




Office of the City Manager

CONSENT CALENDAR  
December 18, 2007

To:  Honorable Mayor and Members of the City Council

From:  Phil Kamlarz, City Manager

Submitted by: Fred Medrano, Director, Health & Human Services and  
Renelda Mary, Interim Director, Housing

Subject: Berkeley Mental Health Housing Fund Policy

RECOMMENDATION

Adopt a Resolution approving the Berkeley Mental Health Housing Fund Policy on the use of Mental Health Services Act funds for affordable housing development. This Policy will guide the use of up to \$500,000 currently available in MHSA funds that will be included in a Request for Proposals to be released in December 2007.

FISCAL IMPACTS OF RECOMMENDATION

The Mental Health Services Act (MHSA) is California state legislation approved by the voters in November 2004 for the purpose of transforming and expanding public mental health services. This Act places a 1% tax on personal income over \$1 million. Statewide tax revenues received under the MHSA have exceeded what was originally projected. As a result, all mental health jurisdictions in the State were awarded "one-time" funds from FY 2005-06. The City of Berkeley's MHSA Community Services and Supports (CSS) Plan, dated March 14, 2006, allocated \$300,000 of the "one-time funds" for housing activities.

The Department of Health and Human Services Mental Health Division also proposes using \$200,000 in unspent FY 2006-07 MHSA funds for housing development, subject to approval by the State Department of Mental Health. The \$500,000 total is currently in account 063-4401-440.50-10 (expenditure).

These funds will be part of a Request for Proposals for affordable housing development due to be released in December 2007.

CURRENT SITUATION AND ITS EFFECTS

The Berkeley/Albany MHSA CSS Plan was developed with the input of 67 community meetings and a survey completed by 345 people, guided by the MHSA Steering Committee, and circulated during a public comment period. The Plan identified homelessness and a lack of affordable housing as the most critical issues for transition age youth, adults, and older adults with severe emotional disturbance or serious mental illness. To help meet the need, the Plan allocated \$300,000 for housing development.

The California Department of Mental Health (DMH) has advised that the original one-time funds from the CSS stream of MHSAs funding are subject to the same three-year allocation time limits as other CSS funds. Therefore, the \$300,000 must be obligated by June 30, 2008 or be subject to recapture by DMH.

In addition, the Department of Health and Human Services has \$200,000 in unspent FY 2006-07 funds that the Mental Health Division proposes to use for funding housing development and/or operation under the Berkeley Mental Health Housing Fund Policy. However, the DMH must approve plans for use of these funds, and the City must conduct a 30-day public comment period prior to submission of the Plan. Because the need for housing was ranked so highly in the MHSAs planning process, the Mental Health Division anticipates public comments to be supportive of making the additional MHSAs funds available for affordable housing.

The proposed Policy calls for the funds to be used for new construction, acquisition, rehabilitation and/or subsidized operation of permanent housing affordable by and targeted to people with serious mental illness who are homeless or at risk of homelessness. The funds will be provided in the form of a loan, as the City's Housing Trust Fund and other sources of affordable housing finance are, and limited to \$100,000 per unit set-aside for the target population. Any loan repayment funds will be available for local uses, subject to the Mental Health Services Act.

#### BACKGROUND

Two sources of MHSAs housing development funding will be available for use locally. The first is the Berkeley Mental Health Housing Fund, established with local CSS funds, and the subject of this Council report. The second is the State MHSAs Housing Program, administered by the DMH and the California Housing Finance Agency (CalHFA), which will be reviewed with Council at a later date. The local program is called the "Berkeley Mental Health Housing Fund" to avoid confusion with the State program. Although MHSAs regulations and the DMH do not require mental health jurisdictions to adopt a separate MHSAs policy on housing development, staff determined this was the prudent course of action to ensure a competitive process. The guidelines for the Berkeley Mental Health Housing Fund were written to be consistent with many aspects of the State MHSAs Housing Program, although this is not a State requirement. The similarities are intended to allow for the use of both sources of funds in the same development project.

A summary of the guidelines and allocation process was presented to the Mental Health Services Act Steering Committee on October 18th, the Mental Health Commission on October 25th, the Housing Advisory Commission on November 1st, and the Homeless Commission on November 14th. The Housing Advisory Commission approved the draft policy. Each group agreed to participate in reviewing proposals, the Commissions by identifying representatives for a review panel and the Steering Committee by reviewing the panel's recommendations. The recommended project(s) will be submitted to City Council for review and possible action by June 2008.

