



DHCS Behavioral Health Continuum Infrastructure Program CDSS Community Care Expansion Program Program Update

The California Department of Health Care Services (DHCS) and the California Department of Social Services (CDSS) are launching two new programs intended to expand the infrastructure of and address historic gaps in the behavioral health and long-term care continuum serving seniors, people with disabilities, and people with behavioral health needs. These new programs are the Behavioral Health Continuum Infrastructure Program (BHCIP) and the Community Care Expansion (CCE) Program. **The following information is provided as a supplement to the upcoming release of the joint Request for Applications (RFA) for BHCIP Round 3: Launch Ready and CCE program capital expansion projects.**

State priorities for BHCIP and CCE:

- Invest in behavioral health and community care options that advance racial equity
- Seek geographic equity of behavioral health and community care options
- Address urgent gaps in the care continuum for people with behavioral health conditions, including seniors, adults with disabilities, and children and youth
- Increase options across the life span that serve as an alternative to incarceration, hospitalization, homelessness, and institutionalization
- Meet the needs of vulnerable populations with the greatest barriers to access, including people experiencing homelessness and justice involvement
- Ensure care can be provided in the least restrictive settings to support community integration, choice, and autonomy
- Leverage county and Medi-Cal investments to support ongoing sustainability
- Leverage the historic state investments in housing and homelessness

Background

California Health & Human Services Agency (CalHHS) infrastructure funding, alongside significant new state and federal investments in homelessness, healthcare delivery reform, and the social safety net, is addressing historic gaps in the behavioral health and long-term care continuum to meet growing demand for services and supports across the life span.

DHCS and CDSS are working in tandem to design and implement two new programs to support infrastructure projects: the BHCIP and the CCE Program.

These investments will ensure care can be provided in the least restrictive settings by creating a wide range of options, including outpatient alternatives, urgent care, peer respite, wellness centers, and social rehabilitation models. A variety of care placements can provide a vital off-ramp from intensive behavioral health service settings and transition individuals, including the most vulnerable and those experiencing homelessness, to community living. Investing in adult and senior care facilities will divert Supplemental Security Income/State Supplementary Payment (SSI/SSP) and/or Cash Assistance Program for Immigrants (CAPI) recipients from homelessness as a key part of the state's strategic multi-agency approach to increase housing options for seniors and people with disabilities.

Behavioral Health Continuum Infrastructure Program

DHCS was authorized through 2021 [legislation](#) to establish BHCIP and award \$2.2 billion to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. DHCS is releasing these funds through six grant rounds targeting various gaps in the state's behavioral health facility infrastructure. This is the third round, and through it, DHCS will award \$518.5 million for launch ready behavioral health infrastructure projects. (Refer to the attached exhibit, *Project Readiness Requirements*, for more information and to prepare for the release of the joint BHCIP/CCE RFA.) Awarded grant funds for BHCIP Round 3: Launch Ready must be obligated by June 2024 and liquidated by December 2026.

BHCIP rounds that have been released in 2021:

- Round 1: Mobile Crisis, \$205M
- Round 2: County and Tribal Planning Grants, \$16M

The remaining BHCIP rounds will be released in 2022:

- Round 3: Launch Ready, \$518.5M
- Round 4: Children & Youth, \$480.5M
- Round 5: BH Needs Assessment Phase One, \$480M
- Round 6: BH Needs Assessment Phase Two, \$480M

Community Care Expansion Program

The CCE program was established by [Assembly Bill No. 172 \(Chapter 20, Statutes of 2021\)](#) and will provide \$805 million in funding for acquisition, construction, and rehabilitation to preserve and expand adult and senior care facilities that serve SSI/SSP and Cash Assistance Program for Immigrants (CAPI) applicants and recipients, including those who are experiencing homelessness or at risk of homelessness.

