



California Department of Health Care Services

Behavioral Health Continuum Infrastructure Program

Behavioral Health Infrastructure Bond Act of 2024

Round 7 and Round 8: Unmet Needs Program Update

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The California Department of Health Care Services (DHCS) launched the [Behavioral Health Continuum Infrastructure Program](#) (BHCIP) to address historic gaps in the behavioral health care continuum and meet the growing demand for services and support across the life span of vulnerable individuals in need. This Program Update reflects the addition of the Behavioral Health

Infrastructure Bond Act of 2024. The following information is provided as a supplement to the forthcoming Requests for Applications (RFAs). BHCIP Round 7 RFA is expected to be released in July 2024 for \$2.893 billion in funding. BHCIP Round 8 RFA is expected to be released in May 2025 for up to \$1.5 billion in funding.

The State priorities for BHCIP are:

- Address urgent gaps in the care continuum for people with mental health or substance use conditions, including unhoused people, veterans, older adults, adults with disabilities, and children and youth.
- Invest in behavioral health and community care options that advance health equity, racial equity, and geographic equity of behavioral health and community care options.
- 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 unsheltered 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.

Overview

Through the BHCIP rounds to date since launch in 2021, DHCS funding has allowed eligible entities in all regions of the state to develop an unparalleled array of new and expanded behavioral health facilities for in-patient and outpatient care. However, inequities across the health care system remain seen in California. Statewide, a 6,000-plus behavioral health bed shortfall is contributing to the unmet need among people experiencing homelessness who have mental illness and/or substance use disorders.¹ Additionally, a 2022 DHCS report, “Assessing the Continuum of Care for Behavioral Health Services in California”² and the Rand Corporation’s “Adult Psychiatric Bed Capacity, Need, and Shortage Estimates in California—2021”³ examined population health disparities across the behavioral health continuum and determined continued high need for facilities across the spectrum statewide.

In March 2024, California voters passed Proposition 1, which includes the Behavioral Health Services Act ([Senate Bill 326](#)) and the Behavioral Health Infrastructure Bond Act (BHIBA) of 2024 ([Assembly Bill 531](#)), authorizing DHCS to make additional BHCIP grant funding available to eligible

¹ CA.gov. (n.d.). *Three key elements of governor Newsom’s proposal*. California Health & Human Services Agency. <https://www.chhs.ca.gov/about/>

² Manatt Health. (2022, January 10). *Assessing the continuum of care for behavioral health services in California* [PDF]. State of California Department of Health Care Services. <https://www.dhcs.ca.gov/Documents/Assessing-the-Continuum-of-Care-for-BH-Services-in-California.pdf>

³ McBain, Ryan K., et al. (2022). *Adult psychiatric bed capacity, need, and shortage estimates in California—2021*. RAND Corporation. https://www.rand.org/pubs/research_reports/RRA1824-1-v2.html



entities. The BHIBA is a \$6.38 billion general obligation bond to develop a wide range of behavioral health treatment, residential care settings, and supportive housing to help provide appropriate care facilities for Californians experiencing mental health conditions and substance use disorders.

Of the total bond amount, DHCS is authorized to award up to \$4.393 billion “to construct, acquire, and rehabilitate real estate assets or to invest in needed infrastructure to expand the continuum of behavioral health treatment resources to build new capacity or expand existing capacity for short-term crisis stabilization, acute and subacute care, crisis residential, community-based mental health residential, substance use disorder residential, peer respite, community and outpatient behavioral health services, and other clinically enriched longer term treatment and rehabilitation options for persons with behavioral health disorders in the least restrictive and least costly setting.”⁴ Of these funds, \$1.5 billion of competitive grant funding will be exclusively available to cities, counties, city and counties, and Tribal entities, and \$30 million shall be specifically designated to Tribal entities. The balance of the funds, up to \$2.893 billion, is available to cities, counties, Tribal entities, and nonprofit and for-profit organizations. The BHCIP portion of the bond is estimated to fund 6,800 residential treatment beds and 26,700 outpatient treatment slots for behavioral health and will build on other major behavioral health initiatives in California. Additional bond funding requirements will be available with the release of the RFAs. The Department of Housing and Community Development will oversee the remaining BHIBA available funding—\$2 billion in total. There will be a separate Notice of Funding Availability for this portion of the BHIBA.

