



**BUTTE COUNTY  
DEPARTMENT OF BEHAVIORAL HEALTH**

**MENTAL HEALTH SERVICES ACT (MHSA)  
HOUSING DEVELOPMENT PROGRAM**

**LETTER OF INTEREST**

**CAPITAL DEVELOPMENT  
&  
OPERATING SUBSIDIES**

**FUNDING AVAILABILITY**

**FOR**

**DEVELOPING SUPPORTIVE HOUSING PROJECTS FOR PEOPLE  
WITH SERIOUS MENTAL ILLNESS**

**AVAILABLE ELECTRONICALLY ON THE COUNTY MHSA WEBSITE:**

[http://www.buttecounty.net/behavioral\\_health](http://www.buttecounty.net/behavioral_health)

INTERESTED PARTIES ARE RESPONSIBLE FOR CHECKING THE COUNTY WEBSITE FREQUENTLY  
FOR INFORMATION OR DOCUMENTS RELATING TO THIS INQUIRY

# MENTAL HEALTH SERVICES ACT HOUSING DEVELOPMENT PROGRAM

## CAPITAL DEVELOPMENT & CAPITALIZED OPERATING SUBSIDIES

### **BACKGROUND:**

The California Department of Mental Health (State DMH) and the California Housing Finance Agency (CalHFA) initiated the Mental Health Services Act (MHSA) Housing Development Program, under Proposition 63, that provides funding to support capital development and capitalized operating subsidies for permanent supportive housing, including both rental housing and shared housing (*shared housing is not a local priority this funding round*), to serve persons with serious mental illness who are homeless or at risk of homelessness.

The State DMH has allocated \$2,173,000 to Butte County for the development, acquisition, construction and/or rehabilitation of permanent supportive housing. Approximately \$1,448,700<sup>1</sup> is available for capital expenses and \$724,300<sup>2</sup> is available to capitalize operating subsidies. *The MHSA Housing Development Program will fund one-third of the costs of the MHSA Housing unit up to a maximum of \$100,000 per MHSA unit. Two thirds of the costs must come from other sources. The applicant must provide 100% of the capital costs of the non-MHSA Housing units from other sources.*

Eligible developers and borrowers must develop proposals in conjunction with the local department of Behavioral Health, which then submits an application on behalf of the Project Sponsor to CalHFA and State DMH for each project. Applications must include a local commitment to provide mental health services for individuals who will reside in the proposed housing units. CalHFA and the State DMH will review the applications and make selection determinations and subsequent awards.

To obtain additional MHSA Housing Development Program information and application details, please refer to the following websites:

### **State Department of Mental Health:**

[http://www.dmh.ca.gov/prop\\_63/mhsa/housing/default.asp](http://www.dmh.ca.gov/prop_63/mhsa/housing/default.asp)

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<sup>1</sup> A maximum of \$100,000 per MHSA unit. Capital funds can only finance one-third of the total cost of housing development.

<sup>2</sup> A maximum of up to \$100,000 per MHSA unit, CalHFA will determine the final subsidy amount per unit. (The capital and operating subsidies amounts may be adjusted each year by a 4.83% inflation factor beginning January 1, 2009)

**California Housing Finance Agency (CalHFA):**

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

**QUALIFIED DEVELOPERS AND BORROWERS**

The following are considered qualified developers/borrowers for the MHSA Housing Development Program according to the State DMH and CalHFA guidelines (published 8/6/07, pages 41-42):

- Developers with a track record of successful housing development and a history of serving the target population,
- 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,
- 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 has the assistance of qualified consultants who have a history of successfully working with similar joint venture partners to house the target population,
- 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
- 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 evaluate both for their ability to successfully develop and manage the real estate component of the development, and for their eligibility 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:

- 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;
- An 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 Development Program funding, or
- An affiliate of a local housing authority created to hold MHSA Housing Development Program properties.

The borrower also must be organized as either:

- A single asset entity (in the case of a LP or LLC), or
- A separate legal entity that only holds properties that have MHSA Housing Development Program funding, as appropriate.

### **SUBMISSION PROCESS:**

For each proposed project, interested parties are to submit one signed original Letter of Interest and one complete copy. Excluding a cover letter, the Letter of Interest packet shall not exceed three (3) pages. Faxed copies will not be accepted.

