

DRAFT



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(Date)

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Department of Mental Health
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Dear Ms. Fields:

The Mental Health Services Oversight and Accountability Commission (MHSOAC) has reviewed the proposed regulations for General System Development (GSD) Housing and the Initial Statement of Reasons for the proposed regulations made available by the Department of Mental Health (DMH). This regulation package was referred to the MHSOAC Services Committee for review and comment. The comments enclosed incorporate both the perspective of the Committee and the Commission.

Overall the Commission found the regulations and statement of reasons to be clear and well written. Staff of the Department of Mental Health were very helpful in providing background to differentiate the purpose of GSD Housing from that of the MHSA Housing Program. What follows are comments related to portions of the GSD Housing regulations and Initial Statement of Reasons that may need revision or clarification.

The following comments apply to the proposed regulations:

Article 2. Definitions

1. Section 3200.028 Capitalized Operating Subsidy Reserve

The definition of Capitalized Operating Subsidy Reserve refers to funds set aside for the purpose of “supplementing income for the payment of operating expenses”. The word “income” may be confusing to readers and allow for misinterpretation. The word “income” could be interpreted as “profit” by some readers. Please clarify what profit, if any, is allowed.

2. 3200.252 Project-Based Housing

The definition for Project-Based Housing implies that only Counties may purchase or lease housing units with GSD Housing funds. The proposed regulation does not make it clear that Counties may exercise discretion in providing GSD Housing funds to non-government agencies such as community-based organizations (CBOs) for the purchase, renovation and/or Master Leasing of housing units. Please clarify the intent.

Article 6. Community Services and Supports

3. 3630.05 (a) (5) Project-Based Housing Program

Section 3630.05 (a) describes how the County may use GSD funds for costs associated with Project-Based Housing. Section 3630.05(a) (5) refers to establishing a Project-Based Housing Fund. Discussion with DMH staff indicated that as intended, a Project-Based Housing Fund could only be established if the GSD funds were being transferred to a local Housing Authority. This intent is not clearly articulated in the regulation.

4. Section 3630.05 (a) (5) (A) and (B)

Section 3630.05 (a) (5) (A) indicates the Project-Based Housing Fund shall be an irrevocable transfer of money from the County to a local government housing entity for a specific Project-Based Housing program.

Section 3630.05 (a) (5) (B) indicates that if the County and local government housing entity determine that a Project-Based Housing program is not feasible, the money must remain in the Fund for redirection to other approved Project-Based Housing programs.

Under existing regulations Counties are able to revise programs and expenditures within Community Services and Supports (CSS) service categories as long as more than 50% of CSS funds go to Full Service Partnerships.

Requiring (1) an irrevocable transfer to a local government housing entity and (2) that the money shall remain in the Fund even if the County and local government housing entity agree that completion of the Project-Based Housing program is not feasible, does not provide essential flexibility to Counties. Given the fluctuation of MHSA funding from year to year, providing Counties with maximum flexibility to use their CSS funds to meet their immediate local needs is even more critical. We seek language which allows greater flexibility for Counties.

5. Section 3630.10 (b) Requirements for a Project-Based Housing Program

Section 3630.10 (b) indicates that Project-Based Housing purchased, constructed and/or renovated with GSD funds shall comply with all applicable federal, state and local laws and regulations. This section then provides a

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list, Section 3630.10 (b) (1) through (8), of laws and requirements that must be followed noting that the list is “including but not limited to”.

The Commission noted the absence of “prevailing wage requirements” and requests that the following be added to subdivision (b): “prevailing wage requirements, if applicable.”

6. General Comment

It was noted that the proposed regulations do not address maximum tenant rates, thereby leaving it up to Counties what percentage of a tenant’s income they may charge for rent in the Project-Based Housing funded with GSD dollars. Other project-based federal housing programs establish a maximum percentage that may be charged to tenants, commonly no more than 30%. Please include language that clarifies the intent of these regulations with regard to tenant rates.

The following comment applies to the Initial Statement of Reasons:

Section 3200.252 Project-Based Housing

This section mentions that in addition to GSD Housing there are three other service categories under Community Services and Supports (CSS) that also allow monies to be spent on housing. This section gives examples of housing allowed under the MHSA Housing Program and under Full Service Partnerships, but does not provide an example for Outreach and Engagement.

Thank you for your consideration of our comments. We look forward to your response.

Sincerely,

SHERRI GAUGER
Executive Director