BHCIP to Date

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 has been releasing these funds through multiple grant rounds targeting various gaps in the State’s behavioral health facility infrastructure. Forty-nine counties have been [awarded BHCIP](#) funding through Rounds 1 to 5.

BHCIP funding rounds:

- Round 1: Mobile Crisis, \$205 million (\$55 million Substance Abuse and Mental Health Services Administration grant funding)
- Round 2: County and Tribal Planning Grants, \$16 million
- Round 3: Launch Ready, \$518.5 million
- Round 4: Children and Youth, \$480.5 million

⁴ AB-531 The Behavioral Health Infrastructure Bond Act of 2023, Cong. (2024).
https://leginfo.legislature.ca.gov/faces/billCompareClient.xhtml?bill_id=202320240AB531&showamends=false



- Round 5: Crisis and Behavioral Health Continuum, \$430 million
- Round 6: Unmet Needs, \$480.7 million (\$100 million in Fiscal Year 2024/2025 and the remaining \$380.7 million in Fiscal Year 2025/2026)

Technical Assistance

As consistent with previous BHCIP rounds of funding, 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 BHCIP and will be assisting in technical assistance (TA) provisions.

Beginning in May 2024, AHP will hold virtual webinars and learning collaboratives to assist in application preparation and bond funding. These events will review various project-related topics. TA will help applicants understand the minimum project requirements and budgeting practices. Minimum project requirements include a sustainable business plan, a conceptual site plan, architectural and engineering narratives, and an initial budget based on the site plan.

By July 2024, as part of the RFA process, AHP will provide a pre-application consultation (PAC) to applicants. All prospective applicants will be required to engage in a PAC, which will provide an opportunity to discuss the proposed project, 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. AHP will provide these PACs in coordination with experts in real estate, finance, Tribal relations, and behavioral health, as needed. Applicants will submit a request for a PAC and complete a survey to indicate their understanding of the project requirements. The deadline to request a PAC will be eight weeks before the application deadline.

Following award announcements, specialized TA will be provided to all BHCIP grantees. In addition, AHP will offer ongoing general training and TA, including learning collaboratives and other opportunities, for grantees throughout the life of the project.

Additional information and TA related to the RFA will be available at <https://www.buildingcalhhs.com/>. AHP will also develop and update on an ongoing basis a list of Frequently Asked Questions (FAQs) that will be accessible to all prospective applicants and grantees.

Eligible Entities

Counties, cities, Tribal entities (including 638s and urban Indian clinics), nonprofit organizations, and for-profit organizations whose projects reflect the State's priorities and who are listed in Table 1 are eligible to apply for this funding, noting the following stipulations and specifications:

- Projects must make a commitment to serve Medi-Cal beneficiaries.



- For-profit 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, Tribal entity, city, for-profit organization, or nonprofit organization to confirm the organization's role in the project, including that they are working on behalf of the service provider.

Recipients of BHCIP awards in prior rounds are eligible to apply. Any additional BHCIP funding awarded must be used to further expand or create new facility capacity. To be considered, applications must clearly explain the funding request for additional behavioral health project expansion and how it meets the statewide need. Funding shall not fund budget shortfalls or cost overruns for any previous BHCIP awarded projects.