Capital Expansion

- Approximately 75 percent of funds will be made available for capital expansion projects including acquisition, construction, and rehabilitation of residential care settings. Grantees may be approved to use a portion of these funds to establish a capitalized operating subsidy reserve (COSR) for these projects, available for use for up to 5 years.
- Applications for CCE capital expansion project funding will be accepted on a project basis through this joint RFA and funded on a rolling basis until funds are exhausted. A portion of the CCE budget includes federal funding that must be obligated by June 2024 and liquidated by

December 2026. The exact timeline for obligation and liquidation of funds for each funded project will be provided in the grant award announcement.

Preservation, Including Capital Preservation

- Approximately 25 percent of the funds will be made available for rehabilitation to preserve settings that serve the target and prioritized populations, including \$55 million for a COSR for existing licensed facilities, including but not limited to those facilities that receive rehabilitation funding. These funds will be provided to counties and tribes through a direct-to-county and -tribe allocation process that will be announced in January 2022, separate from this joint RFA.

Together, BHCIP and CCE represent the largest provision of resources for behavioral health and social services infrastructure in the state's history and an unprecedented opportunity to address historic gaps in the behavioral health and long-term care continuums in California. Both funding efforts afford counties, tribal entities, nonprofits, and for-profit organizations the ability to expand infrastructure around the entire continuum of care for individuals to meet growing demand for services and supports across the life span.

Technical assistance

Advocates for Human Potential, Inc. (AHP), a consulting and research firm focused on improving health and human services systems, is serving as the administrative entity for both BHCIP and CCE. Founded in 1986, AHP provides research and evaluation, technical assistance (TA) and training, system and program development, and resource development and dissemination. AHP has a growing office in Pasadena and a team of employees in home offices across the country. AHP assists state and local organizations to implement and evaluate a wide range of services focusing on mental health treatment and recovery, substance use disorder (SUD) treatment and prevention, workforce development, homelessness, housing, and criminal justice.

Beginning in January 2022 and as part of the joint RFA process, AHP will provide pre-application consultations and TA to individual applicants. In addition, AHP will offer ongoing general training and TA throughout the life of the project. Applicants will submit a request for a pre-application consultation and complete a survey to indicate their understanding of the project readiness requirements. These include facility siting, permit and licensing requirements, construction plans, oversight and management, and budgeting practices. In addition, applicants will be required to discuss how their proposed project meets local gaps identified through an assessment and addresses the state priorities. An AHP implementation specialist will work with applicants to support them in these areas by connecting them with subject matter experts in real estate, facility financing, and programmatic best practices serving the prioritized or target population to bring targeted TA to applicants and grantees.

The Round 2 funding via BCHIP consisted of a planning RFA for counties. For BHCIP and CCE applicants who received a BHCIP Round 2 Planning Grant, that grant will be considered during the TA planning process in order to leverage local planning. Upon release of the joint BHCIP/CCE RFA, AHP will also conduct informational webinars on topics such as strategies to serve target and prioritized populations, braiding resources to ensure viability, and green/sustainable building practices. Additional information on webinars related to the RFA will be available at <https://www.buildingcalhhs.com/>. This will include topics to help address concerns common to capital development projects serving the prioritized populations, such as best practices related to siting facilities and community collaboration and support.

Eligible entities

Counties, cities, tribal entities (including 638s and urban clinics), nonprofit organizations, for-profit organizations, and private organizations whose projects reflect the state's priorities are eligible to apply for this funding, noting the following stipulations and specifications.

- Proposed projects need to expand community capacity for serving the target and prioritized populations.
 - For BHCIP, this includes the behavioral health (mental health and SUD) population, and projects must make a commitment to serve Medi-Cal beneficiaries.
 - Under CCE, this includes seniors and qualifying adults with disabilities who require long-term care supports, giving priority to applicants and recipients of SSI/SSP and/or CAPI benefits who are at risk of or experiencing homelessness.
- Private organizations, including private real estate developers, with related prior development experience who are collaborating with nonprofit organizations, tribal entities, or counties may apply, but will be required to demonstrate a legal agreement (e.g., memorandum of understanding [MOU]) with the county, tribe, cities, for-profits, or nonprofit organization.

