

Contra Costa County
Mental Health Services Act Housing Program
NOFA Technical Assistance Meeting
April 24, 2008 1-3pm

Meeting attendees:

Charles Swank	ANKA Behavioral Health
Holly Wunder Stiles	Sacramento Mutual Housing Assn.
Sue Laliberte	Lutheran Social Services
Kassia Perkins	ANKA Behavioral Health
Valee Suennen	ANKA Behavioral Health
Jennifer Baha	Shelter Inc.
Kevin Armstrong	EBALDC
Joanna Griffith	CHDC
Robert Stevenson	RCD
Sara Marsh	Contra Costa Interfaith Housing
Katie Lamont	Eden Housing
Margot Ernst	City of Walnut Creek
Amy Hodgett	City of Walnut Creek
Lavonna Martin	CCC – Homeless Program
Lisa Blakely	CSH
Nan Guevara (presenter)	CalHFA
Kathy Weremiuk (presenter)	CalHFA
Kimberly Mayer (presenter)	Contra Costa Mental Health
Kara Douglas (presenter)	Contra Costa Community Development Department
Vic Montoya (presenter)	Contra Costa Mental Health
Debbie Raucher (presenter)	Consultant

1. Kimberly Mayer provided an introduction to the program as well as a summary of the use of MHSA “one-time” funds for housing projects thus far. It should be noted that much of what applied to the use of “one-time” funds will not be applicable to the new program. The past year has been a learning process and a lot of valuable information was obtained during the negotiations for the use of one-time funds.
2. Kathy Weremiuk from CalHFA presented an overview of the MHSA Housing program. See Power Point presentation for details.

Kathy also included the following points in her presentation that were not included in the Power Point presentation

- Clients exiting State and Federal prisons are not eligible, however clients exiting County jail are eligible
 - Documentation of legal status is not required for eligibility
 - Residents of facilities for transition aged youth are not required to exit the facility after age 24, however staff should work with these individuals to transition to more appropriate housing.
 - MHSA funds cannot pay for debt service – operating pro-forma needs to be shown with and without debt service. Included in the prohibition is the use of tenant rents from MHSA units for payment of debt service.
 - Only rents and not incomes are restricted in this program and the program therefore does not trigger Article 34. Other funding sources may however still trigger Article 34.
 - Physical Needs Assessments will be required for rehabilitation projects.
 - The Program requires that applicants seek out other rent subsidies such as Section 8 and Shelter Plus Care and provide documentation that these sources were denied.
 - Lavonna Martin noted that the Shelter Plus Care process is highly competitive and project readiness is a key factor. Only one or two successful grants per year. Application date has been pushed back by HUD to July and they are changing to an electronic process. If you wish to discuss this contact: Lavonna at lmartin@hsd.cccounty.us)
 - Kara Douglas noted that the Housing Authority will likely issue a NOFA for Project based Section 8 in coordination with the county CDBG/HOME NOFA that will be released in the fall.
3. The Consultant, Debbie Raucher, presented information regarding the application process, tenant referral and selection plan, service provision and operating subsidies.

Application process

- Application consists of: Universal Application, MHSA Application & Contra Costa supplement. Applications will be accepted “over the counter” until all funds are expended.
- A stakeholder input process was conducting resulting in priorities for housing as described in NOFA. Contra Costa supplement is designed primarily to enable County to assess if project is aligned with local priorities. Important for County to know also what efforts have been made to gain community support (e.g. City Councils, local interest groups, neighborhood outreach, etc.)
- Application submitted to County first for approval, then submitted to State (at both levels, joint review by mental health and housing depts.) 60 days for review time by County once complete application received and State has also committed to 60 days.
- Certain sections of the application need to be posted for public comment for 30 days. This can be simultaneous to initial review by county.
- Developers are encouraged to contact Kara Douglas at CDD to discuss possible project’s eligibility for MHSA funding.

