program loan origination fee is due at predevelopment loan closing, if there is a predevelopment loan.

5.7 MHSAs Housing Program Construction/Permanent Loan Closing

The MHSAs Housing Program loan will typically close simultaneously with the construction loan for the development. Payment of a one percent (1%) MHSAs Housing Program loan origination fee is due at the MHSAs Housing Program loan closing, if there was no predevelopment loan.

A Construction/Permanent Loan Closing checklist will be given to the borrower, who must complete the checklist and provide three copies to CalHFA. CalHFA's Legal Division will then draft final loan documents and escrow instructions, and will forward them to the borrower, the borrower's attorney and the title company for review.

5.8 Construction/Rehabilitation

New Construction or Acquisition/Rehabilitation start will not be authorized until CalHFA has received and approved the construction contract documents and the 90 percent or "to be permitted" Plans and Specifications, in the case of new construction projects, or Plans and Specifications in the case of acquisition/rehabilitation projects.

The construction phase of the project will be monitored by either CalHFA staff or third-party inspectors. The inspectors will evaluate the work according to the plans and specifications or the scope of work previously approved by CalHFA.

5.9 Development Completion/Conversion to Permanent Loan and Execution/Funding of Capitalized Operating Subsidy Contract

CalHFA will convert the MHSAs Housing Program loan to a permanent loan and, if applicable, execute the capitalized operating subsidy contract at development completion and funding of the permanent loans.

Documentation at Development Completion: CalHFA requires the following documentation before the close of escrow as proof that the development is complete:

- Certificate of Occupancy;
- Signed ALTA Survey;
- Audited Cost Certifications;
- Rent roll and updated operating budget and
- CalHFA review and approval of the final "as-built" drawings.

Fees and Impounds: CalHFA may, at its discretion, require payment of the following fees and impounds prior to permanent loan closing, from escrow proceeds:

- Tax service fee
- One year prepaid hazard and liability insurance, or adequate impounds collected in escrow to cover the first year's premiums

- Impounds for property taxes, including estimated supplemental taxes; insurance, special assessments; and interest through the end of the month in which the loan closes
- UCC search and UCC filing fees
- Impounds for the reserve replacement account
- Rent-Up, Marketing and Operating Expense reserves
- MHSA Housing Program capitalized operating reserve
- Replacement reserve deposit
- Capitalized operating reserve

CalHFA typically will not collect annual reserves or impounds for taxes and insurance when there is a first fully amortizing loan, or when CalHFA is not administering a capitalized operating subsidy for the development.

Capitalized Operating Subsidy Contract: CalHFA will execute the capitalized operating subsidy contract with the borrower upon satisfaction of all conditions in Final Commitment letter/loan agreement relating to the capitalized operating subsidy reserve, including the following:

- Certification or other evidence acceptable to CalHFA that the sponsor/developer applied for and did not receive rental or operating subsidies from another source,
- Borrower's Marketing Plan for the MHSA Housing Program development,
- Rent-Up Plan for the MHSA Housing Program development,
- Supportive services budget,
- Certificate of Occupancy,
- Memorandum of Understanding with Key Partners (Item D.12), and
- Final identification of primary service provider, with updated Item D.11.

6.0 DMH Application Approval Process

DMH is responsible for evaluating specific sections of the MHSA Housing Program application. DMH will review all information submitted in response to the requirements of Section 4.2.5, Section D: MHSA Housing Program Supportive Housing and Services Information. DMH will also review the applicant's response to Section 4.2.1, Project Overview, which will give reviewers a comprehensive understanding of the proposed development, including how the Supportive Services Plan and related documentation will be integrated into the overall development.

The DMH application review process is expected to take approximately 30 days from submission of a complete application. The process begins with submission of a completed MHSA Housing Program application. As applications are submitted, DMH will assemble a review team and distribute the relevant application and review materials. The DMH review team will include the following members: DMH housing staff, county operations staff from the applicant county, a consumer, a family member of a mental health consumer, and consultant staff with supportive housing expertise. The Oversight and Accountability Commission (OAC) will receive a copy of the review materials; commission members are invited to submit comments to DMH regarding the development proposal.

Within 14 days of application distribution, a review team conference call will be conducted, during which reviewers will discuss their evaluations and make

recommendations. DMH will then send CalHFA an evaluation summary with a recommendation of “approved,” or “pending” if additional information is needed. Following the evaluation by both agencies, a Concept Meeting will be scheduled by CalHFA to discuss the application (see Section 5.3, Concept Meeting).

The DMH application evaluation will be based on the following criteria:

1. The proposed development’s consistency with the priorities identified in the approved Three-Year CSS Program and Expenditure Plan;
2. A clearly articulated understanding of the supportive service needs of the individuals to be served in the housing development; this should be reflected in the type and frequency of services provided as well as an appropriate staffing ratio. Through a combined review of the services plan narrative and supportive services chart, it should be clear what services are provided, where they are provided, who is providing the services, how frequently, and how the services meet the needs of the individuals who are being housed;
3. Inclusion of consumer- or family-facilitated services and supports, which may include peer support, peer-facilitated groups/activities, tenant community organizations/groups, etc.;
4. The description of tenant engagement strategies;
5. Commitment, plan, and staff responsible for complying with outcomes reporting requirements for both FSP and non-FSP tenants;
6. A residential unit design that is suitable for the MHSA Housing Program tenants;
7. Adequate supportive services space for delivery of services to the tenants, and/or a description of how/where services will be delivered in developments that are not likely to have designated space (e.g. shared housing);
8. Signed and completed attachments submitted in Tabs D.8 and D.9;
9. Applicant and development partners (to include developer, property management agent, local housing agency, and any other collaborative partner): Documented experience in providing supportive housing to tenants with serious mental illness;
10. Primary Service Provider: Documented experience in successfully providing services to tenants with serious mental illness in supportive housing;
11. A completed Memorandum of Understanding (MOU) among development partners that outlines roles, responsibilities, plan for on-going communication, decision-making, and governance;
12. Completed Property Management Plan and submission of a copy of the Property Management Contract; and
13. For Shared Housing Developments only, a description of the procedure for annual housing quality control physical inspections.

7.0 Attachments

Attachment A: Application Supplement for Developments Applying for Capitalized Operating Subsidy Funds

Attachment B: Financial Spreadsheet for Calculating Operating Subsidy

Attachment C: MHSA Housing Program Term Sheet

Attachment D: MHSA Housing Program Application Index and Checklist

Attachment E: Additional Guidance for Counties on Tenant Referral and Certification

Attachment F: Supportive Services Chart

Attachment G: Agreement to Meet DMH Outcome Reporting Requirements

Attachment H: County Mental Health Department Sponsorship and Services Verification
Form

Attachment I: Development Summary Form

Attachment J: County Planning Estimates

***Attachment A: Application Supplement for Developments
Applying for Capitalized Operating Subsidy Funds***

Insert completed supplement in Tab B.10 of your application, for Rental Housing Developments, or in Tab C.10, for Shared Housing Developments.

**Application Supplement for Developments Applying for
Capitalized Operating Subsidy Funds**

Development Information

County Mental Health Department: _____
 Name of Development: _____
 Site Address: _____
 City: _____ State: _____ Zip: _____
 Development Developer _____

- New Construction
- Acquisition/Renovation of an existing structure
- Acquisition only of an existing structure

Type of development: Rental Housing Shared Housing

Type of building: Apartment Building Single Family Home
 Condominium Other

Total number of units in development _____
 Total number of units with capital funding from MHSA Housing Program _____
 Total number of MHSA units for which subsidies were applied for from other sources

 Total number of MHSA units with subsidies from other sources _____
 Total number of non-MHSA units with subsidies from other sources _____
 Total number of subsidized units (MHSA units and other) _____

Capitalized Operating Subsidy Request

Number of units for which MHSA Capitalized Operating Subsidy is requested _____

*Approximate dollar amount of MHSA Capitalized Operating Subsidy requested per unit _____ (maximum \$100,000 per unit)

Type of Unit	Number of Units	Tenant Portion of Rent
Bedroom		
Studio		
1 bedroom		
2 bedroom		
3 bedroom		
4 bedroom		

* For information purposes only. The amount of the Capitalized Operating Subsidy will be determined by CalHFA.