Eligibility considerations

All prospective applicants will be required to engage in a pre-application consultation that will provide an opportunity to discuss proposed projects, match requirements and potential sources of local match, statutory and regulatory requirements, how the project addresses local need/gaps and the state's priorities, and other related considerations. These pre-application consultations will be provided by AHP, in coordination with Community Development Financial Institutions (CDFIs) and real estate development experts.

For BHCIP, Round 3 applications will only be accepted from projects that are determined to be launch ready and whose applications are submitted by the timeline identified in the upcoming joint RFA. Launch ready projects are those for which significant preparation and readiness can be demonstrated in specific areas. Refer to the attached exhibit, *Project Readiness Requirements*, for more information and to prepare for the release of the joint RFA.

For CCE, applications will be accepted and funded on a rolling basis. However, applications will not be funded until applicants have completed all necessary steps in the pre-development phase to ensure their projects are launch ready. Qualified applicants for CCE will have an opportunity to seek funding for pre-development costs through the pre-application consultation process. This may include, but is not limited to, funds to hire an architect to draw construction plans, working with a financial advisor to develop a business plan, and other required pre-development activities.

Funded projects for BHCIP and CCE will demonstrate an understanding of the facility siting and permit and licensing requirements. They will also submit construction plans, evidence of oversight and management in place, and a sound budget consistent with standard development underwriting requirements.

Refer to the attached exhibit, *Project Readiness Requirements*, for more information and to prepare for the release of the joint RFA.

Eligible facility types

The following facility types and subcategories may be considered for project funding through BHCIP or CCE, separately or together.

Outpatient Services (includes a variety of settings delivering clinical support services, but not overnight residential services)		
	BHCIP	CCE
Community wellness centers (including those that are youth focused)	x	
Hospital-based outpatient treatment (outpatient detoxification/withdrawal management)	x	
Intensive outpatient treatment	x	
Narcotic Treatment Programs (NTPs)	x	
NTP medication units	x	
Office-based outpatient treatment	x	
Sobering centers (funded under DMC-ODS and/or Community Supports)	x	

Residential Clinical Programs (includes a variety of settings primarily focused on delivering clinical services; also provide shelter and support, from overnight to many days, weeks, and months)		
	BHCIP	CCE
Acute inpatient hospitals—medical detoxification/withdrawal management (medically managed inpatient detoxification/withdrawal management facility)	x	
Acute psychiatric inpatient facilities	x	
Adolescent residential treatment facilities for SUD	x	
Adult residential treatment facilities for SUD	x	
Chemical dependency recovery hospitals	x	
Children’s crisis residential programs (CCRPs)	x	
Community treatment facilities (CTFs)	x	
Crisis stabilization units (CSUs)	x	
General acute care hospitals (GACHs) and acute care hospitals (ACHs)	x	
Mental health rehabilitation centers (MHRCs)	x	
Psychiatric health facilities (PHFs)	x	
Short-term residential therapeutic programs (STRTPs)	x	
Skilled nursing facilities with special treatment programs (SNFs/STPs)	x	
Social rehabilitation facility (SRF)	x	

Residential Support Programs

BHCIP-funded facilities listed here are primarily focused on shelter and support services, from overnight to many months; funded facilities are required to serve Medi-Cal recipients. CCE will fund adult and senior care settings that provide care and support to seniors and adults with disabilities.