In addition to being consistent with the CSS Plan, funding permanent supportive housing for people who have a serious mental illness and who are homeless or at risk of homelessness is consistent with the Everyone Home: the Alameda Countywide Homeless and Special Needs Housing Plan (also known as the “Multiplan”), which the City adopted as a guide for allocation of available resources in programs serving people with serious mental illness. Specifically, the Berkeley Mental Health Housing Fund will be consistent with the adopted Berkeley Action Step strategy to “Increase the availability of supportive housing units in Berkeley for the target population by creating 20 – 30 units a year that are affordable to households with 30% of the Area Median Income and serve people who are formerly homeless or have serious disabilities,” and its related action step: “Negotiate unit set-asides or masterleasing for the Multiplan’s target populations in new and existing developments of nonprofit housing developers within Berkeley and other parts of Alameda County.”

In addition, providing permanent supportive housing for homeless adults with serious mental illness is consistent with goals identified during the development of the Public Commons for Everyone Initiative.

#### RATIONALE FOR RECOMMENDATION

The Policy (Exhibit A) specifies conditions for the use of the funds for housing. Approving the Policy will allow staff to complete a competitive selection process within the State’s required timeline for use of these State funds.

#### ALTERNATIVE ACTIONS CONSIDERED

The CSS Plan also contemplated potential use of these funds for time-limited tenant-based rental subsidies. Staff recommend against using the funds in this manner for three reasons. First, due to the high cost of housing in the Bay Area, it is anticipated that most MHSA-eligible tenants will need long-term housing assistance. Second, the Full Services Partnership program budget already includes subsidies for short-term housing assistance. Finally, by using funds for development, there is more opportunity to leverage other sources of funding, such as California affordable housing development programs and Low Income Housing Tax Credits.

#### CONTACT PERSON

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Harvey Tureck, Manager of Mental Health, 981-5213

#### Attachments:

##### 1. Resolution

Exhibit A: Berkeley Mental Health Housing Fund Policy

RESOLUTION NO. ##,###-N.S.

APPROVING THE BERKELEY MENTAL HEALTH HOUSING FUND POLICY

WHEREAS, California voters approved Proposition 63 in the November 2004 general election, which went into effect as the Mental Health Services Act in January 2005; and

WHEREAS, as a public mental health jurisdiction, the City of Berkeley received an allocation of Mental Health Services Act funds for Berkeley and Albany; and

WHEREAS, the City of Berkeley developed a Community Services and Support Plan in March 2006, which identified homelessness and the lack of affordable housing as the most critical issue for transition age youth, adults, and older adults and therefore included \$300,000 for housing development in the budget for FY 2005-06 "one-time funds," approved March 7, 2006 with Resolution No. 63,222-N.S.; and

WHEREAS, the State Department of Mental Health approved the Plan and the City accepted the funds with Resolution No. 63,400-N.S.; and

WHEREAS, the State Department of Mental Health requires the FY 2005-06 one-time funds must be obligated by June 30, 2008 or be subject to recapture; and

WHEREAS, \$200,000 in unspent FY2006-07 Mental Health Services Act funds are also available for a one-time use, subject to approval by the State Department of Mental Health; and

WHEREAS, the proposed Policy (Exhibit A) is consistent with Everyone Home: the Alameda Countywide Homeless and Special Needs Housing Plan adopted as a guide for allocation of available resources for programs assisting those living with a serious mental illness pursuant to Resolution No. 63,301.

NOW THEREFORE, BE IT RESOLVED that the Council of the City of Berkeley approves the Berkeley Mental Health Housing Fund Policy attached hereto as Exhibit A for the use of Mental Health Services Act funds for affordable housing development.

## **BERKELEY MENTAL HEALTH HOUSING FUND POLICY**

### **I. INTRODUCTION**

Affordable, community-based housing is a critical need for people with serious mental illness. Studies from around the United States indicate that approximately one-third of homeless individuals have a severe mental illness and 20-50% of individuals with severe mental illness experience an episode of homelessness at some point in their lives. This housing instability reflects a shortage of decent, affordable housing for individuals living on fixed disability incomes that typically fall near or below \$11,000/year (15% of area median income within Alameda County) nationally as well as locally.

