

File No. 250949

Committee Item No. 3

Board Item No. 13

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date October 1, 2025

Board of Supervisors Meeting Date October 7, 2025

Cmte Board

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Completed by: Brent Jalipa Date September 25, 2025

Completed by: Brent Jalipa Date October 2, 2025

1 [Grant Application - California Department of Health Care Services - Bond BHCIP Round 2
2 Unmet Needs Program - Anticipated Revenue in Excess of \$25,000,000]

3 **Resolution authorizing the San Francisco Department of Public Health to submit**
4 **applications to the California Department of Health Care Services, under the Bond**
5 **Behavioral Health Continuum Infrastructure Program (Bond BHCIP) Round 2 Unmet**
6 **Needs Program, pursuant to the Behavioral Health Infrastructure Bond Act of 2024, for**
7 **grants with terms not to exceed 10 years, with anticipated revenue to the City in excess**
8 **of \$25,000,000.**

9
10 WHEREAS, On May 30, 2025, the California Department of Health Care Services
11 (“DHCS”), through its third-party Grant Administrator Advocates for Human Potential, Inc.,
12 issued a Request for Applications for Grant funds distributed under the Bond Behavioral
13 Health Continuum Infrastructure Program (Bond BHCIP) Round 2 Unmet Needs Program
14 (“Program”), pursuant to the Behavioral Health Infrastructure Bond Act of 2024; and

15 WHEREAS, Program funding allocations are subject to the terms and conditions of the
16 Requests for Applications, the Application, Program Funding Agreement, and all other legal
17 requirements of the Program; and

18 WHEREAS, DHCS requires that the governing body of the applicant jurisdiction
19 formally pre-authorize the City to (1) submit applications for Grant funds; (2) accept Grant
20 funds if the City’s Grant Applications are approved, with the understanding that all Grant funds
21 must be used for the allowable expenditures and activities identified in the Grant Agreement,
22 and (3) agree to all Grant terms, including binding arbitration and/or a waiver of claims against
23 DHCS and its third-party Grant Administrator; now therefore, be it

RESOLVED, That the San Francisco Department of Public Health ("SFPDH") is hereby authorized to submit the Applications to DHCS for Program funds in an amount anticipated to exceed \$25,000,000; and, be it

FURTHER RESOLVED, That the Board of Supervisors acknowledges and agrees that SFDPH shall be subject to the terms and conditions specified in the Program Funding Agreement, and that any and all activities, expenditures, information, and timelines represented in the Applications are enforceable through the Program Funding Agreement; and, be it

FURTHER RESOLVED, That if one or more Applications are approved, SFDPH shall obtain authorization by resolution of the Board of Supervisors to accept and expend the grant(s) and enter into the Program Funding Agreements for the total award amount, subject to all Program Funding Agreement terms, including binding arbitration and/or a waiver of claims against DHCS and its third-party Grant Administrator.

RECOMMENDED:

/s/
Daniel Tsai
Director of Health



**California Department of Health Care Services
Proposition 1:
Behavioral Health Infrastructure
Bond Act of 2024:**

**Behavioral Health Continuum
Infrastructure Program
Round 2: Unmet Needs (2025)
Request for Applications**

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Part One: Overview

1.1. Introduction to the Grant Opportunity and State Priorities

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.

The State priorities for BHCIP are:

- Address urgent needs 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 of behavioral health care and community 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.

1.2. Purpose

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 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 \$4.4 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.”¹ 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 will 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 provide behavioral health outpatient treatment for 26,700 slots and will build on other major behavioral health initiatives in California. The Department of Housing and Community Development (HCD) will oversee the remaining BHIBA available funding—up to \$2 billion in total. There will be a separate Notice of Funding Availability for that portion of the BHIBA.