	BHCIP	CCE
Peer respite	x	x
Recovery residence/sober living homes	x	x
Adult residential facilities (ARFs)		x
Residential care facilities for the elderly (RCFE)		x
Permanent supportive housing (PSH) that serves the needs of seniors and adults with disabilities (including models that provide site-based care, such as Program for All Inclusive Care for the Elderly [PACE] and the Assisted Living Waiver programs)		x
Other residential care settings that serve the target population, including recuperative care sites		x

Facility types that are not eligible for funding:

- Correctional settings
- Schools

Applicants will be expected to define the types of facilities they will operate and populations they will serve. Evaluation criteria will be used by the state to ensure that a given facility is serving its target population in line with the state priorities. In addition, all applicants must describe the local needs assessment used to justify the proposed expansion. All applicants will be required to demonstrate how the proposed project will advance racial equity. Projects will be required to certify that they will not exclude populations, including those who are justice involved, unless required by state law. In addition, BHCIP grantees with behavioral health facilities that operate Medi-Cal behavioral health services will be expected to have in place a contract with their county to ensure the provision of Medi-Cal services once the funded facility's expansion or construction is complete.

Applicants are encouraged to think broadly about how BHCIP and CCE funds together can be maximized to design person-centered projects based on the needs and gaps within their local systems of care, coupled with the state's priorities. The following are examples of projects that could apply for both programs:

- An adult residential facility (ARF) applies for CCE funding to make the facility ADA accessible and expand capacity to serve additional SSI recipients. The provider also applies for BHCIP funds to add a day treatment, clubhouse, or peer-run/peer-operated center on the property.
- An RCFE applies for CCE funds to add additional beds to serve individuals who are experiencing homelessness and applies for BHCIP funds to add a behavioral health outpatient office within their network for their Medi-Cal population.

- A behavioral health crisis residential facility applies for BHCIP funding to expand facility capacity and CCE funding to create a residential setting that provides step-down residential support services for SSI recipients at risk of homelessness.

Funding parameters and use restrictions

Applicants will be expected to develop a competitive and reasonably priced development budget that will be scored alongside applications for projects of similar setting types and sizes. For example, for CCE, small ARFs will be compared to other small ARFs within the same region. In addition, scoring will take into consideration a focus on the state’s priorities, including efforts to advance racial equity.

A financial viability assessment will be conducted, considering continued fluctuations in construction and other costs. Through various TA activities, such as the RFA pre-application consultation, interviews, and financial document review, the state will assess long-term operational sustainability once the capital project is complete and in use for its intended purpose.

Application review and scoring for BHCIP and CCE will provide the opportunity for applicants to receive additional points for the comprehensive use of resources in meeting the needs of the target population.

Applicants will be required to commit to a service use restriction as follows:

- **BHCIP only:** Commitments to provision of services and building use restriction for entire 30-year period
- **CCE only:** Commitments to provision of services and building use restriction for 30-years for new facilities and a 20-year use restriction for capacity expansion for an existing facility

Match

Match guidelines will be set according to applicant type.

- Tribal entities = 5% match
- Counties, cities, and nonprofit providers = 10% match
- For-profit providers and/or private organizations = 25% match

Match in the form of cash and in-kind contributions—such as land or existing structures—to the real costs of the project will be allowed. The state must approve the match source. Cash may come from

- [American Rescue Plan Act \(ARPA\)](#) funds granted to counties and cities,
- Local funding,
- [Mental Health Services Act \(MHSA\)](#) funds in the 3-year plan (considered “other local”),
- Foundation/philanthropic support,
- Loans or investments, or
- Other.

Services will *not* be allowed as match.

Funding regions

Regional funding caps will be established and will be consistent across BHCIP and CCE. However, the methodology for determining the regional funding amounts in each program will be based on the target population for that particular program. For BHCIP, the amounts available per region will be determined

based on the Behavioral Health Subaccount. For CCE, factors relative to the needs of the prioritized population will be used, which may include the distribution of adult and senior care facilities in counties across the state, the number of individuals experiencing homelessness or at risk of homelessness according to the 2019 Point-in-Time (PIT) count, and relative development costs.