In the November 2004 General Election, California voters approved Proposition 63. Now known as the Mental Health Services Act (MHSA), Prop. 63 became effective on January 1, 2005. The MHSA is intended to expand mental health services to children/youth, adults, and older adults who have serious mental illness or serious emotional disorders and who are either underserved or unserved by the existing public mental health system. The MHSA will also establish prevention and early intervention programs, fund workforce development and capital projects, and develop innovative programs, with the ultimate goal of transforming the mental health system in California.

Through the imposition of a 1% tax on personal income above \$1 million, the Act provides the opportunity for the State Department of Mental Health (DMH) to increase funding, personnel and other resources to support mental health programs, including funding for housing development. The Act directed County mental health programs (for mental health services, the City of Berkeley is treated as a County) to develop and submit a Three Year Program and Expenditure Plan to the State. The Plan is comprised of 5 components, one of which is the Community Services and Supports (CSS) Plan. The City Council of the City of Berkeley authorized submission of the City's plan to the State on March 7, 2006 with Resolution 63,222, and authorized accepting the CSS funds on July 25, 2006 with Resolution 63,400. Berkeley's current CSS plan is available online at:

[www.ci.berkeley.ca.us/mentalhealth/mhsa1millionfinalplansubmittedevisions406.pdf](http://www.ci.berkeley.ca.us/mentalhealth/mhsa1millionfinalplansubmittedevisions406.pdf)

Berkeley/Albany's CSS Plan identified homelessness and affordable housing as critical areas for transition age youth, adults, and older adults. In response to this identified need, the City of Berkeley set aside \$300,000 in MHSA funds in its Community Services and Supports Plan for affordable housing development targeted to people with serious mental illness, establishing the Berkeley Mental Health (BMH) Housing Fund. The Housing Fund (BMHMF) may be augmented from time to time if additional funding becomes available from the MHSA or another source. The following policies will guide the use of the BMHMF. Because the use of MHSA funds for housing development is a relatively new activity and DMH is still developing MHSA requirements and guidelines, these policies may be revised at any time to ensure compliance with funding requirements.

## **II. ELIGIBLE POPULATION**

The population targeted for housing through the BMHFF will be consistent with target population guidelines for the Department of Mental Health's MHSAs Housing Program. This policy will be amended to be consistent with the eligible population definitions in the State's MHSAs Housing Program regulations, once those regulations are finalized, anticipated to be the first quarter of the 2008 calendar year.

BMHFF units funded are to serve: Low-income adults or older adults with serious mental illness, and children with severe emotional disorders and their families who, at the time of assessment for housing services, meet the criteria for MHSAs services in the City of Berkeley and are homeless or at risk for homelessness, as defined below. The City's Mental Health Director, or his/her designee, will certify the target population eligibility of individuals and/or families.

For the purposes of allocations pursuant to the BMHFF, the following definitions and criteria apply:

### **A. Serious Mental Illness and Severe Emotional Disorder**

1. Adults or older adults with a serious mental illness means "adults and older adults with a serious mental disorder" as defined in Welfare and Institutions Code Section 5600.3 (b) (2) and (3).
2. Children or adolescents with severe emotional disorders means "seriously emotionally disturbed children and adolescents" as defined in Welfare and Institutions Code 5600.3 (a) (2), and their families.

### **B. Homeless or At Risk of Homelessness**

1. "Homeless" means living on the streets, or lacking a fixed, regular, and adequate night-time residence. This shall include individuals living in homeless shelters, in motels with a temporary subsidy from a social service agency, for less than 28 days, or for more than 28 days while paying at least 80% of income for rent, in residential drug and alcohol treatment programs, and in situations doubled-up with family or friends without being on the lease.
2. Individuals who are "at risk of homelessness" include:
  - A. Transition age youth ages 16 to 25 exiting the child welfare or juvenile justice systems within the last 30 days.
  - B. Individuals discharged from institutional settings within the last 30 days, including:
    - i. Hospitals, including acute psychiatric hospitals, psychiatric health facilities (PHF), skilled nursing facilities (SNF) with a certified special treatment program for the mentally disordered (STP), and mental health rehabilitation centers (MHRC).
    - ii. Crisis and transitional residential settings, including the Alameda County Detoxification Services and Sobering Center.