Other Rental Subsidy Sources

First Other Rental Subsidy source (list both name and address)

Date Other Subsidy Applied for: _____ Date

Other Subsidy Awarded: _____

Date Award expected, if not yet received: _____

Number of Other Subsidy units applied for: _____

Number of MHSA Units applied for from 1st Other Subsidy Source _____

Term of Other Subsidy: _____

Amount of Other Subsidy per unit: _____

Contact name for Other Rental Subsidy source

Name and Title: _____

Phone number: _____

Email: _____

Second Other Rental Subsidy source (list both name and address)

Date Other Subsidy Applied for: _____ Date

Other Subsidy Awarded: _____

Date Award expected, if not yet received: _____

Number of Other Subsidy units applied for: _____

Number of MHSA Units applied for from 2nd Other Subsidy Source _____

Term of Other Subsidy: _____

Amount of Other Subsidy per unit: _____

Contact name for Other Rental Subsidy source

Name and Title: _____

Phone number: _____

Email: _____

Attachment B: Financial Spreadsheet for Calculating Capitalized Operating Subsidy

Attachment B Financial Spreadsheet for Capitalized Operating Subsidy

	Assumed	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Y
RENTAL INCOME																				
Units - MHSA HP Operating Subsi	227	2,722	2,790	2,859	2,931	3,004	3,079	3,156	3,235	3,316	3,399	3,484	3,571	3,660	3,752	3,846	3,942	4,040	4,141	
Affordable Rent Increase		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
MHSA HP Units with Other Rental Subsidies		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rental Subsidy Increase		2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
TOTAL RENTAL INCOME		2,722	2,790	2,859	2,931	3,004	3,079	3,156	3,235	3,316	3,399	3,484	3,571	3,660	3,752	3,846	3,942	4,040	4,141	
OTHER INCOME																				
Laundry		96	98	100	102	104	106	108	110	112	115	117	119	122	124	127	129	132	134	
Other Income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income Increase		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
TOTAL OTHER INCOME		96	98	100	102	104	106	108	110	112	115	117	119	122	124	127	129	132	134	
GROSS POTENTIAL INCOME		2,818	2,888	2,959	3,033	3,108	3,185	3,264	3,345	3,428	3,514	3,601	3,690	3,782	3,876	3,972	4,071	4,172	4,276	
VACANCY ASSUMPTIONS																				
MHSA Restricted		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Other Rental Subsidy Income		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Laundry & Other Income		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Other		10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
LESS: VACANCY LOSS		282	289	296	303	311	319	326	335	343	351	360	369	378	388	397	407	417	428	
EFFECTIVE GROSS INCOME		2,536	2,599	2,663	2,729	2,797	2,867	2,938	3,011	3,086	3,162	3,241	3,321	3,404	3,488	3,575	3,664	3,755	3,848	
OPERATING EXPENSES																				
Annual Expense Increase	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Expenses		5,500	5,693	5,892	6,098	6,311	6,532	6,761	6,998	7,242	7,496	7,758	8,030	8,311	8,602	8,903	9,214	9,537	9,871	1
Annual Tax Increase	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Taxes and Assessments		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Percentage Increase Yearly		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Replacement Reserve		500	500	500	500	525	525	525	525	525	551	551	551	551	551	579	579	579	579	1
TOTAL EXPENSES		6,000	6,193	6,392	6,598	6,836	7,057	7,286	7,523	7,767	8,047	8,310	8,581	8,862	9,153	9,482	9,793	10,116	10,450	1
NET OPERATING INCOME		(3,464)	(3,594)	(3,728)	(3,868)	(4,039)	(4,191)	(4,348)	(4,512)	(4,682)	(4,885)	(5,069)	(5,260)	(5,458)	(5,665)	(5,907)	(6,129)	(6,361)	(6,601)	(
DEBT SERVICE/Annual Fees																				
Annual Bond Issuer Fee		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MHP Debt Service- \$110,000	0.42%	462	462	462	462	462	462	462	462	462	462	462	462	462	462	462	462	462	462	462
MHSA Admin Fee \$100,000	0.42%	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420	420
Sum of all req'd debt service/annual fees		882	882																	
ASSET MANAGEMENT FEE (\$18,000/yr)		529	548	567	587	608	629	651	674	697	722	747	773	800	828	857	887	918	950	
OER	3.00%	180	186	193	200	207	214	221	229	237	245	254	263	272	282	291	302	312	323	323
On Site Service Coordinator/unit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Percentage Increase Yearly		3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Deferred Developer Fee (\$300,000)		882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882	882
Negative Carry		(5,938)	(6,092)	(6,253)	(6,419)	(6,618)	(6,797)	(6,984)	(7,179)	(7,380)	(7,616)	(7,951)	(8,311)	(8,702)	(9,125)	(9,582)	(10,075)	(10,605)	(11,172)	(
Subsidy Required		5,938	6,092	6,253	6,419	6,618	6,797	6,984	7,179	7,380	7,616	7,951	8,311	8,702	9,125	9,582	10,075	10,605	11,172	11,775
MHSA Subsidy per Unit/Month		866	508	521	535	551	566	582	598	615	635	659	688	718	748	778	808	838	868	898
Total MHSA/Other Subsidies/Month		5,938	6,092	6,253	6,419	6,618	6,797	6,984	7,179	7,380	7,616	7,951	8,311	8,702	9,125	9,582	10,075	10,605	11,172	11,775
Annual Percentage Increase in Subsidy		2.60%	2.63%	2.67%	3.09%	2.72%	2.75%	2.78%	2.81%	3.19%	-8.73%	3.25%	3.27%	3.29%	3.67%	3.31%	3.33%	3.35%		
Gross Shortfall	(148,248)																			
Interest earnings/20 years	60,386																			
Est. Cap. Subsidy & Balance	100,000	100,000	89,468	87,981	85,829	83,436	80,739	77,743	74,428	70,771	66,751	62,316	58,370	53,982	49,166	43,892	38,102	31,792	24,928	
Annual Interest on Reserve	4.75%		4,750	4,250	4,179	4,077	3,963	3,835	3,693	3,535	3,362	3,171	2,960	2,773	2,564	2,335	2,085	1,810	1,510	
Annual Interest Loss/quarterly payer	2.38%	(141)	(145)	(149)	(152)	(157)	(161)	(166)	(170)	(175)	(181)	(185)	(190)	(196)	(202)	(208)	(215)	(221)	(228)	(235)
270 day additional subsidy cushion		(4,453)																		
Subsidy Payment		(5,938)	(6,092)	(6,253)	(6,419)	(6,618)	(6,797)	(6,984)	(7,179)	(7,380)	(7,616)	(7,951)	(8,311)	(8,702)	(9,125)	(9,582)	(10,075)	(10,605)	(11,172)	(11,775)
Remaining Reserve Balance		89,468	87,981	85,829	83,436	80,739	77,743	74,428	70,771	66,751	62,316	58,370	53,982	49,166	43,892	38,102	31,792	24,928	17,474	
Subsidy Cost Per Unit		10,391	6,092	6,253	6,419	6,618	6,797	6,984	7,179	7,380	7,616	7,951	8,311	8,702	9,125	9,582	10,075	10,605	11,172	11,775
Subsidy cost Per Month/unit		866	508	521	535	551	566	582	598	615	635	659	688	718	748	778	808	838	868	898
Sum Adj Subsidy with 270 day cushion	152,702																			

ASSUMPTIONS	
# MHSA Units	1
# Occupants	1
Total Household Income	\$ 856.00
Type of unit	1 bedroom
SSI/SSP Grant	\$ 856.00
Additional Household Income (tanif)	\$ -
FSP or Non FSP	FSP
Percent of Income	30%
Total Units/Bldg	34
Utility Allowance	\$ 30
Vacancy/MHSA	10%
Annual Service Coordinator salary & benefits	\$ 54,900
Ratio MHSA Units/Coordinator	
Per unit Service Cost/Non FSP	\$ -
Per unit Service Coordinator cost/FSP	\$ -

Year 20 capital subsidy balance should equal the year 20 of operating expenses			
Year	Operating Expenses	Subsidy Needed	Subsidy Balance
Year 20	11,153	9,357	643
Year 19	10,795	9,051	9,392
Year 18	10,450	8,757	17,474
Year 17	10,116	8,473	24,928
Year 16	9,793	8,200	31,792
Year 15	9,482	7,937	38,102
Subsidy available for 20 years			
Total Subsidy required/unit		100,000	
Additional Year of Transition		643	