1.3. Bond BHCIP to Date

DHCS was authorized through 2021 [legislation](#) to establish BHCIP and award grant funding to construct, acquire, and expand properties and invest in mobile crisis infrastructure related to behavioral health. DHCS has awarded \$3.3 billion in funding to eligible entities across the state for Round 1.:

¹ [AB-531. The Behavioral Health Infrastructure Bond Act of 2023.](#)

1.4. Timeline

Table 1. Timeline for Bond BHCIP Round 2: Unmet Need

Request for Application Release	
Request for Applications (RFA) Release	May 30, 2025
Mandatory Pre-Application Consultation (PAC)	
Pre-Application Consultation (PAC) Registration Opens (Accessible Here) Access to the Application Portal will be available following PAC completion.	June 2, 2025
PAC Window Period	June 26, 2025, through October 1, 2025
Deadline to <u>Schedule</u> a Required PAC	August 29, 2025
Office Hours (Recommend PAC to be Completed First)	Schedule Time Slot (ends October 23, 2025)
Webinars	
Informational Webinar— Please Register Here	June 23, 2025; 1–2 p.m. Pacific Time (PT)
Tribal Informational Webinar— Please Register Here	June 24, 2025; 2–3 p.m. PT
Application Deadline	
Application Due Date	October 28, 2025, at 5 p.m. PT (No Exceptions)
Bond BHCIP Round 2 Awards	
Award Announcements	Anticipated Spring 2026

1.5. Total Grant Amount

Bond BHCIP Round 2: Unmet Needs: Over \$800 million will be available to construct, acquire, and rehabilitate real estate assets to expand the continuum of behavioral health treatment and service resources for Californians (see section 2.4) in this round of Bond BHCIP funding. Bond BHCIP Round 2: Unmet Needs funds are not intended to preserve existing service capacity. Bond BHCIP Round 2: Unmet Needs grantees must commit to serving Medi-Cal members and vulnerable populations, including unhoused people, veterans, older adults, adults with disabilities, and children and youth.

For purposes of Bond BHCIP Round 2: Unmet Needs funding, DHCS will focus on the remaining gaps in the statewide behavioral health continuum and prioritize mental health community residential beds and crisis settings (please see Eligible Facility Chart for more information). DHCS also aims to distribute grant funds to rural/remote areas with outstanding behavioral health needs or insufficient behavioral health infrastructure, and geographic areas with no prior BHCIP infrastructure projects. In addition, DHCS is prioritizing regional models aimed at constructing, renovating, and/or expanding community-based services.

Part Two: Project Requirements

2.1. Eligibility Requirements

1. [Eligible Applicants](#)
2. [Medi-Cal Services](#)
3. [Licensing, Certification, and Accreditation](#)
4. [Project Readiness](#)
5. [Building Use Restriction](#)
6. [Community Needs and Support](#)

Eligible Applicants

Counties, cities, Tribal entities (“Tribal entity” shall mean a federally recognized Indian tribe, Tribal organization, or urban Indian organization, as defined in [Section 1603](#) of Title 25 of the United States Code), nonprofit organizations, and for-profit organizations whose projects reflect the State priorities and align with facility types listed in Table 2 are eligible to apply for this funding, noting the following stipulations:

- Projects must make a commitment to serve Medi-Cal members.
- Recipients of BHCIP awards in prior rounds, including Bond BHCIP Round 1: Launch Ready, are eligible to apply. Any additional Bond 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 continuum of care. Bond BHCIP funding will not fund budget shortfalls or cost overruns for any previously awarded BHCIP projects.
- For joint applications, all co-applicants must be named in the grant application and must submit letters of commitment that are included with the application. Co-applicants share the legal and/or fiscal responsibilities associated with the grant.
- For-profit organizations with no prior behavioral health experience must apply with a partner, such as a nonprofit organization, Tribal entity, city, or county, with the requirement that the partner organization have relevant experience with the target population reflected in the successful development, ownership, or operation of a comparable project. A memorandum of understanding (MOU) or other agreement with the nonprofit organization, Tribal entity, city, or county to confirm the organization’s role in the project, including that they are working on behalf of the service provider, is also required.

Medi-Cal Services

Awarded applicants must serve Medi-Cal members and are expected to work with their county behavioral health/mental health administrator and/or DHCS for the provision of Medi-Cal reimbursements once the funded facility's expansion or construction is complete.

In addition to Medi-Cal reimbursements, applicants must describe the payor mix that will pay and sustain behavioral health services once project construction is complete. Examples of payors, in addition to Medi-Cal, can include private health insurance, private pay, grants, county funds or other behavioral health funding. Applicants must provide a description of their contingency plan for funding any potential cost coverage beyond the grant award.

License, Certification, and Accreditation

Applicants must indicate the applicable behavioral health licensing, certifications, and accreditations required to operate their Bond BHCIP-funded program by the State and/or at the local level. Applicants proposing facilities that do not require licenses or certifications through a state oversight agency will need to indicate this in their application. As part of the technical assistance (TA), applicants may receive information and guidance about the licensure and certification process and timelines for application submission.