- C. Individuals released from local city or county jails within the last 30 days.
- D. Individuals in a licensed Adult Residential Facility or Social Rehabilitation Facility for less than 6 months upon discharge from one of the institutional settings cited above.
- E. Individuals who have been assessed and are receiving services at the City of Berkeley's Health and Human Services Department Mental Health Division and who have been deemed to be at imminent risk of homelessness, as certified by the local Mental Health Director (Mental Health Manager).

### **C. Consistency with Community Services and Supports Plan**

Initially, the funding allocated to the BMHMF comes from the Community Services and Supports segment of the MHSA. As such, DMH requires the funds to be expended in a way that is consistent with Berkeley/Albany's CSS Plan. The CSS Plan identified homelessness and a lack of affordable housing as the most significant issue for transition age youth, adults, and older adults. The CSS Plan addresses services needs and infrastructure improvements for serving homeless transition age youth, adults, and older adults, with a stated emphasis on reaching unserved older adults and transition age youth.

If MHSA funds become available for the BMHMF in the future, other DMH requirements may apply depending on where those funds may originate.

### **D. Income**

Tenants' income must also be less than 30% of the HUD-established Area Median Income to be eligible.

## **II. ELIGIBLE PROJECTS**

### **A. Eligible Housing Development Type**

It is anticipated that most people eligible for BMHMF housing will receive Supplemental Security Income (SSI) as their sole source of income, and it is well documented that market-rate housing in Alameda County is not affordable to individuals who receive SSI as their sole source of income. BMHMF service participants may increase their income through participation in education and employment and, eventually, no longer need housing assistance. However, recovery can be a long process and should be guided by the individual and his or her needs, not program requirements. Due to these considerations and consistent with the documented effectiveness of permanent supportive housing, projects must be permanent housing. Therefore, transitional housing and emergency shelter are not eligible for funding through the BMHMF.

- Eligible permanent housing may be affordable rental housing or affordable shared housing:
  - ✓ **Affordable Rental Housing** developments are apartment buildings with separate apartments, each with its own lease. Each MHSA-funded unit must include, at a minimum, a sleeping area, a separate kitchen area, and a separate bathroom, in order to provide a dignified housing situation for the

residents. All proposed Affordable Rental Housing developments must design the proposals to include adequate space for the provision of supportive services and programming to its residents.

- ✓ **Affordable Shared Housing** developments are those with one or more traditional residential units (i.e. contain a separate kitchen and at least one separate bathroom) with two or more bedrooms where the occupants are expected to share bathroom and kitchen facilities within each residential unit. Single-family homes and condominiums may qualify as Shared Housing if they have two or more bedrooms. All BMHFF-funded Affordable Shared Housing units must be rented to and shared by two or more unrelated adults, each of whom is a member of the eligible population. For the purposes of this type of housing, an adult is defined as an individual who is either at least 18 years of age or who is younger than 18 years of age and has been emancipated. The development must provide a separate lease and separate lockable bedroom for each unrelated adult and each tenant must be responsible for paying rent.
- Consistent with the community-based services emphasis and wellness and recovery goals of the Mental Health Services Act, facilities licensed by the State Community Care Licensing Division or providing services that require licensing by the State Community Care Licensing division are not considered eligible housing.
- Affordable Rental Housing developments may be 100% targeted to the eligible population or be mixed in any percentage. However, the BMHFF loan will be based on the number of units restricted to the eligible population and limited to the maximum loan amount established in Section III.A of this Policy.
- Shared Housing developments may also serve a mixed population, as long as all bedrooms within each BMHFF-funded unit are occupied by eligible tenants.
- All assisted units in a mixed project shall be reasonably dispersed throughout the project, generally comparable to non-assisted units, and shall have full access to common areas and facilities.
- The services plan, scale, design, and population for all projects will be reviewed to ensure the tenant mix is consistent with identified needs and the goals of wellness and recovery.
- The minimum number of BMHFF funded units per development is one. There is no maximum number of BMHFF units per development.

