



RICHARD FIGUEROA  
ACTING DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

DATE: November 4, 2019

BEHAVIORAL HEALTH INFORMATION NOTICE NO.: 19-047

TO: CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES  
CALIFORNIA ASSOCIATION FOR ALCOHOL/DRUG EDUCATORS  
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM  
EXECUTIVES, INC.  
CALIFORNIA ASSOCIATION OF DUI TREATMENT PROGRAMS  
CALIFORNIA CONSORTIUM OF ADDICTION PROGRAMS AND  
PROFESSIONALS  
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH  
AGENCIES  
CALIFORNIA OPIOID MAINTENANCE PROVIDERS  
CALIFORNIA STATE ASSOCIATION OF COUNTIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS  
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF  
CALIFORNIA  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTORS

SUBJECT: MENTAL HEALTH SERVICES ACT: RELEASE OF UNENCUMBERED  
FUNDS DEDICATED TO THE SPECIAL NEEDS HOUSING PROGRAM

Effective January 3, 2020, the California Housing and Finance Agency (CalHFA) will discontinue the Local Government Special Needs Housing Program (SNHP). The deadline for counties to submit applications for viable SNHP projects is January 3, 2020. CalHFA will continue to process applications for loans for projects under the SNHP, received on or before January 3, 2020, unless a project does not close its construction financing by June 30, 2022.

CalHFA will either release a County's unencumbered SNHP funds to the County or, at the County's election, apply a portion or all of the funds to an existing MHSA or SNHP project. The amount of unencumbered funds to be returned to each County is reflected in the SNHP Unencumbered Funds document (Attachment A). A County that wants CalHFA to return all of the County's unencumbered funds does not need to do anything further. Any balance of unencumbered funds existing after January 3, 2020, will be returned by CalHFA on or about February 17, 2020.

Application of Unencumbered Funds to an Existing MHSA Housing Program or SNHP

Project: If a County wishes to apply a portion or all of its unencumbered funds to the Capitalized Operating Subsidy Reserves for an existing MHSA Housing Program or SNHP project, the County must complete the SNHP MHSA Fund Release and Transfer Authorization Form (Attachment B) to indicate the projects, and corresponding amounts, to which the County wishes to apply the funds. The County must send a completed SNHP County Funding Release Form to CalHFA at the following address not later than January 3, 2020:

Jennifer Beardwood, Loan Administrator  
California Housing Finance Agency  
500 Capitol Mall, MS 990  
Sacramento, CA 95814

For questions about unencumbered MHSA fund balances, please contact Jennifer Beardwood with CalHFA at [jbeardwood@calhfa.ca.gov](mailto:jbeardwood@calhfa.ca.gov) or (916) 326-8805.

Use of Returned Funds: Counties must spend the returned Mental Health Services Fund monies “to provide ‘housing assistance’ to the target populations” identified in Welfare & Institutions Code (W&I) section 5600.3. “Housing assistance” means rental assistance or capitalized operating subsidies; security deposits, utility deposits, or other move-in cost assistance; utility payments; moving cost assistance; and capital funding to build or rehabilitate housing for persons who are seriously mentally ill and homeless or at risk of homelessness.

Administration of Funds: A County’s administration of released Mental Health Service Fund moneys is subject to the requirements of the MHSA, including the following:

- The County must include the use of those funds in the County’s Three-Year Program and Expenditure Plan or Annual Update, per W&I section 5847;
- The County must follow the stakeholder process identified in W&I section 5848 when determining the use of those funds;
- The County must report expenditure of those funds in the County’s Annual Revenue and Expenditure Report (W&I section 5899) beginning in the fiscal year CalHFA releases the SNHP funds to the County;
- The County must expend those funds within three years, or the funds will be subject to reversion, per W&I section 5892, subdivision (h)(1). The first year of the reversion period is the fiscal year CalHFA releases the funds to the County; and,

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- A County with a population of less than 200,000 must expend those funds within five years, or the funds will be subject to reversion, per W&I section 5892, subdivision (h)(3). The first year of the reversion period is the fiscal year CalHFA releases the funds to the County.

Please send any questions you have regarding this Information Notice to [MHSA@dhcs.ca.gov](mailto:MHSA@dhcs.ca.gov).

Sincerely,

Original signed by

Marlies Perez, Chief  
Community Services Division

Enclosures (2)