



California Behavioral Health Planning Council

ADVOCACY • EVALUATION • INCLUSION

CHAIRPERSON
Deborah Starkey

EXECUTIVE OFFICER
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March 6, 2026

Behavioral Health Transformation
Department of Health Care Services
P.O. Box 997413
Sacramento, CA 95899-7413

RE: CBHPC Recommendations - Strengthening BHSA Housing Policy for Stability, Outcomes, and Fiscal Sustainability

Dear Behavioral Health Transformation Team:

The California Behavioral Health Planning Council (Council) appreciates the Department of Health Care Services' (DHCS) leadership in implementing the Behavioral Health Services Act (BHSA) and the collaborative process accompanying development of the County Policy Manual. As implementation advances, the Council respectfully offers two targeted housing policy refinements intended to strengthen measurable outcomes, improve fiscal sustainability, and reduce avoidable system costs.

The Council is mandated under Welfare and Institutions Code §5771 and §5772, to advocate for individuals with serious mental illnesses and children and youth with serious emotional disturbances. In alignment with its statutory responsibilities under the BHSA §§ 5604.2 (a), 5610 (a) (1), 5610 (b) (1), and 5664 (a), the Council plays a critical role in reviewing county performance outcome data, advising on reporting requirements, and collaborating with state agencies to improve and standardize behavioral health practices. Our recommendations outlined in the letter are informed by feedback from community-based organizations (CBOs) and local system leaders responsible for BHSA implementation across diverse counties. The Housing and Homeless Committee has researched the issues and proposes solutions to ensure individuals with high behavioral health needs have housing as part of their care, in line with Behavioral Health Transformation goals.

Issue 1: Length of Stay in Interim (Transitional) Housing

Section C.9.3 – Allowable Settings

The current BHSA policy limits interim housing support to 12 months (six months plus a six-month extension), after which Housing Intervention

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MS 2706



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funds must be used exclusively for permanent housing placements.¹ While designed to promote timely transitions, this restriction does not reflect current housing market realities nor the stabilization needs of individuals with serious mental illness and co-occurring substance use disorders (SUDs). In many regions of California, permanent affordable housing placement timelines exceed 12 months. For individuals requiring sustained treatment engagement, medication, stabilization, and functional rehabilitation, premature exit from interim housing increases the likelihood of:

- Return to homelessness.
- Emergency department utilization.
- Psychiatric hospitalization.
- Justice system involvement.

These outcomes undermine recovery and increase Medi-Cal expenditures, shifting costs into higher-acuity systems.

By comparison:

- The U.S. Department of Housing and Urban Development (HUD) Continuum of Care Program, permits up to 24 months of transitional housing.²
- California's Behavioral Health Bridge Housing (BHBH) Program permits up to 24 months and sunsets in June 2027.

Absent alignment, the Behavioral Health Services Act (BHSA) will operate under a shorter stabilization window just as BHBH resources are withdrawn, increasing system churn and avoidable crisis utilization.

From a cost perspective, extending interim housing support up to 24 months is significantly less expensive than repeated inpatient psychiatric admissions, Institution for Mental Diseases (IMD) placements, emergency medical care, or incarceration. Stable housing is consistently associated with improved treatment adherence and reduced high-cost cycling.

Recommendation: Amend Section C.9.3 to allow up to 24 months of interim housing support to better align with federal standards, preserve continuity following the sunset of BHBH, and reduce avoidable crisis expenditures.

¹ Section C.9.3: Allowable Settings, *Behavioral Health Services Act County Policy Manual*, Version 1.3.2.2. Department of Health Care Services.

² 24 CFR § 578.79 – *Limitation on transitional housing*. Electronic Code of Federal Regulations. Retrieved from <https://www.ecfr.gov/current/title-24/subtitle-B/chapter-V/subchapter-C/part-578/subpart-F/section-578.79>



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Issue 2: Income-Based Tenant Contributions in Transitional Housing Section C.9.1.1 – Rental Assistance Requirements

The current Behavioral Health Services Act (BHSA) policy prohibits charging rent in interim housing settings.³ However, this approach does not distinguish between emergency shelters and structured transitional housing programs. Emergency shelters appropriately remain prohibited from charging rent. Transitional or interim housing programs, by contrast, provide longer-term stabilization and structured supports and operate more similarly to federal transitional housing models. Under federal practice, tenants in transitional housing typically contribute up to 30% of income toward rent. Allowing a comparable structure under BHSA would advance several DHCS priorities:

- **Fiscal Sustainability:** Modest tenant contributions would leverage BHSA funds, enabling counties to expand capacity and maintain program viability within fixed allocations.
- **Equity and Consistency:** An income-based model ensures:
 - Individuals with zero income pay zero rent.
 - No participant is denied housing due to inability to pay.
 - Consistency with federal housing standards, strengthening audit defensibility.
- **Operational Flexibility** County General Assistance (GA) programs vary. In some jurisdictions, a designated portion of GA benefits is structured specifically for housing costs. Providing flexibility for transitional housing programs to collect either:
 - Up to 30% of a participant's income, or
 - The portion of General Assistance designated for housing would ensure consistency with local benefit structures while maintaining participant protections.

Allowing this flexibility supports long-term sustainability and reduces the likelihood of funding-related premature discharge, which otherwise contributes to higher-cost emergency and inpatient utilization.

³ *Behavioral Health Services Act County Policy Manual*, Version 1.3.2.2, Section C.9.1.1 Rental Assistance Requirements, Department of Health Care Services



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Recommendation: Revise Section C.9.1.1 to permit transitional (interim) housing programs, but not emergency shelters, to charge tenants up to 30% of income or the portion of General Assistance designated for housing, consistent with federal standards and local benefit structures.

Alignment with BHSA Goals

The Behavioral Health Services Act (BHSA) was designed to strengthen system stability, improve accountability, and reduce reliance on crisis-driven care. Housing remains one of the strongest social predictors of reduced psychiatric hospitalization, improved treatment engagement, and lower total system cost.

Aligning BHSA housing policy with federal standards and existing state practice will:

- Improve measurable housing retention outcomes.
- Reduce avoidable inpatient and emergency expenditures.
- Strengthen fiscal stewardship of BHSA funds.
- Support sustainable system transformation beyond the sunset of the Behavioral Health Bridge Housing (BHBH) Program.

The Council respectfully urges the Department of Health Care Services (DHCS) to consider these refinements to ensure BHSA implementation achieves its intended impact.

We welcome continued dialogue and are available to discuss these recommendations further.

If you have any questions regarding this letter, please contact our Executive Officer, Jenny Bayardo, at (916) 750-3778 or Jenny.Bayardo@cbhpc.dhcs.ca.gov.

Sincerely,

Tony Vartan
Chairperson