## **B. Eligible Projects**

Units funded through the BMHFF must be restricted for rental to the target/eligible BMHFF population as set forth in Section II. Eligible projects may be:

- **New construction**. All reasonable costs associated with new construction of eligible housing types as set forth in Section II.A above are eligible for funding.
- **Acquisition and/or rehabilitation of vacant units**. All reasonable costs associated with acquisition and/or rehabilitation of eligible housing types as set forth in Section II.A above are eligible for funding. The purchase price of a property to be acquired

shall not exceed its appraised value, unless the City Manager finds that the purchase price cannot be reduced and that the project has sufficient merit to justify paying a higher price, in which case the price shall not exceed the appraised value by more than ten percent.

- Capitalized operating reserve to make rents affordable to the target population at the time of new construction or acquisition and/or rehabilitation, or existing housing if units are not currently subsidized to a level affordable to the eligible population. A developer fee is not an eligible expense for proposals that are limited to establishing a capitalized operating reserve. With regard to existing housing units, funds from the capitalized operating reserve provided through the BMHMF may be expended only once an eligible tenant occupies a unit. Proposed projects will be evaluated regarding the predicted timeline for making units available to eligible tenants, including the total number of units available, the number of proposed units to be made affordable to eligible tenants, and the historic turnover at the building. In this instance, the loan term will commence once the loan documents are executed and not be delayed based upon the date an eligible tenant first occupies a unit.

Due to the limited amount of funds available, BMHMF funding is not available for predevelopment expenses.

### **C. Location of Housing Development**

Projects must be located in Alameda County. If the service provider will be wholly or partially based at a location other than the proposed development, travel time to and from the proposed service partner's offices will be considered in evaluation of proposals, to ensure an adequate presence of service providers.

### **D. Maximum Rent Levels and Operating Subsidy**

Units must be affordable to eligible tenants. As a result, the maximum rent for each subsidized unit shall be between 30 to 40% of the tenant's income, less the utility allowance established by the public housing authority located in the jurisdiction where the housing is proposed to be located pursuant to the Section 8 Housing Choice Voucher Program. It is anticipated that most tenants will, at least initially, have an income less than or equal to Supplemental Security Income, and will not be able to pay sufficient rent to cover the development's operating costs. Therefore, some source of operating subsidy will be required to ensure that rents are affordable for the target population. Developers may be able to use project-based Section 8 or Shelter Plus Care to fill this gap, or create specialized operating reserves for this purpose.

### **E. Connection with Services and Requirement for City Approved- MOU**

**The service provider in developments funded through the BMHMF must be either Berkeley Mental Health or a service provider under contract with Berkeley Mental Health and serving the MHSA-eligible population.**

The purpose of the BMHMF is to provide housing opportunities for the MHSA services-eligible population. To ensure that this population is adequately served, an MOU

approved by the City between the service provider, project sponsor, and BMH will be required for BMHHF-funded housing.

If the service provider is a BMH-funded contractor, the service provider must commit to provide services to tenants who are MHSA-eligible and residing in the housing for the length of the service provider's BMH contract in the MOU. This MOU will also contain a provision that it will renew if and as long as the service provider's BMH contract is renewed. If a service provider's contract with BMH is not renewed, the MOU would be assigned to the replacement provider or to BMH.

The project sponsor may lease the units via a master-lease to the service provider if this is found to be necessary to adequately target units to MHSA consumers or if required by another lender.

### **F. Eligible Applicants**

To be funded, applicants must have sufficient experience and demonstrated capacity in housing development and management to successfully carry out the proposed supportive housing project. Experience and capacity will be assessed in terms of successful completion and operation of prior projects of similar scope, size, budget, and financing structure. The applicant may be a single organization or a partnership of a service organization and/or property management company and a developer who have set forth the respective roles and responsibilities in a Memorandum of Understanding.

Applicants will be asked to provide information on the experience and capacity of the developer and the development team, including architect, attorney, contractor, and property manager. Applicants with at least three similar projects already completed are preferred. Applicants with one similar project will be considered. Due to the limited amount of BMHHF, applicants without demonstrated experience in a similar project will not be considered.