Eligibility Considerations

All applicants must demonstrate how their infrastructure project will expand community-based facility capacity exclusively for behavioral health services in the continuum of care. Regional models or collaborative partnerships aimed at construction, renovation, and/or expansion of community-based services are eligible, as are projects using a campus-type model that collocates multiple levels of care on the continuum are strongly encouraged. In addition, scoring will take into consideration a focus on the State's priorities, including efforts to advance racial equity and to expand services in regions and counties that currently do not have an adequate number of treatment options for behavioral health facilities. To be consistent with the bond proposal to expand 6,800 residential treatment beds, priority for funding awards will be given to applicants proposing residential facilities. Expanded residential treatment beds will also assist counties with the implementation of the Community Assistance, Recovery, and Empowerment Act.

All applicants must describe the local needs based on the statewide needs assessment report and any 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 certain populations outside their mission or scope, such as those who are justice-involved or children and youth in foster care. Grantees with behavioral health facilities that offer Medi-Cal behavioral health services will be required to have a contract in place with their county to ensure the provision of Medi-Cal services once the funded facility's expansion or construction is complete.

To be eligible for funding, a project must demonstrate "project readiness." At a minimum, the fundamental threshold requirements for "project readiness" are as follows:

- **Site control.** Any of the following may be used to prove site control (other documentation demonstrating site control may be submitted for DHCS consideration):
 - Title vested to applicant (ownership)
 - Executed Purchase and Sale Agreement (PSA)



- Mutually executed Letter of Intent (LOI)
- Preexisting long-term lease (acceptance of a BHCIP award will require a lease extension of no fewer than 30 years)
- Executed Exclusive Negotiation Agreement (ENA)
- An MOU does not constitute site control. Please be sure to discuss any other proposed site control documentation during your required pre-application consultation.
- **A sustainable business plan** with five-year projections within existing available funding (income and expenses) of future objectives and strategies for achieving them.
- **A conceptual/schematic site plan** with a forecast of the developmental potential of the property. The closer the construction drawings are to being “permit ready,” the higher the application will be scored, all other factors being equal.
- **Stakeholder support** as demonstrated by letters of support from internal boards of directors, Tribal councils and advisory boards, and professional/community partners, as relevant. City, nonprofit, and for-profit applicants must also include a letter of support from their county behavioral health agency.
- **Demonstration of county and Medi-Cal investments** to support ongoing sustainability.
- **Match** amount and source identified.

In addition, inclusion of a professionally bid development budget, including all local prevailing wage rates, one for each phase, and a total budget for acquisition and construction, will increase an applicant’s score. However, it will not guarantee an award.

Three phases of project development will be considered during the evaluation of each application. Applicants must be in one of the three phases; *applicants in later phases will be scored higher*. All projects must meet the minimum threshold of project readiness to be awarded grant funds. Applicant projects are considered to be in a given phase of development only after they have met all the requirements in the previous phase. Required documentation will be reviewed with each applicant during the PAC process and must be submitted as part of the application.

Payment processes will be subject to the bond funding requirements outlined in the RFA. Grantees will receive guidance and TA regarding data and information necessary to comply with bond requirements. Grantees may submit invoices for program funds as they achieve specified milestones and submit related documentation to AHP. Funding will occur through draw requests for work completed and invoiced. Funding is intended for planning, preconstruction, permitting, and construction; allowable costs include those activities identified in the development phases below.

- Phase 1: Planning and pre-development
 - Development team established; includes attorney, architect, and/or design-build team.



- Site control, defined as ownership, an executed PSA, an executed LOI, a long-term lease, or an executed ENA.
 - Basis of design; includes architectural and engineering narratives.
 - Property-specific site investigation report and due diligence.
 - Budget with cost estimates based on site plan/drawings.
- Phase 2: Design development
 - Site control established with deed, PSA, option contract, LOI, or leasehold.
 - Site plan established with a schematic plan with architectural and engineering specifications.
 - Stakeholder support established as demonstrated by a letter from city/county/board of directors/Tribal entity.
 - Able to gain building permits within six months of funding.
 - Able to close on land and gain building permits within six months of funding.
 - Able to start construction within nine months of funding.
- Phase 3: Shovel ready
 - Ownership of real estate site.
 - Preliminary plan check completed, with comments received.
 - Construction drawings complete or near completion.
 - General contractor (builder) selected and ready for hire.
 - Ninety percent of construction drawings ready for submission for building permit.
 - Building permit ready to be issued.
 - Able to start construction within 60 days or less.
- Final Phase: Construction
 - Projects that rehabilitate or renovate an existing facility are allowable as long as they result in an expansion of behavioral health services for the target population.
 - Essential furniture and equipment are allowable costs, as per the DHCS allowable expense list. There is a maximum of ten percent of the total budget allowed for this purpose.