Attachment C: MHSA Housing Program Term Sheet

**DRAFT MENTAL HEALTH SERVICES ACT HOUSING PROGRAM
TERM SHEET**

<p>Program Description</p>	<p>The Mental Health Services Act Housing Program (MHSA Housing Program) offers permanent financing and capitalized operating subsidies for the development of permanent supportive housing, including both rental housing and shared housing, to serve persons with serious mental illness who are homeless, or at risk of homelessness (as defined by the MHSA Housing Program), and who otherwise meet the MHSA Housing Program target population description. This program is jointly administered by the California Housing Finance Agency (CalHFA) and the Department of Mental Health (DMH).</p>
<p>Permanent Loans</p>	<ul style="list-style-type: none"> • The MHSA Housing Program will fund one-third of the costs of a Rental Housing Development up to a maximum of \$100,000 per targeted unit (“apartment”). Amounts over \$100,000 per unit, up to one-third of total development costs per targeted unit, will be considered on an exception basis, if requested by the county. • The MHSA Housing Program will fund all of the costs of a Shared Housing Development up to \$100,000 per targeted unit (“bedroom”), provided that each bedroom is restricted for rental to a tenant who meets the target population definition. Developers will not need to supplement MHSA Housing Program funds with other capital sources in Shared Housing Developments unless the costs exceed \$100,000 per bedroom. • Interest and principal payments will be made from net cash flow (residual receipts). The payment of unpaid interest and principal will be due and payable upon completion of the loan term. All residual receipts payments received by CalHFA will be credited to the development and deposited back into the respective county's sub-account, to be used as additional operating subsidies for the development, if needed, or if not, for future developments. • Permanent loan proceeds will be available at construction loan closing or permanent loan closing, at the election of the borrower. • Permanent loan proceeds may be used for all costs associated with the acquisition and development of the property, including reimbursing the developer for predevelopment costs and acquisition costs. Permanent loans will be secured against the property and the improvements. • MHSA Housing Program permanent loan limits will be based on the number of units restricted to the target population and not on the total number of units in the proposed development. • MHSA Housing Program loan funds may trigger prevailing wage requirements. Applicants are advised to consult their attorney on this issue.
<p>Rates and Terms</p>	<ul style="list-style-type: none"> • An administrative fee of 0.42% of the outstanding principal balance shall be due and payable annually. This fee shall be paid to CalHFA for administrative services. • Interest and principal payments will be made from net cash flow (residual receipts). • The interest rate on Rental Housing Developments will be fixed at 3% but may differ if tax credits are involved. When tax credits are involved, interest rates may be set lower than 3%, provided the applicant demonstrates that an interest rate reduction is necessary for tax-related reasons.

	<ul style="list-style-type: none"> • Interest rates on Shared Housing Developments will be fixed at 3%. • The loan term for both Rental Housing Developments and Shared Housing Developments shall be 20 years, or longer if required by other funding sources or if tax credits are involved. Upon the request of the Developer, the loan term may be extended to up to 55 years. The Developer may request an extension of the loan term in its application or at any time prior to final commitment of the loan. The Regulatory Agreement shall be extended to match the longer loan term. • Accrued interest and principal will not be forgivable at maturity for developments that have received an allocation of low income housing tax credits. • Accrued interest, but not principal, may be forgiven at maturity for Shared Housing Developments and Rental Housing Developments that have not received an allocation of low income housing tax credits if 1) the property was used in accordance with the MHSA Housing Program guidelines throughout the loan term; 2) the loan term is extended for a time period to be determined by CalHFA; 3) the Regulatory Agreement is extended for the term of the extended loan; and 4) adequate provisions are made for the continued use of the targeted units for the MHSA Housing Program target population. Alternately, accrued interest may be forgiven if the property is sold at maturity and the sale proceeds are invested in a property that has a like use and is encumbered by an MHSA Housing Program Regulatory Agreement, and the new note/deed of trust is in the amount of the original MHSA Housing Program permanent loan. • Accrued interest will not be forgiven at maturity if the property is converted to a different use or if the property is sold and the proceeds of the sale are not reinvested in a property that has a like use and is encumbered by an MHSA Housing Program Regulatory Agreement, with a new note/deed of trust in the amount of the original MHSA Housing Program permanent loan. • If applicable, the loan term for Rental Housing Developments with HUD 811 loans shall be consistent with HUD requirements. The 0.42% administrative fee shall be due as a lump sum at loan disbursement. • Disbursed MHSA Housing Program capitalized operating subsidies may be either a grant or a deferred loan, at the election of the borrower.
<p>Approved Housing Types</p>	<p>Both Rental Housing Developments and Shared Housing Developments are permitted as defined below.</p>
<p>Shared Housing Developments</p>	<ul style="list-style-type: none"> • A Shared Housing Development is a residential building that contains one or more traditional residential units. All bedrooms in a Shared Housing unit shall be targeted to a member of the MHSA Housing Program target population. • All units in a Shared Housing Development shall be rented to and shared by two or more unrelated adults, each of whom is a member of the MHSA Housing Program target population. While this program is intended primarily for unrelated adult house-mates, nothing in this definition excludes the spouse, adult partner, and/or child of an MHSA Housing Program qualified tenant from sharing the bedroom of the qualified tenant, up to housing occupancy limits. • To qualify for funding, a Shared Housing Development must provide a lease and a separate lockable bedroom for each MHSA Housing Program tenant; the MHSA Housing Program tenant must be responsible for paying rent; and all bedrooms in each residential unit must be targeted for occupancy by a member of the MHSA

	<p>Housing Program target population.</p> <ul style="list-style-type: none"> • Each Shared Housing residential unit must also contain a kitchen and full bathroom; units with three or more bedrooms must contain a full bathroom and a half bathroom; units with five or more bedrooms must contain two full bathrooms. • A Shared Housing Development may consist of a 2- to 4- unit apartment building, provided that all units in the building are targeted for use as Shared Housing. Larger apartment buildings may be permitted on an exception basis. • Single-family homes and condominiums may also qualify as a Shared Housing Development provided that they have a minimum of two bedrooms. • One-bedroom or studio units in duplexes, triplexes and four-plexes may qualify as Shared Housing units provided that all two-bedroom and larger units in the building are Shared Housing units. For example, a 4-unit building with 2 two-bedroom units, and 2 one-bedroom units will qualify as a Shared Housing Development, provided that all 6 bedrooms are lockable and intended for use by MHSA Housing Program qualified tenants. • Shared Housing Developments cannot be located in Rental Housing Developments. • One apartment/bedroom may be made available for a manager's apartment/bedroom, at the borrower's option, even if Shared Housing Development is not required by California law to have a manager's unit.
<p>Rental Housing Developments</p>	<ul style="list-style-type: none"> • A Rental Housing Development is an apartment building or buildings with no less than five residential units. • Each MHSA Housing Program targeted unit must have a lease signed by all adult members of the household. The lease must contain language that the targeted unit must be occupied by a qualifying member of the MHSA Housing Program target population. • Each residential housing unit funded by the MHSA Housing Program must be targeted to a qualifying member of the MHSA Housing Program target population, as determined by DMH and the sponsoring county, or alternatively. • If there are other household members occupying the unit who are not members of the MHSA Housing Program target population, and the target population member no longer resides in the targeted unit for whatever reason, the other household members may continue to occupy the targeted unit if the development is a mixed-population development and the housing provider is able to supply a newly vacant non-targeted unit in the same development to an MHSA Housing Program-eligible person. If the development is a single-population development, or no non-targeted vacant units are available, the other household members may continue to occupy the unit for a grace period of 90 days. Capitalized operating subsidies will continue through the end of the grace period. During this grace period, the housing provider will work with the remaining household members to find alternate housing accommodations. If the remaining household members do not find alternate accommodations within the grace period, the borrower shall start eviction proceedings. (This policy is similar to HOPWA requirements. HOPWA is HUD's "Housing Opportunities for Persons with AIDS" program. The HOPWA regulations require housing providers to establish a reasonable grace period following the death of the household member with AIDS. During the grace period, the surviving household members may continue to reside in the HOPWA unit and participate in available social services. The HOPWA regulations also contemplate that the housing provider will assist the surviving household members in

	<p>locating new housing.)</p> <ul style="list-style-type: none"> • Rental Housing Developments may include both general occupancy buildings and special occupancy buildings. Special occupancy buildings include both senior housing and housing for transition-age youth. For purposes of such buildings, a transition-age youth is an individual who, at initial occupancy, meets the definition of “homeless youth” as defined by California statute. • All units shall include, at a minimum, a sleeping area, a kitchen area and a bathroom. The kitchen area shall at a minimum consist of a sink, refrigerator, counter area, microwave or oven, and a two-burner stove or built in cook top. • All Rental Housing Developments will be required to have adequate space for supportive services staff and service programs. Exceptions may be made for existing buildings where this requirement is not feasible. In buildings with 5 to 100 units, at least 10% of the units, but no fewer than 5 units per development, shall be set aside for members of the MHSA Housing Program target population. In buildings with more than 100 units, at least 10 units shall be set aside for members of the target population. • One unit may be made available for a manager’s unit, at the borrower’s option, even if the Rental Housing Development is not required by California law to have a manager’s unit. Additional managers’ units may be made available consistent with California law. • Rental Housing Developments smaller than five units may be considered on an exception basis.
<p>County Applicants</p>	<ul style="list-style-type: none"> • Applications shall be submitted to DMH and CalHFA via county mental health departments, which shall apply for funding in conjunction with and on behalf of a qualified developer/borrower. • The submission by the county mental health department will signify the county’s approval of all of the following; <ol style="list-style-type: none"> 1) The capital funding request for the development, 2) The capitalized operating subsidy funding request for the development, and 3) A commitment by the county mental health department to provide funding for supportive services for the residents of the development who are members of the target population for the term of the MHSA Housing Program loan. 4) Other items, to be determined, as required by DMH.
<p>Qualified Developers and Borrowers</p>	<ul style="list-style-type: none"> • Qualified developers include: <ol style="list-style-type: none"> 1) Developers with a track record of successful housing development and a history of serving the target population, 2) Developers with a track record of successful housing development but with no history of serving the target population, but with a strong contract/Memorandum of Understanding with a qualified service provider and property manager, and the assistance of qualified consultants with a history of successfully working with developers to house the target population, 3) A qualified supportive services provider with a joint venture developer partner with a history of successful development, who has entered into a strong contract/Memorandum of Understanding with a qualified property manager, and