Project Readiness

To be eligible for Bond BHCIP Round 2: Unmet Needs funding, a project must demonstrate "project readiness." At a minimum, the fundamental threshold requirements for "project readiness" are as follows (items noted with an asterisk must be submitted with the application):

- **Site control.*** Any one of the following must be used to prove site control (other documentation demonstrating site control may be submitted for DHCS consideration):
 - Title vested to applicant demonstrated with current title report (ownership).
 - Executed purchase and sale agreement (PSA).
 - Mutually executed Letter of Intent (LOI).
 - Preexisting long-term lease (acceptance of a Bond BHCIP award will require a lease extension of no fewer than 30 years).
 - Executed exclusive negotiation agreement (ENA).

- *Note:* An MOU does *not* constitute site control. Please be sure to discuss any other proposed site control documentation during your required pre-application consultation (PAC).
- **A preliminary title report.***
- **A sustainable business plan*** (pro forma) with five-year projections (Form 9) 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.
- **Stakeholder support*** as demonstrated by letters of support from internal boards of directors, Tribal councils or advisory boards, and professional/community partners, as relevant. For city, nonprofit, or for-profit applicants, this would be 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 budget.
- **Board Authorizing Resolution (BAR)*** to confirm signing authority for the contract. Eligible entities may use the BAR template provided (Form 10). Local government entities can use their specific authorizing resolution document.
- **Photo of Proposed Property*** in pre-BHCIP stage. High quality photo should be in a JPG format with size of 1024x768 pixels or larger, but not to exceed 15MB in file size. A PDF will be an acceptable alternative file format.

Building Use Restriction

A commitment to the provision of behavioral health services and building use restriction for a 30-year period through a deed restriction placed on the property title is required (see section 2.6). After a conditional award is issued to an applicant, the 30-year encumbrance period must officially be approved by the applicant's board (and property owner, if applicant is a lessee), as indicated through the submission of an official BAR.

Community Needs and Support

All applicants must describe the local needs based on the "[Assessing the Continuum of Care for Behavioral Health Services in California](#)" report and any local needs assessments used to justify the proposed expansion. All applicants will be required to demonstrate how the proposed project will advance 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.

Insights and active involvement from the neighboring and local community and stakeholders must be included in project planning, design, implementation, and evaluation. All applicants must complete application Form 7: Community Engagement and provide any relevant letters of support for the project. All letters must be signed and dated no more than six months before the date of application submission.

At the time of application, city, nonprofit, or for-profit applicants must also include a letter of support from their county behavioral health agency or, if a Tribal entity, the Tribal council, chairperson, or Tribal authorizing entity. The letter should indicate support for working with completed projects for Medi-Cal services. Bond BHCIP grant awards do not guarantee county contracts for the provision of Medi-Cal services.

All applicants governed by a CEO or board must also submit a letter of support from the CEO or board.

2.2. 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 and address unmet needs. Regional models or collaborative partnerships aimed at construction, renovation, and/or expansion of community-based services are eligible. A regional model is described as counties partnering to create established networks of organized systems of care.

Bond BHCIP awarded projects are expected to complete project construction and be offering behavioral health services no more than five years post execution of Bond BHCIP contract also referred to as Program Funding Agreement (PFA). All proposed projects must

meet the minimum threshold of project readiness. Projects must be in one of the three phases (see below). The phases of project development will be considered during the evaluation of each application. Applicant projects are considered to be in a given phase of development only after they have met all of 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.

Funding is intended for planning, preconstruction, permitting, and construction; allowable costs include those activities identified in the development phases below.

Phase 1: Planning and predevelopment

- 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 (see section 2.1).
- Basic schematic design site plan, with 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, defined as ownership, an executed PSA, an executed LOI, a long-term lease, or an executed ENA (see section 2.1).
- Site plan established with a schematic plan with architectural and engineering specifications, including architectural design drawings.
- 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 completed 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 for issue.
- 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. Only the new capacity expansion is eligible for Bond BHCIP funding.

2.3. Site Identification and Feasibility Analysis

Applicants will be expected to develop a competitive and itemized professional budget for all development costs, including legal, insurance, permits and fees, and performance and payment bonds, which will be scored alongside applications for projects of similar setting types and sizes.