### **G. Vacancies and Waiting Lists**

If chosen for funding, selected sponsors must develop a written policy and procedure for filling vacancies and managing a waiting list that is acceptable to Berkeley Mental Health. The policy and procedure should be designed to ensure compliance with applicable funding program requirements, provide access to units by eligible tenants, and prevent vacancy loss. Because eligible tenants may have histories of eviction, poor credit, or involvement with the criminal justice system, tenant selection and lease-up protocols should accommodate these issues.

## **III. TERMS OF FUNDING**

### **A. Loan Limits**

1. **New Construction, Acquisition or Rehabilitation.** Funding will be limited to a maximum of \$100,000 per assisted unit. Leveraging and cost effectiveness will be important considerations in the review of applications.

2. **Capitalized Operating Reserve.** Operating reserves will be calculated using assumptions in HCD/CalHFA MHSA Housing Program RFP issued in August 2007. Specifically: a 20-year period, based on the first year's budget, with expenses increasing at 3.5% and income increasing at 2.5%. In addition, future subsidy will be discounted at 2% to calculate the net present value. The City will analyze all assumptions used in sizing the reserve for reasonableness.

## **B. Loan Terms**

Loans will be made at 3 percent simple interest for a 20-year term. The term may be extended if required by other lenders and the requirement is documented. No payments will be required during the loan term.

1. **New Construction, Acquisition or Rehabilitation:** At the end of the loan term, the project sponsor will have the option of extending the loan for an additional 10 years if the project will remain restricted to the eligible population pursuant to a regulatory agreement recorded against the property. If the loan is extended, the accumulated interest will be forgiven, and future interest and principal payments will be made from residual receipts as 50 percent of net cash flow.
2. **Capitalized Operating Reserve:** These loans will be forgiven at the end of the loan term provided fulfillment of the regulatory requirements. Prepayment of loans for capitalized operating subsidy will not be permitted.

## **C. Regulatory Requirements**

A regulatory agreement will be recorded against the property. The regulatory agreement will include affordability and target population restrictions for a term of 20 years. However, if the term of the loan has been extended beyond 20 years in order to accommodate other lenders, the term of affordability will be extended to match the term of the loan.

## **D. Loan Documents**

In addition to the Regulatory Agreement described in III.C, required loan documents will include a Development Loan Agreement, Promissory Note, and Deed of Trust. Depending on the project's specific details, the City may require additional documents. Draft loan documents will be circulated to project sponsor prior to execution.

## **E. Disbursement of Loan Proceeds**

Once all required loan documents are executed and recorded, and related conditions satisfied, loan proceeds will be disbursed upon submission of invoices and proper documentation from the applicant. Funds may be used for acquisition of properties through a deposit into an escrow account. The developer should consult with the City Community Development Project Coordinator about disbursement requests.

If funds are used to capitalize an operating subsidy, the project sponsor will be required to establish a designated account for these funds. Funds will be used solely to subsidize rents for BMHMF-eligible tenants, and up to 2 months of vacancy after a

tenant moves out. The project sponsor will be required to report annually to the City regarding use of funds.

- Existing and Occupied Units: Ten percent of the total loan will be released at loan closing, and the remainder according to a schedule of disbursements established to correspond with occupancy by BMHMF eligible tenants.
- New Construction or Rehabilitation of Vacant Units: Ten percent of the total loan will be released to the developer at Certificate of Occupancy or Certificate of Substantial Completion, as applicable, and the remainder will be released at the close of permanent financing, unless another lender requires a different disbursement schedule and this requirement has been documented.

#### **IV. SELECTION PROCESS**

The City will issue a Request for Proposals (RFP) to solicit applications for BMHMF projects. At least one consumer focus group will be held in the development of each Request for Proposals, to determine and update consumer preferences on project aspects including design features, amenities, and priority housing types. Applications received in response to an RFP will be selected for funding through a competitive process based on Selection Criteria set forth in Section IV of this policy.

Once applications are received, City staff will complete a technical review of applications. The City Manager, or his/her designee, shall determine whether each application is complete. Applications that are incomplete at the time of intake will have five (5) additional working days to provide the required materials from the time of notification. If these materials are not submitted at the end of that time, the application will be returned to the applicant, and will not be considered during the current review cycle.

The City Manager shall have authority to reject any project that does not meet program guidelines and priorities, and does not demonstrate feasibility. The City shall give the applicant written notification of the rejection that specifies the basis upon which the proposal was rejected. The City Council shall also be notified of projects that met minimum eligibility thresholds but were not funded for other reasons.