	<p>has the assistance of qualified consultants who have a history of successfully working with similar joint venture partners to house the target population,</p> <ol style="list-style-type: none"> 4) A qualified supportive services provider with a qualified development team that has a history of successful development and that has entered into a contract/Memorandum of Understanding (acceptable to CalHFA) with a qualified property manager, or 5) For a Shared Housing Development that consists of a condominium, single family home, duplex, triplex and/or four-plex, an appropriate agency of the county. <ul style="list-style-type: none"> • The developer and its affiliate organizations will be evaluated both for their ability to successfully develop and manage the real estate component of the development, and for their ability to partner with a service provider or lead service provider to deliver high-quality services to the target population. • The borrower must be legally organized as one of the following: <ol style="list-style-type: none"> 1) A limited partnership (LP). The managing general partner of the LP must be a 501(c)(3) corporation or a limited liability company (LLC) whose sole member or members are 501(c)(3) corporations; 2) A 501(c)(3) corporation; 3) An LLC whose sole member or members are 501(c)(3) corporations; 4) An affiliate of a local redevelopment agency; 5) An affiliate of the county created to hold properties financed with MHSA Housing Program funding, or 6) An affiliate of a local housing authority created to hold MHSA Housing Program properties. • The borrower also must be organized as either <ol style="list-style-type: none"> 1) A single asset entity (in the case of a LP or LLC), or 2) A separate legal entity that only holds properties that have MHSA Housing Program funding, as appropriate.
<p>MHSA Loan Allocations Per County</p>	<ul style="list-style-type: none"> • Each county will have MHSA Housing Program capital and capitalized operating subsidy funds allocated to them by DMH. The permanent (capital) loans and capitalized operating subsidy awards made under the MHSA Housing Program in a given county will be limited to the funds available to each county under the DMH allocation formula, plus any interest earned while the funds are being held by CalHFA. • Initially, \$400 million will be available to counties for this program. • Nothing shall prohibit county mental health departments from utilizing other available funds for this program to supplement their MHSA Housing Program allocations.
<p>Small Counties</p>	<ul style="list-style-type: none"> • Eight percent of the total funds allocated to the MHSA Housing Program by DMH will be allocated for small county applications under this program. The MHSA funds set aside for small counties are currently estimated to be approximately \$9.2 million per year of the available \$115 million total annual allocation. • To be identified as “small,” the county must have 200,000 or fewer residents in accordance with MHSA requirements, based on the most recent census.

	<ul style="list-style-type: none"> • The application process will be the same for large and small counties. However, CalHFA may waive some of the program requirements for small county applications. Requests for waivers will be reviewed on a case-by-case basis. • These funds may be combined by small counties to create developments that serve regional needs. • While it is anticipated that the MHSA Housing Program is sufficiently flexible to meet the needs of small counties, alternate program provisions may be developed if they are needed to address the unique needs of small counties.
<p>Funding Levels</p>	<ul style="list-style-type: none"> • The MHSA Housing Program will fund one-third of the costs of the MHSA Housing Program targeted units in a Rental Housing Development up to a maximum of \$100,000 per targeted unit. Amounts over \$100,000, up to one-third of total development costs per targeted unit, will be considered on an exception basis, if requested by the sponsoring county. • No MHSA Housing Program funding will be provided for non-targeted units in Rental Housing Developments, and the developer must provide 100% of the capital costs of the non-targeted units from other sources. • 100% of the capital costs of Shared Housing Developments up to \$100,000 per bedroom will be provided by this program, provided that each bedroom is targeted for rental to a tenant who meets the target population definition. • Capital costs above the MHSA Housing Program funding limits for Rental Housing Developments and Shared Housing Developments may be obtained from grants, tax credits, other deferred, forgivable or residual receipts loans from governmental and private loan sources, and other county mental health funds. • Fully amortizing loans may also be used, subject to the restrictions below. <ul style="list-style-type: none"> ❖ Fully amortizing loans will be allowed for those Rental Housing Developments or Shared Housing Developments that do not receive MHSA Housing Program capitalized operating subsidies. ❖ MHSA Housing Program capitalized operating subsidy funds may not be used to make amortized debt service payments, with the exception of the MHSA Housing Program Administrative Fee of 0.42% and the HCD Prop 1C required interest payment of 0.42%. ❖ Fully amortizing loans will be allowed for Rental Housing Developments that receive MHSA Housing Program capitalized operating subsidies on an exception basis if all of the following conditions are met: <ul style="list-style-type: none"> • The rents on the non-MHSA Housing Program units are high enough to fully support amortizing debt, and • The operating budgets are bifurcated sufficiently to ensure that the amortizing debt payments are not being paid from MHSA Housing Program capitalized operating subsidy funds. • Developers are advised to consult their attorneys regarding potential legal conflicts between different housing funding sources.
<p>Subordinate Financing</p>	<ul style="list-style-type: none"> • Subordinate loans or grants are encouraged from local government and third parties to achieve project feasibility.

	<ul style="list-style-type: none"> • The MHSA Housing Program Regulatory Agreement and Loan Documents will be subordinate to construction loan documents, fully amortizing permanent loans, and HUD 811 Use Agreements and loan documents. Subordination to other HUD documents will be considered on a case-by-case basis • The MHSA Housing Program Regulatory Agreement and Permanent Loans may be subordinate, upon CalHFA approval, to other residual receipts/deferred permanent loans from federal and local sources, provided that those loans are twice the amount of the MHSA Housing Program permanent loan or larger. • The HCD/MHP housing program permanent loans and regulatory agreements will be subordinated to the MHSA Housing Program permanent loans, provided that there is in place a “risk-sharing provision” regarding disposition of the assets upon foreclosure, acceptable to both agencies. • All other loan documents, loans, leases, recorded use agreements, and recorded grant agreements must be subordinate to the MHSA Housing Program Permanent Loan Documents and Regulatory Agreements.
<p>Rent and Occupancy Requirements</p>	<ul style="list-style-type: none"> • All MHSA Housing Program units must be targeted for occupancy by MHSA Housing Program target population households. • All MHSA Housing Program targeted units (“bedrooms”) in Shared Housing Developments must be targeted to households earning 50% or less of the area median income (as adjusted by household size). • All MHSA targeted units in Rental Housing Developments, must be targeted to households earning 50% or less of the area median income (as adjusted by household size). • CalHFA may, at its discretion, eliminate the income restrictions or, alternatively, reduce the number of income-restricted MHSA Housing Program units when the local jurisdiction does not have Article 34 authority, as long as the units remain targeted to MHSA Housing Program target population members and the rents are restricted to 50% AMI. • Rents in MHSA Housing Program targeted units in Rental Housing Developments must be restricted to 30% of 50% of the area median income (as adjusted by household size). Rents in MHSA Housing Program targeted bedrooms in Shared Housing Developments must be restricted to 30% of 50% of the county area median income (as adjusted by household size). Applicants are encouraged to restrict rents for MHSA Housing Program targeted units to 30% of 30% or less of area median income (adjusted by household size). • For units with MHSA Housing Program capitalized operating subsidies, the tenant portion of the rent must be set no lower than 30% of the current SSI/SSP grant amount for a single individual living independently, for a studio unit/one-bedroom unit, or 30% of total household income, whichever is higher. • For units with MHSA Housing Program capitalized operating subsidies, if the capitalized operating subsidy is exhausted and is not renewed, the tenant portion of the rent on the MHSA targeted units may be increased to the restricted rent (50% AMI) with CalHFA’s written permission. Permission to raise rents is contingent on the owner having established that it has diligently sought all available reserves or subsidies, including seeking a subsequent allocation of capitalized operating reserves and/or rent subsidies from the county mental health department, and is still unable to meet fiscal integrity requirements. In order to allow for a reasonable transition and a