DHCS, AHP, and AHP's subcontractors will conduct a financial viability assessment (as demonstrated through a five-year pro forma business plan) (Form 9), considering continued fluctuations in construction and other costs. Through various TA activities, such as the PAC 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.

2.4. Eligible Facility Types

The following facility types will be considered for project funding **only** if they are expanding behavioral health infrastructure.

Table 2. Eligible Facility Types

Bond BHCIP Round 2: Unmet Needs Eligible Facility Types	
Mental Health Facilities	
Acute Psychiatric Hospital	
Behavioral Health Urgent Care (BHUC)/Mental Health Urgent Care (MHUC)*	
Children's Crisis Residential Program (CCRP)	
Community Mental Health Clinic (outpatient)	
Community Treatment Facility (CTF)	
Crisis Stabilization Unit (CSU)*	
General Acute Care Hospital (GACH) for behavioral health services only	
Mental Health Rehabilitation Center (MHRC)	
Peer Respite*	
Psychiatric Health Facility (PHF)	
Psychiatric Residential Treatment Facility (PRTF)	
Short-Term Residential Therapeutic Program (STRTP)	
Skilled Nursing Facility with Special Treatment Program (SNF/STP)	
Social Rehabilitation Facility (SRF) ¹ *	
Substance Use Disorder (SUD) Facilities	
Adolescent Residential SUD Treatment Facility	
Adult Residential SUD Treatment Facility	
Chemical Dependency Recovery Hospital	
Hospital-Based Outpatient Treatment (outpatient detoxification/withdrawal management)	
Narcotic Treatment Program (NTP)	
NTP Medication Unit	
Office-Based Opioid Treatment (OBOT)	
Outpatient Treatment for SUD	
Partial Hospitalization Program	
Perinatal Residential SUD Facility	
Sobering Center	

¹ Also referred to as Social Rehabilitation Program (SRP). California Department of Social Services licenses SRFs and DHCS provides the Social Rehabilitation Program certifications as either a Short-Term Crisis Residential Treatment Program, Transitional Residential

Treatment Program, or Long-Term Residential Treatment Program. The SRP is a certification and does not exist without the SRF license.

*Eligible facility types that are highly encouraged. These proposed facility types do not guarantee a Bond BHCIP award.

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. Regional models, collaborative partnerships, and public-private partnerships are strongly encouraged.

2.5. Post-Award Expectations

Selected applicants will receive a notice of conditional award. Conditional awardees will be required to sign and return to DHCS an attestation agreeing to the grant terms. Grantees must also commit to clearing title to the subject property to be improved with Bond BHCIP funds and execute PFA within 90 days of receipt of the PFA. Failure to fully execute the PFA within the required time frame may result in the rescinding of Bond BHCIP funding awards. DHCS will not accept any changes to the PFA.

Grantees must have a financial management system to track and project funding usage and perform any required data reporting. Bond payment processes and funding cycle will be subject to bond funding requirements. Additional guidance and TA will be provided to grantees in order to comply with bond requirements.

Awarded grant funding for Bond BHCIP Round 2: Unmet Needs must be fully expended, and construction completed within five years of the date of the Notice of Award.

2.6. Encumbrance and Use Restrictions

In accordance with section 5960.15 of the California Welfare and Institutions Code (WIC), applicants will be required to commit to operating behavioral health services in the

financed facility for the intended purpose for a minimum of 30 years. Bond BHCIP funding may not be used to fund behavioral health services or pay for the renovation/preservation of existing capacity. Bond BHCIP funds may only fund the expansion of new behavioral health capacity.

2.7. Match Requirements

Mandatory match guidelines are required by statute and will be set according to applicant type. Cash match must be deposited into the project bank account (see section 5.2) within the specified timeframe outlined in the PFA. Required match is calculated based on the total Bond BHCIP Round 2 funds requested.

Table 3. Match Requirements for Bond BHCIP Round 2: Unmet Need

Local Government and Nonprofit Organization	For-Profit Organization	Tribal entities
10 percent	25 percent	5 percent
Higher priority for applicants that include a higher cash match		

Applicants that have no prior behavioral health experience are required to have a co-applicant and apply with an experienced service provider in order to leverage their co-applicant's behavioral health experience. The co-applicant's entity type will determine the percentage that will be used to calculate the match requirement. The match requirement will be based on the partner with the lowest match amount.