A panel will then be convened to review the proposals. The panel will consist of at least 5 people, representing some or all of the following: the City of Berkeley Mental Health Commission, Housing Advisory Commission, Homeless Commission, Berkeley Mental Health staff, BMHMF-eligible consumers, Alameda County's Mental Health Services Act housing programs, as designated by Alameda County Behavioral Health Care Services, and Everyone Home.

Once the panel makes its funding recommendations, they will be forwarded to the City's MHSA Steering Committee for approval. The recommendations will then go to the Mental Health Manager and Health and Human Services Department Director for review

of the recommended projects, and if approved, they will be forwarded to the City Manager for recommendation to the City Council for approval.

At each level of review, the review body or individual may accept or reject the recommendations from the previous reviewer(s). Any instances of disagreement will be detailed to the City Council with the Health and Human Services Department Director's recommendation.

If the applicant proposes significant changes to the project after it has been reviewed by the panel, these changes will be reviewed by the MHSA Steering Committee. The Mental Health Manager will determine whether a change is deemed significant.

## **V. SELECTION CRITERIA**

### **A. Consistency with the CSS Plan**

The application must be consistent with the Berkeley/Albany CSS Plan. Homelessness was identified as a top priority area for MHSA activities for transition age youth, adults, and older adults in the *Berkeley/Albany CSS Plan*. The Plan also identified older adults, adults, transition age youth, and children as groups underserved by current mental health services, and identifies Asians and Latinos as the most underserved racial/ethnic populations. The complete local plan is available online at:

[www.ci.berkeley.ca.us/mentalhealth/mhsa1millionfinalplansubmittedevisions406.pdf](http://www.ci.berkeley.ca.us/mentalhealth/mhsa1millionfinalplansubmittedevisions406.pdf)

### **B. Financial characteristics**

The application must demonstrate cost effectiveness and financial feasibility. Specifically, it will be evaluated on the following:

Financial feasibility. Proposed development and operating budgets, timelines to secure funding commitments.

Leveraging. The degree to which other funding sources are leveraged by the investment of BMHMF funds.

Funding commitments. The degree to which funding commitments have been made by non-City sources.

Cost effectiveness. Development (or operating) cost ratios. Reasonableness of developer fee. A full and independent appraisal of the property shall be provided as part of a completed application unless the City determines that one is not needed. The City reserves the right to conduct an appraisal of its own on the property prior to commitment of funding.

### **C. Applicant qualifications and capacity**

The application must demonstrate that the developer has sufficient experience and expertise. Specifically, it will be evaluated on the following:

Developer experience with similar projects. Applicants must have sufficient experience and demonstrated capacity in housing development and management to successfully carry out the proposed supportive housing project. Experience and capacity will be assessed in terms of successful development and operation of prior

projects of similar scope, size, budget, and financing structure. Applicants with at least three similar projects already completed are preferred. Applicants with one similar project will be considered. Due to the limited amount of funds available, applicants without demonstrated experience in a similar project will not be considered.

Financial strength of developer.

Developer's history of successful utilization of City of Berkeley Housing Trust Funds, if applicable

Property manager experience and capacity.

Service provider and capacity, if the service provider is an organization other than BMH.

#### D. **Population targeting**

The application must demonstrate how it will appropriately serve the BMHMF eligible population. Specifically, it will be evaluated upon the following:

Affordability. How it will ensure units are affordable to the BMHMF-eligible population. It is anticipated that most participants will have an income at or below Supplemental Security Income (\$856 in 2007, or 17% of AMI) at least initially.

Consistency of proposal with the consumer-identified preferences and priorities in the RFP.

Property manager experience with projects serving the target population and working with social services programs in projects with supportive services.

A preliminary service plan, identifying the proposed service provider (BMH or a BMH-contracted provider) for the BMHMF units and any other service providers involved in the project. A Memorandum of Understanding with BMH regarding services is not required at the time of application but the negotiation and execution of an MOU will be a condition of funding.

Location. Proximity to neighborhood amenities such as full-service grocery stores, pharmacies, parks, libraries, and public transportations (bus and BART stops). Reasonable travel time to and from service provider if any services are based or provided off-site.