	<p>gradual adjustment, an Owner may petition to increase rents on MHSA Housing Program units a maximum of 24 months prior to the estimated date upon which fiscal integrity will be lost. If an MHSA Housing Program targeted unit becomes vacant during this period and the owner can establish that it has made all reasonable efforts to rent to higher-income MHSA Housing Program eligible households, the owner may rent to non-MHSA Housing Program eligible households. However, the owner must continue to make all reasonable efforts to seek alternative subsidies that would permit the owner to serve MHSA Housing Program eligible households. In the event an owner succeeds in obtaining subsidies sufficient to lower rents partially or completely to the originally regulated standard and meet fiscal integrity, the owner shall be required to rent the next available unit to an income-eligible MHSA Housing Program household. This provision shall also apply when a rental subsidy contract from a source other than the MHSA Housing Program is lost or is not renewed.</p>
<p>Reserve Requirements</p>	<ul style="list-style-type: none"> • A minimum of three months of the first year's operating cost must be capitalized as an operating reserve. This reserve will be held for the term of the MHSA Housing Program loan. • A minimum of 10% of the first year's operating cost must be reserved as a rent-up reserve. • A minimum replacement reserve deposit of \$1,000/unit must be capitalized on acquisition rehabilitation projects. This may be limited to MHSA Housing Program targeted units at CalHFA's discretion. • Minimum annual replacement reserve deposits of \$500/unit/year shall be required. • These amounts may be revised from time to time by CalHFA.
<p>Allowable Costs</p>	<ul style="list-style-type: none"> • All costs normally allowed as development costs for supportive housing by CalHFA are allowable costs for MHSA Housing Program loans. Developer fees may be no higher than those allowed by TCAC and will be reviewed individually for appropriateness. • Up to two years of transition reserve, if required by HCD/MHP. • Up to 100% of the first year's operating cost may be capitalized as a regular operating reserve. • Up to \$3,000 per unit of replacement reserves may be capitalized if funds are available in the development budget. • Between three to six months of rent-up reserves may be capitalized, depending upon the tenant certification procedures required by the county for MHSA Housing Program targeted units. • Ground lease payments must be capitalized in the development budget, and cannot be amortized over the term of the loan.
<p>Capitalized Operating Subsidies</p>	<ul style="list-style-type: none"> • The borrower and the county mental health department may apply for a reservation of capitalized operating subsidies for the MHSA Housing Program targeted units. • Priority in allocating capitalized operating subsidies will be given to Rental Housing Developments. • Only the operating costs of MHSA Housing Program targeted units may be subsidized with capitalized operating subsidies. Non-targeted unit costs, including supportive

services costs, are not eligible costs and must be accounted for in a separate, bifurcated budget.

- Capitalized operating subsidies reserves to will be sized to allow for operating subsidies for 18 years. CalHFA may increase the reserve amount to allow capitalized operating subsidies for 20 years to the extent that funds are available within the \$100,000 per unit cap.
- Capitalized operating subsidies will be capitalized at permanent loan conversion/closing and held by CalHFA in an interest-bearing reserve account for the benefit of the development.
- Capitalized operating subsidies start at the point the development receives its Certificate of Occupancy for new construction projects, or at recorded notice of completion for acquisition-rehabilitation projects.
- Capitalized operating subsidies will be disbursed quarterly, in advance. The first advance will have an additional 270-day cushion, which additional cushion may not be spent unless authorized by CalHFA.
- Capitalized operating subsidy reserves will not be the property of the development. Capitalized operating subsidy reserves not needed by the development, as determined by CalHFA, will be recaptured for other MHSAs Housing Program developments of the applicant county.
- A development's capitalized operating subsidy reserve will be sized based on a review of the difference between the tenant portion of the rent and operating expenses in the proforma first-year operating budget, a 2.5% annual income escalator and a 3.5% annual cost escalator. Interest earnings on the reserve will be factored into the cost escalator calculation.
- The capitalized operating subsidy payments will be reconciled with actual operating costs every year or as required.
- Occupancy will be reviewed annually.
- Capitalized operating subsidies will be reduced or terminated for developments that do not rent their targeted units to members of the MHSAs Housing Program target population.
- Capitalized operating subsidies will be reduced or temporarily stopped for MHSAs Housing Program targeted units when the resident has a housing choice voucher (HCV), absent mitigating circumstances
- Capitalized operating subsidies are only available while a member of the MHSAs Housing Program target population resides in the unit (that is, not during months in which the target population member has moved out of the unit), except that:
 - ❖ Capitalized operating subsidies will continue if the MHSAs Housing Program target population member is in a hospital, an acute or long-term care facility, or other institutional setting for up to three months;
 - ❖ Capitalized operating subsidies will continue through the end of the 90-day grace period following the date the MHSAs Housing Program target population member moves out of the unit; and
 - ❖ Capitalized operating subsidies will continue for two months upon vacancy of an MHSAs Housing Program unit that receives capitalized operating subsidies.
- If family members, who are not members of the MHSAs Housing Program target population, continue to reside in the unit after the MHSAs Housing Program target population member is no longer in residence, they must be given timely legal notice

	<p>that the capitalized operating subsidy has been terminated and the rent for the unit will increase to the lease rate, or alternately, the market rent or the highest restricted rental rate beginning 90 days after the MHSA Housing Program target population member has left the unit.</p> <ul style="list-style-type: none"> • Capitalized operating subsidies will not be available for developments that do not receive permanent loan funds from the MHSA Housing Program. • Capitalized operating subsidy reserve awards will be made at loan commitment but will be conditioned upon a demonstration, prior to permanent loan closing, that the Developer has applied in good faith for other available rental housing subsidies for the development, and been unsuccessful in its application(s). Developers will be asked to identify in their applications the rental subsidy source or sources for which are applying and why they are pursuing that source or sources. The determination of the appropriateness of the source or sources will be made during the underwriting process. Documentation of good faith application to the alternate source or sources will be required during the underwriting process. Developers will only be required to apply for other subsidies in one award cycle. • Developments that receive rental or operating subsidy contracts from other sources that have a term of less than 18 years may also apply for a back-up award for MHSA Housing Program capitalized operating subsidies for the time period not covered by their other subsidy contract(s), provided that they agree to apply for all available extensions of subsidy contract(s) they receive. Back-up awards will be dependent on the availability of funds. Back-up capitalized operating subsidy reserves not needed by the development, as determined by CalHFA, will be recaptured for other MHSA Housing Program developments. • Asset management fees of \$30/unit/month per MHSA Housing Program unit may be paid from capitalized operating subsidies, up to \$18,000 per development. • Bond issuance fees may be paid from capitalized operating subsidies. • Ground lease payments may not be paid from capitalized operating subsidies unless they are token payments. • Deferred developer fees may be paid from capitalized operating subsidies to the extent that funds are available within the \$100,000/unit cap after all operating and replacement and operating reserves, the CalHFA Administrative fee and, if applicable, the HCD minimum interest payment and any bond fees have been paid. • Service coordinator salaries and benefits may be paid from capitalized operating subsidies but only to the extent that funds are available within the \$100,000/unit cap after all operating costs, replacement and operating reserves, the CalHFA Administrative fee and, if applicable, the HCD minimum interest payment, any bond fees, and deferred developer fees have been paid. • Annual replacement reserves deposits, and a 3% Operating Reserve, may be paid from capitalized operating subsidies. • All developments will be required to apply for the “welfare tax exemption” (property tax exemption), and will be required to maintain that exemption for the term of the loan. • Developments receiving MHSA Housing Program capitalized operating subsidy awards may be subject to limitations on distributions.
<p>Asset Management</p>	<ul style="list-style-type: none"> • Replacement reserves and regular operating reserves for the development will be held by CalHFA. This requirement may be waived at CalHFA’s discretion.

	<ul style="list-style-type: none"> • CalHFA will hold capitalized operating subsidies in a reserve. • Taxes and insurance will be impounded by CalHFA. This requirement may be waived at CalHFA's discretion. • All developments will be required to submit quarterly financial reports. This requirement may be waived, or more frequent reporting may be required, at CalHFA's discretion. • All developments will be required to submit annual audits prepared by a certified public accountant in accordance with commonly accepted accounting standards. The audit requirement may be waived at CalHFA's discretion or alternately, CalHFA may, at its discretion, substitute a different form of financial certification for Shared Housing Developments and small Rental Housing Developments of 25 units or fewer.
<p>Services</p>	<ul style="list-style-type: none"> • The borrower must provide a clearly articulated service delivery program and property management plan. • The services provided must be appropriate to the target population, and designed to assist the MHSA Housing Program target population residents to live independently. • The borrower must have a commitment for service funding from the county mental health department upon submission of the MHSA Housing Program loan application. All developments must identify a qualified service provider that will provide supportive services to the residents. In the event that there are multiple service providers, the application must identify a primary service provider for the development. The borrower will be required to arrange for the provision of services for the term of the MHSA Housing Program loan. • All applications must include a supportive services plan, which must meet MHSA Housing Program requirements and must be approved by DMH. A supportive services budget will be required by CalHFA as a condition of funding. • All developments must provide an MOU between the borrower, primary service provider, property management agent and the county mental health department that clearly delineates the roles and responsibilities of the parties.
<p>Target Population</p>	<ul style="list-style-type: none"> • DMH has defined the target population as low-income adults or older with serious mental illness as defined in Welfare and Institutions Code Section 5600.3 (b) (1), and children with severe emotional disorders and their families, who at time of assessment for housing services meet the criteria for the Community Services and Support component of the Three-Year Program and Expenditure Plan in their county of residence and are homeless or at risk of homelessness. <ul style="list-style-type: none"> ❖ Homeless is defined as living on the streets, or lacking a fixed, regular, and adequate night time residence. (This includes shelters, motels and living situations in which the individual has no tenant rights.) ❖ At risk of homelessness includes the following: transition-age youth exiting foster care or juvenile hall; individuals discharged from institutional settings, Individuals released from local city or county jails; individuals temporarily placed in Residential Care Facilities upon discharge from one of the institutional settings defined below, and individuals who have been assessed and are receiving services at the county mental health department, and who have been deemed to be at imminent risk of homelessness, as certified by the county mental health director.