Submittals shall be made to:

**Debbie Villasenor**  
**MHSA Housing Development Consultant**  
**C/O Trisha Ott**  
**Butte County Department of Behavioral Health**  
**Mental Health Services Act (MHSA) Housing Development Program**  
**107 Parmac Road, Suite 4**  
**Chico, California 95926**

This notice, including any amendments with instructions and details of the submission process, will also be posted on the Butte County Mental Health Services Act website [http://www.buttecounty.net/behavioral health](http://www.buttecounty.net/behavioral_health) on **August 21, 2009**. Questions regarding this notice should be directed to Debbie Villasenor by e-mail: [dvilla64@sbcglobal.net](mailto:dvilla64@sbcglobal.net) or by telephone: (530) 521-6401.

This notice is **not** a competitive solicitation offered by Butte County Department of Behavioral Health, Mental Health Services Act Housing Development Program. Acceptance of Letters of Interest by DBH MHSA Housing Development Program is not a guarantee that the DBH MHSA Housing Development Program will support a particular application for State DMH or CalHFA funding. Letters of Interest shall be accepted until all of Butte County's MHSA Housing Development funds are awarded to eligible projects.

The DBH MHSA Housing Development Program is not liable for costs incurred in the preparation of responses to this request. It reserves the right to issue supplementary information or guidelines related to this request.

In accordance with the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, it is the policy of DBH MHSA Housing Development Program to assure equal opportunity to all persons in the award and performance of any contract, without regard to race, color, sex, religion, national origin, ancestry, age, marital status or disability.

### **LETTER OF INTEREST-ATTACHMENT 1:**

The Letter of Interest, Attachment 1, allows developers/borrowers an opportunity to provide the MHSA Housing Committee with a brief description of the MHSA housing project, including but not limited to the following areas:

- Target Population
- Location of Project
- Type of Housing & Number of Units
- Relevant Experience of Project Sponsor and/or Developer
- Roles & Responsibilities of Collaborative Partners
- Leverage Funding Sources
- Total request for MHSA Housing Funds

If the MHSA Housing project is selected, the developers/borrowers and MHSA Housing Consultant will be required to prepare and submit a full MHSA CalHFA Housing Application to the State Department of Mental Health and CalHFA on behalf of the project.

### **COMMUNITY INPUT:**

#### **OUTREACH:**

From October 2007 to present, the MHSA Housing Development Consultant attended community meetings, made contact or met individually with the following individuals or agencies to disseminate information and receive public input about the Mental Health Services Act Housing Program:

- Affordable housing developers
- Housing staff from Chico, Oroville, Biggs, Paradise, and Gridley
- The Butte Countywide Continuum of Care
- Behavioral Health staff
- Homeless coalitions from Paradise, Chico and Oroville
- Consumers at Behavioral Health drop-in/treatment centers in Paradise, Chico, and Oroville
- National Alliance on Mental Illness (NAMI) Butte County
- Housing Authority of Butte County
- Private property owners/interested residents from the community

Information learned from the community input process has been incorporated into Butte County's MHSA Housing Development Program.

For a complete history and more information about Butte County's MHSA Housing Development Program, please visit the website: [http://www.buttecounty.net/behavioral health](http://www.buttecounty.net/behavioral_health).

### **CONSUMER HOUSING SURVEY RESULTS:**

In 2008, the Butte County Department of Behavioral Health MHSA Housing Development Program distributed housing surveys to consumers in Chico, Oroville, Paradise, and Gridley. The goal of the survey was to learn more about their current housing situation, the types of housing needed, and what kinds of services and amenities are desired to assist the consumers. A copy of the housing survey and results can be viewed on the department's website at: [http://www.buttecounty.net/behavioral health](http://www.buttecounty.net/behavioral_health).