Full funding of a proposed development project will be contingent on completion of all three phases of development planning. The planning and pre-development phase, which includes the submission of construction documents for building permit review, must be completed within six months of grant funding award.

Eligible Facility Types

The following facility types may be considered for project funding *only* if they are expanding or creating new behavioral health infrastructure.



Table 1. Eligible Facility Types

Round 7 and Round 8: Eligible Facility Types
Acute Psychiatric Hospital
Adolescent Residential SUD Treatment Facility
Adult Residential SUD Treatment Facility
Behavioral Health Urgent Care (BHUC)/Mental Health Urgent Care (MHUC)
Chemical Dependency Recovery Hospital
Children's Crisis Residential Program (CCRP)
Community Mental Health Clinic (outpatient)
Community Residential Treatment System (CRTS)/Social Rehabilitation Program (SRP)
Community Treatment Facility (CTF)
Community Wellness/Prevention Center (Tribal entities only)
Crisis Stabilization Unit (CSU)
General Acute Care Hospital (GACH) for behavioral health services only
Hospital-based Outpatient Treatment (outpatient detoxification/withdrawal management)
Mental Health Rehabilitation Center (MHRC)
Narcotic Treatment Program (NTP)
NTP Medication Unit
Office-based Opioid Treatment
Outpatient Treatment for SUD
Partial Hospitalization Program
Peer Respite
Perinatal Residential SUD Facilities
Psychiatric Health Facility (PHF)
Psychiatric Residential Treatment Facility (PRTF)
Short-term Residential Therapeutic Program (STRTP)
Skilled Nursing Facility with Special Treatment Program (SNF/STP)
Sobering Center (funded under the Drug Medi-Cal Organized Delivery System [DMC-ODS] and/or Community Supports)
Social Rehabilitation Facilities (SRFs)

For purposes of this funding, a Behavioral Health Urgent Care (BHUC) facility, also known as Mental Health Urgent Care (MHUC), is a walk-in center with voluntary stabilization-oriented services specific to individuals experiencing a behavioral health or mental health crisis for less than 24 hours. This community-based option is typically designed to provide an alternative to emergency department visits for urgent medical needs. BHUCs/MHUCs must focus on serving individuals in need of crisis services, commit to serving Medi-Cal beneficiaries, and offer some or all of the following:

- Multidisciplinary health assessment
- Psychiatric evaluation, diagnosis, and treatment
- Crisis stabilization and intervention, mental health counseling, and medication evaluation



- Direct referrals for treatment of care
- Linkage to community-based solutions
- Peer support

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 explain how they will expand service capacity exclusively for community-based behavioral health facilities.

Funding Parameters

Applicants will be expected to develop a competitive and itemized professional development budget that includes costs such as legal, insurance, permits and fees, and performance and payment bonds. This budget will be scored alongside applications for projects of similar setting types and sizes. In addition, scoring will take into consideration the speed of project delivery and operations, with a focus on the State's priorities, including efforts to advance racial equity and to expand services in regions and counties that currently do not have an adequate number of treatment options for behavioral health facilities.

DHCS, AHP, and its subcontractors will conduct a financial viability assessment, considering continued fluctuations in construction and other costs. Through various TA activities, such as the PAC, 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.

Post Award Expectations

Grantees must commit to executing BHCIP contracts within 90 days of receipt of conditional award notice. Failure to fully execute contracts within the required time frame may result in rescinding BHCIP funding awards. DHCS will not accept any redlines to the contract.