	<ul style="list-style-type: none"> ❖ Institutional settings is defined as hospitals, including acute psychiatric hospitals, psychiatric health facilities (PHF), skilled nursing facilities (SNF) with a certified special treatment program for the mentally disordered (STP), and mental health rehabilitation centers (MHRC), and crisis and transitional residential settings. • To receive assistance under the MHSA Housing Program, the proposed development must serve the MHSA Housing Program target population and must ensure the provision of services necessary to allow members of the target population to live independently. • CalHFA and DMH reserve the right to review and approve all applications and all supportive services plans for eligibility for the MHSA Housing Program.
<p>Fees</p>	<ul style="list-style-type: none"> • Origination Fee: 1% of the loan amount, which will be due at MHSA Housing Program loan closing, or predevelopment loan closing, whichever occurs sooner. • All third party costs commissioned by CalHFA. Examples of possible third party costs include appraisal reports, physical need assessments, and construction inspection.
<p>Application Process</p>	<p>All developments will be required to submit a completed application with all attachments. The application will be on the DMH and CalHFA web sites. It will include MHSA Housing Program specific requirements and the joint CalHFA, TCAC, CDLAC, and HCD application (“the Universal Application”).</p>
<p>Due Diligence</p>	<p>The due diligence reports listed below are required for all developments Preparation of reports will be at the developer’s / borrower’s expense:</p> <ul style="list-style-type: none"> • A management contract with a qualified property manager. • Plans and Specifications for new construction. • Plans and specifications and a narrative scope of work for acquisition/rehabilitation developments. • Plans and Specifications are not required for Shared Housing Developments where rehabilitation is not required. • Plans should provide for supportive services space, and office space for service staff as appropriate in Rental Housing Developments. • Three years of audited financials for the developer. • An MOU between the developer, the primary service provider, the property management company and the county mental health department. • A supportive services plan. A supportive services budget will be required as a condition of funding. • A commitment from the county mental health department for services funding. • Qualifications and evidence of experience with similar developments from the developer and development team members, together with resumes for their key personnel. • Property appraisal, market study, Phase I Report, and other studies as appropriate. • Freddie Mac Form #70 (single family) or #72 (small rental) appraisals, as appropriate,

	<p>will be required for Shared Housing appraisals. MAI commercial appraisals will be required for Rental Housing Developments.</p> <ul style="list-style-type: none"> • Physical Needs Assessments, building inspection reports, sewer camera reports, roof reports, lead-paint, mold, asbestos, and structural (seismic) studies, as appropriate, for acquisition/rehabilitation projects. • Evidence of Article 34 compliance, if applicable.
Predevelopment Loans	<ul style="list-style-type: none"> • Predevelopment loans of up to \$500,000 will be available to all Rental Housing Developments that have received an MHSA Housing Program loan commitment, have obtained all other permanent financing commitments, and can demonstrate site control and receipt of all required local entitlements. • Predevelopment loans of up to \$200,000 will be available to all Shared Housing Developments that have received an MHSA Housing Program loan commitment, have obtained other permanent financing commitments if applicable, and can demonstrate site control and evidence of appropriate zoning. • The predevelopment loan term will be either two years or until construction loan closing, whichever is sooner. • Interest will be 3% fixed, and will be deferred until construction loan closing. Predevelopment loan interest will be forgiven at construction loan closing. • Predevelopment loan funds will be available for predevelopment costs necessary to complete due diligence required for construction loan closing or permanent financing. Examples of eligible predevelopment costs include engineering studies, Phase 2 studies, and architectural fees, legal fees and the 1% MHSA Housing Program loan fee. • Staffing costs, purchase option costs, and all costs associated with site acquisition are not eligible costs for predevelopment loans. • Predevelopment loans of less than \$200,000 may be secured against the property at CalHFA's discretion. All predevelopment loans in excess of \$200,000 must be secured against the property.
Outcomes Reporting	<ul style="list-style-type: none"> • County mental health departments must meet all DMH Outcomes Reporting requirements. • Specific information regarding housing outcomes will be required for all tenants, as specified in the Regulatory Agreement. This outcomes information must be provided on the MHSA Housing Program Annual Self-Certification form (see CalHFA website). • Developments will also be required to provide data on tenant access to housing subsidies and benefits, including but not limited to the number of tenants who: <ul style="list-style-type: none"> ❖ Are on the Section 8 waiting list, ❖ Are enrolled in the Section 8 voucher program, ❖ Are receiving SSI/SSP, and ❖ Have an application in progress for, but are not yet receiving, SSI/SSP.
Questions	<p>CalHFA will administer this housing program for DMH under an interagency agreement between the two agencies in accordance with DMH regulations, which are currently being</p>

	<p>promulgated.</p> <p>Financing questions regarding the MHSA Housing Program may be directed to CalHFA's Multifamily Programs Division:</p> <p>Edwin Gipson, Chief of Multifamily Programs Phone: (310) 342-6899; Fax: (310) 342-1225 Email: egipson@calhfa.ca.gov</p> <p>Questions on the Mental Health Services Act and DMH regulations may be directed to DMH's MHSA Special Projects unit:</p> <p>Jane Laciste, Chief, Special Projects Phone: (916) 654-3529 Email: jane.laciste@dmh.ca.gov</p>
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IMPORTANT DISCLOSURE INFORMATION:

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance or program nuance of the MHSA Housing Program, the Mental Health Services Act and the regulations enacted under it by DMH, and/or housing law. This program description is subject to change from time to time without prior notice.

Attachment D: MHSA Housing Program Application Index and Checklist

Check each item that is included in your application and mark “Not Applicable” or “To be Submitted Later” for each item not included in your application. Insert completed MHSA Housing Program Application Index and Checklist as Table of Contents in the front of your application.

MHSA Housing Program Application Index and Checklist

Select Items Attached	Item	Attachment
	—	Project Overview
Section A: Universal Application		
	UA.1	General Information
	UA.2	Contact Information
	UA.3	Site & Unit Information
	UA.4	Miscellaneous Information
	UA.5	Rents & Unit Mix Information
	UA.6	Subsidy Information
	UA.7	Sources of Development Funds (both construction and permanent)
	UA.8	Development Budget
	UA.9	Permanent Sources & Uses
	UA.10	Annual Income & Expenses
	UA.11	Cash Flow Analysis
	UA.12	Experience
	UA.13	Universal Certifications and Identity of Interest Disclosure
	UA.14	Legal Status Questionnaire
Section B: MHSA Housing Program Supplemental Application (Rental Housing Developments)		
	B.1	Proposed Development Information/Site Control <ul style="list-style-type: none"> a. Design/development-level plans and draft specifications showing site and unit floor plan detail (applicable to new construction only) b. Digital site photos c. Copies of all planning approvals d. Letter from locality evidencing zoning e. Evidence of site control (purchase and sale agreement, deed of trust, ground lease) f. DDA or OPA agreements (if applicable) g. Preliminary report (title) and copies of all exceptions
	B.2	Rents <ul style="list-style-type: none"> a. Rental subsidy contracts, commitment letters, or evidence of application for other rental subsidy programs b. Explanation of additional income (laundry etc.)
	B.2	Operating Budget <ul style="list-style-type: none"> a. Recent tax bill (when available)
	B.4	Development Budget <ul style="list-style-type: none"> a. Copy of the Investor's preliminary economic projections or budget (applicable to tax credit projects only, and when available).
	B.5	Environmental <ul style="list-style-type: none"> a. Soil/Geotechnical reports (applicable to new construction)

