



C A L I F O R N I A D E P A R T M E N T O F
Mental Health

1600 9th Street, Sacramento, CA 95814
(916) 654-2309

May 14, 2007

DMH LETTER NO.: 07-06

TO: LOCAL MENTAL HEALTH DIRECTORS
LOCAL MENTAL HEALTH PROGRAM CHIEFS
LOCAL MENTAL HEALTH ADMINISTRATORS
COUNTY ADMINISTRATIVE OFFICERS
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: INITIAL PLANNING ESTIMATES FOR MENTAL HEALTH
SERVICES ACT HOUSING PROGRAM

REFERENCE: WELFARE AND INSTITUTIONS CODE (WIC) SECTION 5892

The purpose of this letter is to transmit the Mental Health Services Act (MHSA) Planning Estimates¹ for the initial funding of the MHSA Housing Program from the Community Services and Supports (CSS) component. There will be \$400 million available for counties² to participate in the MHSA to support implementation of the MHSA Housing Program.

For your reference, the previous DMH Letters addressing Planning Estimates for the CSS component included:

- DMH Letter No.: 05-02 contained the FY 2005-06 Planning Estimates for each county under the CSS component of the integrated Three-Year Program and Expenditure Plan along with a description of the methodology used to determine the Planning Estimate for each county.
- DMH Letter No.: 06-09 provided the FY 2007-08 Revised Planning Estimates for each county under the CSS component along with an update to the methodology.

Each county must also have a fully executed MHSA Performance Contract amendment authorizing the state to administer this program on its behalf before any applications can be approved. To receive MHSA Housing Program funding, counties must submit an MHSA Housing Program application to DMH and the California Housing Financing Agency (CalHFA). Subject to state approval, MHSA funding for the MHSA Housing Program will be authorized up to the amount listed in Enclosure 1, entitled "Initial Planning Estimates for the Community Services and Supports (CSS) MHSA Housing Program".

¹ Planning Estimates represent the estimates provided by DMH to each county as to the maximum amount of MHSA funding that the county can request.

² Unless specified, "county" refers to County Mental Health Programs, two or more counties acting jointly, and/or city-operated programs, pursuant to WIC 5701.5.

Planning Estimates

The Initial Planning Estimates as a whole represent \$400 million of MHPA funding from the CSS component. Executive Order S-07-06 directed the DMH, in consultation with the California Mental Health Directors' Association (CMHDA), to allocate up to \$75 million per 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. DMH, CMHDA and CalHFA have subsequently determined that an additional \$40 million per year is required to finance the operating subsidies required to make the capital projects successful. Thus, \$115 million per year is being made available to fund the MHPA Housing Program. This initial \$400 million represents approximately three and a half years of this funding.

The calculations regarding the amount made available to each county (rounded to the nearest \$100) are based on the methodology previously used for the FY 2007-08 Revised CSS Planning Estimates (DMH Letter No.: 06-09) with a different amount set aside for small counties³. Based on the recommendation of CMHDA, DMH is setting aside eight percent for small counties rather than the 5.3 percent that would have been made available to small counties through the Planning Estimate formula. The Planning Estimate for each small county is based on the relative Planning Estimate percentage of each individual county to the total of all small counties as shown in DMH Letter No.: 06-09. This same approach was used for the medium and large counties whereby 92 percent of the funding is made available to such counties based on their relative Planning Estimate percentage to the sum of the Planning Estimate percentages of all medium and large counties.

Enclosure 1 also identifies the maximum amount of funding that can be used as operating subsidies to support the capital costs of the MHPA Housing Program. The maximum amount of funding for MHPA Housing Program operating subsidies is established at approximately 1/3 of the total funding available for the MHPA Housing Program. Additional guidelines regarding the use of operating subsidies will be provided in the MHPA Housing Program application instructions and the forthcoming MHPA regulations related to the MHPA Housing Program.

The \$400 million shown in Enclosure 1 represents the initial funding amount for the MHPA Housing Program. It is anticipated that additional MHPA Housing Program funding will be identified from the CSS component in the future and the methodology used to determine the Planning Estimates will not change other than to update the data used to determine the Planning Estimate percentages.

³ "Small County" means a County in California with a total population of less than 200,000 according to the most recent projection by the California Department of Finance.

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If you have questions or need additional information, please contact the County Operations staff assigned to your county. A listing of County Operations staff can be found on the DMH website at www.dmh.ca.gov/CountyOps/contact.asp.

Sincerely,

Original signed by:

STEPHEN W. MAYBERG. Ph.D.
Director

Enclosure

cc: California Mental Health Planning Council
Chiefs, County Operations Sections
Mental Health Services Act Oversight and Accountability Commission