### **MHSA HOUSING COMMITTEE'S ESTABLISHED PRIORITIES:**

Butte County's MHSA Housing Committee established the following priorities for the utilization of the MHSA Housing funds:

- **Community Environment:** The MHSA housing projects should be provided in safe sites that are located near services and public transportation. The housing projects should provide a community environment, while providing private facilities for the delivery of supportive services. It is highly desirable for the housing project design to include:
  - Dedicated smoking and non-smoking areas
  - On-site laundry
  - A community garden area
  - Wheelchair accessibility
  - Accommodations for pets and use pet friendly building materials i.e., linoleum or pergo flooring
  - A community space for a dog run and/or dog kennels
  - On-site employment opportunities for tenants
  - A community room with kitchen or exercise facilities
- **Population Served:** All eligible MHSA target populations, including mentally ill veterans, should be considered for housing. Homeless Adults in Oroville, Transition Age Youth, and Older Adults are recognized as target populations in need of supportive housing. Housing opportunities should be culturally sensitive to everyone.
- **Counseling and Supportive Services:** Supportive services are essential to help residents maintain their housing. Voluntary services should be integrated into the housing opportunities and be comprehensive enough to serve as many of the residents needs as possible. Individualized service plans are important with the understanding that flexibility is instrumental in responding to changes in service needs throughout

tenancy. On-site and off-site supportive services should be made available as well as information about other services available in the community.

- **Housing Options:** The need for 1-bedroom units and studio units is recognized as a priority housing development goal. Shared housing projects (rented and shared by two or more unrelated adults belonging to target population) will not be considered in this funding round. Furnished or unfurnished units should be considered when designing a project. Existing, vacant apartment complexes should be considered, if units can be rehabilitated to accommodate the target populations housing needs. New construction of MHSA housing units is also a viable option.
- **Tenant Affordability:** The cost of the units and rental assistance are important, especially when serving households earning 50 percent or less of the area median income. Whenever possible, project based section 8 vouchers and utility assistance should be included in the project operations to ensure affordability. A waiting list policy should be established for MHSA housing units. Housing developers are encouraged to use energy efficient, sustainable products and native landscaping to help reduce energy and water costs for the housing complex.

#### **REVIEW & SELECTION PROCESS:**

1. Submittals will initially be reviewed by the MHSA Housing Consultant to determine if the packets are complete. Incomplete packets will be returned to developers/borrowers for completion.
2. Completed packets will be forwarded to the MHSA Housing Committee for review and recommendations.
3. The MHSA Housing Committee will forward recommended projects to the MHSA Advisory Committee, Behavioral Health Board, Leadership Team and County Administration Office, for review and final approval. Concurrently, the MHSA Housing Consultant and developers/borrowers will jointly prepare a Summary Form, Development Description, and Sections D1-D5 of CalHFA's MHSA Housing Application and post on the county's MHSA website for 30 days of public comment.
4. Upon county's approval, the MHSA Housing Consultant and the developers/borrowers will jointly begin working on the full CalHFA MHSA Housing Application.
5. Public comments from the 30-day comment period will be addressed in the CalHFA MHSA Housing Application. Project modifications, if necessary, will be noted in the application.
6. The completed application will be submitted to the Behavioral Health Director. The Behavioral Health Director will sign Attachments G, H and any necessary Memorandum of Understanding.
7. Original copies of the completed CalHFA MHSA Housing Application will be sent to the State Department of Mental Health and California Housing Finance Agency for review and approval.
8. If the project is approved, CalHFA will release funds to the developers/borrowers, in accordance with the CalHFA MHSA Housing Program guidelines.

## **SELECTED DEVELOPERS/BORROWERS**

Selected developers/borrowers are responsible for completing Sections A, B, C, D.3 and D.13 of the CalHFA MHSA Housing Application. The county's housing consultant will complete Section D (excluding D.3 & D.13), MHSA Housing Program Supportive Housing and Services Information, and provide assistance to developers/borrowers in preparation of the full CalHFA MHSA Housing application.

The submission of the application by the county mental health department will verify the county's approval of the following:

- The capital funding request for the development.
- The capitalized operating subsidy funding request for the development.
- A commitment by the county mental health department to provide funding for supportive services for the MHSA eligible residents for the full term of the MHSA Housing Development Program loan.

The Behavioral Health Director will sign Attachment G, DMH Outcomes Reporting Requirements, Attachment H, County Mental Health Sponsorship and Services Verification Form, and any necessary project Memorandum of Understandings (MOU).

The full MHSA CalHFA Housing Application can be downloaded from:

**California Housing Finance Agency (CalHFA):**

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