



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

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March 12, 2008

DMH INFORMATION NOTICE NO.: 08-05

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

SUBJECT: COMMUNITY SERVICES AND SUPPORTS GENERAL SYSTEM
DEVELOPMENT HOUSING

REFERENCE: WELFARE & INSTITUTIONS CODE SECTION 5847 (d), SECTION
5878.3, SECTION 5892, SECTION 5893 AND CALIFORNIA CODE
OF REGULATIONS SECTION 3315

This Department of Mental Health (DMH) Information Notice clarifies the circumstances when housing is an eligible expenditure under Community Services and Supports General System Development (GSD).

Background

Under current regulations, allowable expenditures for Full Service Partnerships include, "Housing, including but not limited to, rent subsidies, housing vouchers, house payments, residence in a drug/alcohol rehabilitation program, and transitional and temporary housing." (California Code of Regulations (CCR), Title 9, Division 1, Chapter 14, Section 3620(a)(1)(B)(iii)). In addition, under existing regulations, Outreach and Engagement funds may be used for "Food, clothing, and shelter, but only when the purpose is to engage unserved individuals, and when appropriate their families, in the mental health system." (CCR 3640(b) (2)). The housing expenses allowed under both the Full Service Partnership and Outreach and Engagement service categories, described above, are individually based. This means that these housing expenses are tied to the specific service needs of an individual, and when appropriate, their family. The section below titled, General System Development Housing, further explains allowable, non-individual-based housing costs, i.e., project- based housing expenditures.

General System Development Housing

General System Development is defined in CCR 3200.170 as "... the service category of the CSS component of the Three-Year Program and Expenditure plans under which the County uses Mental Health Services Act funds to improve the County's mental health service delivery system for all clients and/or to pay for specified mental health services and supports for clients, and/or when appropriate, for their families." Consistent with this definition, housing expenditures under GSD are allowable when they expand housing resources to support and improve the County's mental health service delivery system. GSD funds may be used to develop project-based housing resources. Such project based housing resources are non-client specific and may include a range of housing options. All proposed GSD housing expenditures need to support the county's approved Community Services and Supports component and demonstrate consistency with the identified needs and priorities in the County's Three-Year Program and Expenditure Plan. The requirement that counties direct a majority of their funds to Full Service Partnerships continues to apply (CCR 3620(c)).

Allowable GSD expenditures include:

- acquisition, construction, and/or renovation of housing that is government-owned and dedicated for the intended use for a minimum of 20 years
- master leasing of housing, including costs of repairs needed to restore a unit damaged by a MHSA tenant upon vacating
- project-based operating subsidies for housing units acquired with GSD funds
- housing trust fund only when an irrevocable transfer of GSD funds is made to a local government entity for a specific housing project, e.g., County Housing Authority holds and disburses funds to purchase land and construct new housing for a specified housing development

Housing expenses not allowed under GSD include:

- renovation of privately owned housing
- construction or acquisition of housing that will be privately owned
- housing trust funds, other than as described above
- construction or acquisition of housing for permanent supportive housing outside of the MHSA Housing Program service category
- acquisition, construction, and renovation of a treatment facility
- predevelopment costs for a development in the MHSA Housing Program
- individual-based housing expenses, e.g., rental subsidies, motel vouchers

Capital costs for 24-hour treatment facilities including, but not limited to, crisis residential, child group homes, and adult residential treatment facilities are not allowable under GSD but may be eligible for MHSA funding under the Capital Facilities segment of the Capital Facilities and Technological Needs component.

Examples of project-based and individual-based housing costs are included in Enclosure 1.

Plan Updates

Plan updates are needed to add or modify programs, to request approval of housing acquisition, construction and/or renovation, and to request approval of additional funding available within the County's planning estimate. Approved updates will result in a modification to the County's MHSA Agreement to reflect the change to the County's approved Three-Year Program and Expenditure Plan.

If you have any questions, please contact your County Liaison identified on the following internet site: <http://www.dmh.ca.gov/CountyOps/contact.asp>.

Sincerely,

Original signed by

STEPHEN W. MAYBERG, Ph.D.
Director

Enclosure