Service provision

- As part of application, County commits to providing support services. Services planning will need to be coordinated with the County.
- The expectation is that any services that are available to the general population in the building will be available to MHSA tenants as well. The additional services that are needed by MHSA tenants will be provided for by the County.
- How services will be structured will vary depending on how many MHSA units are in the building and other factors. County can provide assistance to developers to determine what type of service model makes sense for any particular project.

Tenant selection criteria

- County is working on formulating a plan.
- Likely outcome will be a process where the County certifies tenants as eligible, tracks ongoing eligibility and provides names of eligible clients to developers and each project site manages their own wait list
- County is planning to hire a housing coordinator to manage process

Operating support

- There is not enough operating support for every unit that receives capital funding to receive \$100,000 per unit operating. During the underwriting process, county will be carefully reviewing requests for operating support and limiting requests as needed.

Questions and Answers

Q. Can a sponsor find investors to purchase a property and then lease the property back from them?

No. The property must be owned.

Q. How will the operating funds be determined?

The goal is that the operating funds last for 20 years. CalHFA will look at operating budgets to assess the need for funds. Ideally, amount allocated will include support for an additional year to allow for unexpected costs

The money will be kept in an account that maximizes its interest earning potential and will be disbursed by CalHFA quarterly.

Program can provide one year of operating support up front to allow residents who are not receiving SSI at the time of move-in to access SSI. Leases should be clear in these cases that the tenant share of the rent will be due upon approval of SSI application and receipt of retroactive SSI payment by tenant. (County representative noted that County has staff available to assist eligible tenants to access SSI).

Q. What is a reasonable interest rate assumption?

Originally it was 4.6%
Most recently 3.15%

Q. Are there any eligibility issues around using both Project Based Section 8 and MHSA funding at the same time?

CSH legal opinion is that it can be done, however, HUD has not approved it officially yet. The legal argument in regard to Section 504 fair housing regulations is that providing housing designated for mentally ill is a reasonable accommodation, as this population has difficulty accessing housing due to their disability.

Q. Will these conversations also address HUD 811 & 202?

Yes, these programs are being discussed with HUD as well. With HUD 811, the Operating Subsidy can be used. One issue coming up is that HUD wants all units to be designated as targeting 50% AMI even though this is not a reasonable expectation for this population.

Use of HUD 202 funds is going to be trickier. Discussions are in progress.

Q. In the application it states that in order for a project to acquire predevelopment funding that they would need to provide evidence of other funding commitments. Does this apply without exception?

The expectations in this case were narrowly drafted at the time of writing due to the initial conservatism of the program. The State can make exceptions at the request of the County to the requirement for having funding in place.

Predevelopment and acquisition assistance needs are acknowledged and funding for acquisition may at some point be available.

Q. What amount does the County anticipate making available for services?

The money for services will come from a separate pot of CSS money that is not part of the Housing program. The application does not require a specific amount for services, however a comprehensive service plan must be submitted with the application. It is the County's expectation that any services available in the project to all tenants will be available to the MSHA tenants and any additional services needed by MHSA tenants will be provided by the County.

Q. What if the project has no other services?

It is unlikely, as a project with no services will not be competitive for tax credits. Even if services are limited to something like an on-site computer lab, these need to be available to the MHSA tenants. In general however, because of the many uncertainties involved in the various projects the County has decided to wait and see what arises during the application process and make decisions then rather than try to foresee and figure out every detail in advance.

Q. If MHSA was overturned at a future date would the County obligation for services continue?

Per CalHFA - No, it would not.

Q. Does CalHFA have architectural guidelines?

CalHFA no longer has architectural guidelines. A CalHFA representative will, however, conduct monthly site visits during construction. CalHFA will also be looking to see that units in development are divided equitably amongst MHSA /Non-MHSA tenants in regard to quality of each unit.

Note from CalHFA: Developers who are applying for HCD funding in addition to MHSA, should make sure to get a letter from the County indicating the amount requested, even if the MHSA application has not yet been given final approval.