In addition, 20 percent of funds available for both BHCIP and CCE will be set aside for use in regions at the state's discretion to ensure funding is effectively aligned with need (for instance, this reserve money may be used to fund high-scoring projects in oversubscribed regions). Another 5 percent of funds will be set aside for tribes. CCE requires that 8 percent of the funds be competitively awarded to small counties with populations of less than 200,000.

Following an initial round of funding allocations (timeframes to be determined by DHCS and CDSS), DHCS and CDSS will conduct periodic reviews of the number of completed applications from each region. Any unspent funds may be considered for viable applications falling outside of the initial allocation priority schedules, geographical divisions, or other initial fund allocation restrictions.

Exhibit: Project Readiness Requirements for BHCIP and CCE

The following standard capital development project requirements will be needed for a project to be considered launch ready. Required documentation will be reviewed with each applicant during the pre-application consultation and must be submitted as part of the application.

- Site control
 - Applicant has clear control of the property to be acquired or rehabilitated, as evidenced by one of the following:
 - Clear title with no encumbrances or limitations that would preclude the proposed use (fee title);
 - Existing long-term lease with provisions to make improvements on the property;
 - A leasehold estate held by a tribal entity in federal tribal trust lands property, or a valid sublease thereof that has been or will be approved by the Bureau of Indian Affairs;
 - Fully executed option to purchase, sales contract, or other enforceable agreement to acquire the property;
 - A letter of intent (LOI) that outlines the terms of a sale or lease contract, providing that a fully executed option will be completed within 60 days; or
 - Fully executed option to lease, or similar binding commitment from property owner to agree to a long-term lease.
- Permits
 - Applicant documents understanding of approvals and permitting needed, and the capacity to obtain these approvals and permits, as evidenced by both of the following:
 - Providing detailed information regarding the site of the proposed capital project, including zoning, land use limitations, permissible “as of right” uses, and any approvals or variances that may be required and
 - Including a list of the approvals and permits required to complete the project as described in the construction plan (below), along with the sequences of these approvals and permits.
 - Applicant commits to making initial required applications within 60 days of award, as applicable.
- Licensure/certification
 - Applicant provides documentation of all required certifications/licenses, including those required by the appropriate Department under the California Health & Human Services Agency.
 - For applicable projects that cannot be licensed/certificated by the state and/or local level until they are completed, applicant will demonstrate that they understand the licensing/certification timelines and requirements. Tribal entities that are exempt from state licensing and/or requirements must describe the basis for their exemption, and their plan for meeting programmatic requirements. As part of the technical assistance that will be made available, applicants will be guided through the licensure and certification process.
- Preliminary construction plans
 - Applicant provides preliminary construction plans for proposed project, such as

- Site plan (if applicable);
 - Architectural drawings, blueprints, and/or other renderings; or
 - If no construction plan is yet in place, a valid estimate from an architect, licensed general contractor, or engineer.
- Acquisition and/or construction timeline
 - Acquisition and/or construction should begin within 6 months of award. Applicant should provide a timeline from a licensed general contractor or construction manager to illustrate how this will be achieved.
 - Applications for projects that can start sooner may be rated higher.
- Capacity to meet match requirements (see more information above)
- Approval and engagement
 - Organizational support is indicated by letter from CEO and/or board, county board of supervisors, or tribal council resolution.
 - Operating agreement is executed with the appropriate county or tribal office, as applicable.
 - Applicant provides documentation of active community engagement and support, particularly with people with lived experience. Insights from the community should be included in project planning, design, implementation, and evaluation.
 - Nonprofit or private applicants must include a letter of support from their county behavioral health agency or, if a tribal facility, the tribal board at the time of application or within the grant decision period.
 - BHCIP Only: The letter must indicate that BHCIP grantees that operate Medi-Cal behavioral health services will have in place a contract with their county to ensure the provision of Medi-Cal services once the financed facility's expansion or construction is complete.