Encumbrance and Use Restrictions

Applicants will be required to commit to operating services in the financed facility for the intended purpose for a minimum of 30 years within existing funding for behavioral health services. BHCIP funding cannot be used to fund services. The approved building use restriction will be detailed in the written contract.

Match

Mandatory match guidelines are required by statute and will be set according to applicant type.

- Tribal entities = 5 percent match.



- Counties, cities, and nonprofit providers = 10 percent match.
- For-profit providers and private organizations = 25 percent 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 the following:

- Local funding
- Mental Health Services Act (MHSA) and [Behavioral Health Services Act \(BHSA\)](#) funds in the three-year plan
- Foundation/philanthropic support
- [Opioid settlement funds](#) for SUD facilities
- Loans or investments
- Incentive payments from managed care plans
- Another source

Services, Behavioral Health Subaccount funding, and State general funds will not be allowed as match.

Funding Regions

Regional funding caps will be established and the amounts available per region will be determined based on the Behavioral Health Subaccount.

In addition, 20 percent of funds available for BHCIP will be set aside for use in regions at the State's discretion to ensure funding is effectively aligned with need. (For example, this reserve money may be used to fund high-scoring projects in oversubscribed regions.)

Following an initial round of regional funding allocations, DHCS will conduct periodic reviews of the number of completed applications from each region. If an insufficient number of competitive applications is received and awarded within a region, the remaining funding will be awarded at the discretion of DHCS or shifted to the remaining BHCIP BHIBA Round.

Table 2. Round 7 Regional Funding Allocation

Counties by Geographic Distribution	Estimated Targeted Funding Levels		Grand Total \$2.893 billion
	Total Available: \$1.5 billion Counties, Cities, and Tribal Entities*	Total Available: \$1.393 billion All Eligible Entities	
Los Angeles County	\$411,935,458	\$370,839,992	\$782,775,450



Bay Area: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma	\$239,075,456	\$215,224,833	\$454,300,289
Southern California: Imperial, Orange, Riverside, San Bernardino, San Diego, Ventura	\$226,672,548	\$204,059,263	\$430,731,811
San Joaquin Valley: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare	\$132,958,727	\$119,694,511	\$252,653,238
Sacramento Area: El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba	\$70,292,275	\$63,279,784	\$133,572,059
Central Coast: Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz	\$44,504,950	\$40,065,052	\$84,570,002
Balance of State: Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne	\$50,560,586	\$45,516,565	\$96,077,151
Tribal	\$30,000,000	\$69,650,000	\$99,650,000
Discretionary: The discretionary set-aside may also be used to fund high-scoring projects in regions that have met their funding reserve.	\$294,000,000	\$264,670,000	\$558,670,000

*Of the \$1.5 billion, \$30 million shall be designated to Tribal entities as required by statute.

Table 3. Round 8 Regional Funding Allocations

Counties by Geographic Distribution	Estimated Targeted Funding Levels
	Total Available: Up to \$1.5 billion All Eligible Entities
Los Angeles County	\$399,325,189



Bay Area: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma	\$231,756,819
Southern California: Imperial, Orange, Riverside, San Bernardino, San Diego, Ventura	\$219,733,592
San Joaquin Valley: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare	\$128,888,562
Sacramento Area: El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba	\$68,140,471
Central Coast: Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz	\$43,142,554
Balance of State: Alpine, Amador, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Inyo, Lake, Lassen, Mariposa, Mendocino, Modoc, Mono, Nevada, Plumas, Shasta, Sierra, Siskiyou, Tehama, Trinity, Tuolumne	\$49,012,813
Tribal	\$75,000,000
Discretionary: The discretionary set-aside may also be used to fund high-scoring projects in regions that have met their funding reserve.	\$285,000,000

*Total award amount available contingent on bond administrative costs utilized as outlined in statute.