		<p>only)</p> <ul style="list-style-type: none"> b. ALTA site survey (applicable to new construction only) c. Phase I or II Report (when available) d. Remediation Plan (if applicable) e. Acoustical/Asbestos/Lead-Based Paint Analysis (if applicable) f. Environmental Impact Statement and Study/CEQA/NEPA documentation (if applicable) g. FEMA Flood Zone designation h. Evidence of flood mitigation (if applicable)
	B.6	<p>Marketing Analysis/Appraisal</p> <ul style="list-style-type: none"> a. Appraisal (when available) b. Market Study (when available)
	B.7	<p>Acquisition/Rehabilitation Projects Only</p> <ul style="list-style-type: none"> a. Describe current condition of the structure(s) b. Proposed Scope of Work in narrative form or Plans and Specifications (when available) c. Proposed budget for rehabilitation d. Relocation Plan prepared by an industry professional (if applicable) e. Past three months of Rent Roll (applicable to mixed population developments only) f. Development's past two years of financial statements g. Contribution letter from locality (Section 51335 of the Ca. Health and Safety Code) (see sample on CalHFA website) h. Physical Needs Analysis prepared by an industry professional, including replacement reserve analysis including replacement reserve analysis (when available) i. Roof, plumbing and electrical reports/inspections (only applicable if specifically requested by CalHFA) j. Termite reports/dry rot reports (when available) k. Sewer Camera report (when available)
	B.8	<p>Owner/Developer Team Information</p> <ul style="list-style-type: none"> a. Two years Profit and Loss Statement from general partner, principal and contractor b. Articles of Incorporation c. Authorizing Board Resolution from each entity d. Certificate of Good Standing e. Partnership Agreement f. Evidence of 501(c)(3) status (if applicable) g. Bylaws h. Certification of Corporation i. LP-1 j. LP-2
	B.9	Evidence of Article 34 Compliance
	B.10	Application Supplement for Developments Applying for Capitalized Operating Subsidies (see Attachment A of application package)

Section C: MHSA Housing Program Supplemental Application (Shared Housing Developments) – for 1 to 4 unit existing buildings only		
	C.1	Proposed Development Information/Site Control <ul style="list-style-type: none"> a. Digital site photos b. Letter from locality evidencing zoning (applicable only if 6 or more people are proposed to live at the site) c. Evidence of site control (purchase and sale agreement, deed of trust, ground lease) d. All seller disclosure statements e. Preliminary report (title) and copies of all exceptions
	C.2	Rents <ul style="list-style-type: none"> a. Rental subsidy contracts, commitment letters, or evidence of application for rental subsidies (if applicable).
	C.3	Operating Budget <ul style="list-style-type: none"> a. Recent tax bill (if available)
	C.4	Development Budget
	C.5	Environmental <ul style="list-style-type: none"> a. Natural Hazard Disclosure Statement signed by seller b. Natural Hazard Disclosure Report provided by seller (when available) c. Environmental Questionnaire and Borrower Certification Form (on the CalHFA website) d. Mold/Asbestos/Lead-Based Paint Analysis (if applicable) e. FEMA Flood Zone designation f. Standard Flood Hazard Determination
	C.6	Uniform Residential Appraisal Report (as is), Freddie Mac Form 70
	C.7	Acquisition/Rehabilitation Projects Only: <ul style="list-style-type: none"> a. Property Inspection Report b. Proposed Scope of Work in narrative form c. Sketch of unit design alterations (if applicable) d. Plans and Specifications (when available) e. Proposed budget for rehabilitation f. Roof report (when available) g. Plumbing , structural and electrical reports (only applicable if specifically requested by CalHFA) h. Termite reports/dry rot reports (when available) i. Sewer Camera report (when available) j. Relocation Plan (applicable only if the unit is occupied by a tenant at purchase) k. Line item budget prepared by the contractor (when available) For New Construction Only: <ul style="list-style-type: none"> a. Lead/asbestos reports (applicable only for buildings that will be demolished) b. Site Plan c. Preliminary Plans and outline specifications (when available)

Attachment D

		d. Construction Budget from Contractor (when available)
	C.8	Owner/Developer Team Information a. Two years Profit and Loss Statement from general partner, principal and contractor b. Articles of Incorporation c. Authorizing Board Resolution from each entity d. Certificate of Good Standing e. Partnership Agreement f. Evidence of 501(c)(3) status (if applicable) g. Bylaws h. Certification of Corporation i. LP-1 j. LP-2
	C.9	Evidence of Article 34 Compliance (if applicable)
	C.10	Application Supplement for Developments Applying for Capitalized Operating Subsidies (see Attachment A of application package)
Section D: MHSA Housing Program Supportive Housing and Services Information		
	D.1	Consistency with Three-Year Program and Expenditure Plan
	D.2	Description of Target Population to be Served
	D.3	Tenant Selection Process
	D.4	Supportive Services Plan
	D.5	Supportive Services Plan Chart
	D.6	Design Considerations for Meeting the Needs of the MHSA Housing Program Target Population
	D.7	Plan for Collecting and Submitting Outcome Data
	D.8	Agreement to Meet DMH Outcome Reporting Requirements
	D.9	County Mental Health Department Sponsorship and Services Verification Form
	D.10	Applicant and Partner Experience Serving Target Population
	D.11	Primary Service Provider Experience Serving Target Population
	D.12	Memorandum of Understanding with Key Partners
	D.13	Property Management Plan
	D.14	Property Management Contract
	D.15	Physical Inspection Plans for Shared Housing Developments
	D.16	Summary and Analysis of Stakeholder Input

Attachment E: Additional Guidance for Counties on Tenant Referral and Certification

Additional Guidance for Counties on Tenant Referral and Certification

This attachment contains additional guidance for counties on developing a Tenant Referral and Certification Process for the MHSA Housing Program. The information provided here is intended to assist county mental health departments in developing a Tenant Referral and Certification Process that meets the MHSA Housing Program requirements related to target populations and can be provided to developers to assist them in developing their development-specific Tenant Selection Plans. The county should ensure that its certification process facilitates initial rent-up within a reasonable timeframe and establishes a consistent ongoing process for tenant certification and referral of eligible MHSA tenants to the proposed development.

It is recommended that each county mental health department develop a standardized MHSA Housing Program tenant certification application for use by all applicants in that county, which describes the criteria for receipt of MHSA Community Services and Support (CSS) services consistent with that county's approved Three-Year CSS Program and Expenditure Plan. Each county plan contains specifics about how the county has prioritized the target populations for receipt of MHSA services, and use of a standardized certification process will help ensure equal treatment and compliance with fair housing laws and regulations. Individuals seeking housing funded by the MHSA Housing Program should complete this standardized tenant certification application, which documents how they meet the county program eligibility. County mental health department staff or qualified contractors should be available to assist individuals in completing the certification application.

At the county's discretion, the tenant certification application for the MHSA Housing Program could be combined into a single certification application that includes assessment for referral to other local housing resources, in order to coordinate the allocation of housing resources and corresponding housing application processes.

The county should determine a reasonable timeframe and procedures for reviewing the tenant certification application. A qualified county mental health department employee or designated contractor should review the tenant certification application to determine whether the individual meets threshold eligibility for the MHSA Housing Program. In addition, the reviewer should certify that, based on the individual's certification application, the issues and/or conditions that establish the individual's eligibility for the housing program are the same issues and/or conditions that significantly interfere with his/her ability to obtain and maintain housing. The reviewer should certify that without the services linked to the MHSA Housing Program, the individual will not be able to obtain or maintain housing. It is recommended that a standardized form for the application review and certification process be developed and used.

If a county elects to combine the tenant certification application for the MHSA Housing Program into a single certification application for all county housing resources, the initial eligibility review process should include representatives authorized to determine eligibility for the non-MHSA resources.

Once an individual is determined to have met the threshold eligibility criteria for the MHSA Housing Program and the certifications described above have been made, that individual should be placed on master wait list maintained by the county mental health

department. As an alternative to a master wait list, the county may choose to maintain individual wait lists for specific developments, as long as MHSA-eligible individuals are offered the opportunity to be on multiple wait lists.

Referral for specific housing unit:

As MHSA Housing Program units become available, individuals on the wait list should be advised of the unit availability in writing. The notice should briefly describe the type of housing unit available and notify the individual that he/she must respond to the county mental health department or the designated contractor within a specific timeframe to indicate whether he/she wishes to be screened for the available unit or would prefer to wait until another housing unit becomes available. This process is intended to provide individuals with the option to choose among available housing options in the county.

If the individual responds that he/she does not want to be considered for the available unit, that individual should be permitted to maintain his/her place on the master wait list and be notified of the next available unit. The next individual on the wait list would then be contacted about the available unit. However, if an individual who has been permitted to maintain his/her place on the master wait list declines to be considered for the next available unit, he/she should be moved to the bottom of the master wait list.

If the individual responds that he/she is interested in the available unit, county mental health department staff or the designated contractor should refer the individual to the housing provider that has the available unit for additional screening. The county mental health department staff or the designated contractor should make arrangements to accompany the individual to the interview and provide support with the process, unless the individual specifically declines assistance.

The process described above should also be followed if the county maintains multiple development-specific wait lists. Additionally, individuals may seek tenancy in developments funded by the MHSA Housing Program through directly approaching the property manager and/or the developer to inquire about qualifying for one of the MHSA Housing Program units. The development should have an established procedure for referring individuals to the county mental health department for certification as well as maintaining a wait list of qualified tenants.

Eligibility determination for specific unit:

The housing provider may only ask the individual questions that are directly related to the individual's ability to meet the requirements of tenancy. This includes questions about source of income to pay rent; a history of nonpayment of rent, or a history of evictions for failure to maintain the premises. Housing providers may also ask the individual if he or she has a criminal conviction, but the request should be related to the terms and conditions of tenancy and determining whether the individual can comply with the lease.

In screening the individual for tenancy, the housing provider should consider whether any conditions described by the applicant that might typically be grounds for denying tenancy (e.g. non-payment of rent, failure to maintain the premises) could be due in part to the circumstances that resulted in the individual being eligible for MHSA services. For example, a seriously mentally ill individual may have had difficulty maintaining his/her

Attachment E

apartment and may thus have been evicted. Consistent with the intent of the Mental Health Services Act, the housing provider should consider whether the MHSAs services available to the housing unit will likely enable the prospective tenant to meet the conditions of tenancy.

Once an individual has been selected for tenancy in a specific unit, that individual should be notified in writing and provided a specific occupancy date. County mental health department staff or a designated contractor should be available to assist the individual in making arrangements for and completing the move in.

If the individual is not selected for tenancy in a specific unit, the housing provider should notify the individual in writing and provide a basis for non-selection. The housing provider should also notify the individual of his/her right to appeal the decision. A copy of this notice should also be sent to the appropriate county mental health department or county contractor staff. The county mental health department and MHSAs Housing Program providers should establish and maintain a process for managing such appeals.

Attachment F: Supportive Services Chart

Insert completed chart in Tab D.5 of your application.

Attachment G: Agreement to Meet DMH Outcome Reporting Requirements

Insert completed agreement in Tab D.8 of your application.

DMH OUTCOMES REPORTING REQUIREMENTS

To the development sponsor: Provide the development information indicated below. This form will need to be completed by the county mental health department, verifying its commitment to comply with outcomes reporting requirements for MHSA Housing Program tenants.

Development Sponsor: _____
Primary Service Provider: _____
Development Name: _____
Development City: _____
Development County: _____

To the county mental health department: Please complete this form. The county mental health director must sign the form certifying that the county will comply with the outcomes reporting requirements for all MHSA Housing Program tenants.

Commitment to Comply:

We commit to providing the timely submission of all required outcomes reporting to the California Department of Mental Health specific to this application for the duration of the State loan for tenants of the supportive housing development described above.

I hereby certify under penalty of perjury that I am the official responsible for the administration of Community Mental Health Services in and for this County, that this development does not result in the supplantation of funds as set forth in Welfare and Institutions Code Section 5891, and that to the best of my knowledge and belief all statements on this form are true and correct.

Signature: _____
County Mental Health Director

Dated: _____

Agency or Department: _____

Agency or Department Address: _____

Agency or Department Phone: _____

***Attachment H: County Mental Health Department Sponsorship
and Services Verification Form***

Insert completed form in Tab D.9 of your application.

**County Mental Health Sponsorship and Services
Verification Form**

To the development sponsor: Provide the development information indicated below. This form must be completed by the county mental health department, verifying its commitment to provide supportive services to this development.

Development Sponsor: _____

Primary Service Provider: _____

Development Name: _____

Development City: _____

Development County: _____

Name of verifying county mental health department:

To the county mental health department: Please complete the remainder of this form. The county mental health director must sign the form certifying that services will be provided as stated:

Commitment to Provide Supportive Services

We commit to provide supportive services as described in the final approved service plan specific to this application for the duration of the State loan for tenants of the supportive housing development described above. The approved supportive services plan is an update to our Three-Year Program and Expenditure Plan for the Community Services and Supports component. We further commit that providing supportive services for this development will be a priority use for county mental health services funds.

I hereby certify under penalty of perjury that I am the official responsible for the administration of Community Mental Health Services in and for this county, that this development does not result in the supplantation of funds as set forth in Welfare and Institutions Code Section 5891, and that to the best of my knowledge and belief all statements on this form are true and correct.

Signature: _____
County Mental Health Director

Dated: _____

Agency or Department: _____

Agency or Department Address: _____

Agency or Department Phone: _____

Attachment I: Development Summary Form

Insert completed form as page 1 of Project Overview in your application.

**DEVELOPMENT SUMMARY FORM
MHPA Housing Program**

Development Information

County Mental Health Department: _____
Name of Development: _____
Site Address: _____
City: _____ State: _____ Zip: _____

Development Sponsor _____

Development Developer _____

Primary Service Provider _____

- New Construction
- Acquisition/Rehabilitation of an existing structure

Type of development: Rental Housing Shared Housing

Type of building: Apartment Building Single Family Home
 Condominium Other

Total number of units _____ Total number of MHPA units _____

Total cost of the development _____ Amount of MHPA funds requested _____

Request MHPA Funds for Capitalized Operating Subsidies: Yes No

Other Rental Subsidy sources (list if applicable): _____

Target Population (please check all that apply):

- Adults
- Transition-Age Youth
- Children
- Older Adults

County Contact

Name and Title: _____
Phone Number: _____
Email: _____

Attachment J: County Planning Estimates

Attachment J
Initial Planning Estimates for the Community Services and Supports (CSS)
MHSA Housing Program

	Total Initial MHSA Housing Program Planning Estimates (Including Operating Subsidies)	Maximum Available for MHSA Housing Program Operating Subsidies
Alameda	\$14,619,200	\$4,873,100
Alpine	\$15,700	\$5,200
Amador	\$501,800	\$167,300
Butte	\$2,173,000	\$724,300
Calaveras	\$639,500	\$213,200
Colusa	\$312,200	\$104,100
Contra Costa	\$9,130,800	\$3,043,600
Del Norte	\$416,700	\$138,900
El Dorado	\$2,276,500	\$758,800
Fresno	\$9,248,900	\$3,083,000
Glenn	\$409,400	\$136,500
Humboldt	\$1,955,300	\$651,800
Imperial	\$2,660,000	\$886,700
Inyo	\$222,200	\$74,100
Kern	\$7,932,200	\$2,644,100
Kings	\$2,204,100	\$734,700
Lake	\$942,600	\$314,200
Lassen	\$413,600	\$137,900
Los Angeles	\$115,571,200	\$38,523,700
Madera	\$2,318,200	\$772,700
Marin	\$2,151,000	\$717,000
Mariposa	\$230,100	\$76,700
Mendocino	\$1,292,300	\$430,800
Merced	\$2,615,400	\$871,800
Modoc	\$124,400	\$41,500
Mono	\$189,000	\$63,000
Monterey	\$4,615,100	\$1,538,400
Napa	\$1,827,900	\$609,300
Nevada	\$1,387,000	\$462,300
Orange	\$33,158,300	\$11,052,800
Placer	\$2,383,900	\$794,600
Plumas	\$251,200	\$83,700
Riverside	\$19,077,100	\$6,359,000
Sacramento	\$12,340,100	\$4,113,400
San Benito	\$878,600	\$292,900
San Bernardino	\$20,178,200	\$6,726,100
San Diego	\$33,083,900	\$11,028,000
San Francisco	\$7,714,400	\$2,571,500
San Joaquin	\$6,339,500	\$2,113,200
San Luis Obispo	\$2,583,400	\$861,100
San Mateo	\$6,762,000	\$2,254,000
Santa Barbara	\$4,577,900	\$1,526,000
Santa Clara	\$19,249,300	\$6,416,400
Santa Cruz	\$2,914,600	\$971,500
Shasta	\$2,686,000	\$895,300
Sierra	\$40,400	\$13,500
Siskiyou	\$593,600	\$197,900
Solano	\$3,868,400	\$1,289,500
Sonoma	\$4,555,500	\$1,518,500
Stanislaus	\$4,807,900	\$1,602,600
Sutter/Yuba	\$2,365,900	\$788,600
Tehama	\$860,500	\$286,800
Trinity	\$173,300	\$57,800
Tulare	\$4,494,400	\$1,498,100
Tuolumne	\$797,700	\$265,900
Ventura	\$8,206,400	\$2,735,500
Yolo	\$3,014,300	\$1,004,800
City of Berkeley	\$1,258,600	\$419,500
Tri-City	\$2,389,400	\$796,500
Total	\$400,000,000	\$133,333,700