Types of Eligible Match Sources

Applicants must document the match source being pledged for the project. Three types of sources are eligible to satisfy the match requirement: (1) cash, (2) in-kind property, and (3) sunk costs (i.e., capital expenses already incurred on the project). All match sources must be approved by DHCS.

a. Cash

Cash is the strongest form of match and can come from a variety of sources, depending on the applicant. Applicants must document their ability to pledge the required match in cash, including providing bank statements and investment statements showing available cash on hand. Applicants seeking to pledge public or private grant funds must document the funds are eligible for use on the proposed project. Cash sources for the delivery of services are not an eligible source of cash match. The list below provides additional examples of eligible cash sources:

- Mental Health Services Act (MHSA) funds from Community Services and Supports and Capital Facilities and Technological Needs (CFTN) components
- Behavioral Health Services Act (BHSA) funds from the Behavioral Health Services and Supports
- Foundation/philanthropic support
- [Opioid settlement funds](#) (per guidance, allowable for SUD facilities only)
- Incentive payments from managed care plans

b. In-Kind Property Equity

Applicants may pledge the in-kind equity value of property if the property being pledged is the actual property where the facility will be located and the entire assessor's parcel number (APN) of the property being pledged for match is dedicated to the new development project. ***Only the equity value of the APNs that will be encumbered by the 30-year encumbrance restriction can count as an in-kind property match source and must be validated by a certified appraisal of the specific APN.***

In order to document the equity value of the pledged property, applicants must submit a certified appraisal dated within five-year period prior to the date of application. The

certified appraisal must only give a value for the specific APN to be encumbered. The equity value of the property will be used to determine if the applicant can meet the in-kind property match requirement.

If the applicant has an outstanding mortgage on the property that it pays on a regular basis, it must submit a copy of the most recent mortgage statement, including the outstanding mortgage value. The outstanding mortgage amount will be subtracted from the certified appraisal to determine the equity value:

$$\text{certified appraisal value} - \text{outstanding loan amount} = \text{equity value}$$

If an applicant has purchased the property outright and has clear title in hand, the applicant must submit either the grant deed or the payoff letter to indicate there is nothing outstanding that would reduce the equity value. Property valuations will be approved at the discretion of DHCS.

c. Sunk Costs

Sunk costs exceeding one year prior to the date of the Bond BHCIP Notice of Conditional Award may not be claimed towards match requirement. Sunk costs must be submitted for review no later than seven calendar days after the date of the Notice of Conditional Award.

To satisfy the match requirement, DHCS may approve on a case-by-case basis sunk costs directly related to the development project. Sunk costs may be established with documentation of paid invoices including date and address of service and proof of payment (e.g., cancelled checks, online bank records, invoices) for professional services related to predevelopment of the proposed Bond BHCIP project. Eligible sunk costs may include the purchase of real property and construction or renovation/rehabilitation costs, including project planning or project management; appraisals; inspections; preconstruction costs such as permitting, surveying, architectural, and engineering fees; hardscaping and/or landscaping costs essential to the completion of the project (may not exceed 5 percent of the total grant award); and furniture, fixtures, and equipment (FFE).

All match amounts must be well-documented. Both the amounts and sources will undergo a thorough review by DHCS and AHP prior to the awarding of funds. Cash is the preferred

form of match. Services, Behavioral Health Subaccount funding, and State general funds are not permitted sources for match.

2.8. Development Budget

Applicants will be expected to submit when applying within the application portal, a competitive and itemized professional development budget (see application attachment Form 2: Budget Template worksheet PDF as a reference only) with their Bond BHCIP Round 2: Unmet Needs application. All development budgets must contain the requested amounts for each phase of funding. Bond BHCIP awards will be based on the application budget; therefore, special attention and care should be made to include all development costs associated with planning, permitting, and construction of a “public works” prevailing wage job. Applicants that have a current Negotiated Indirect Cost Rate Agreement (NICRA) established with a federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals may use the current NICRA as the basis for indirect costs. Alternatively, if the applicant does not have a current NICRA, the applicant may elect to use a rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f).

Applicants should include all anticipated costs for the planning, permitting, and construction of their project, including prevailing wage rates for all onsite work, for an anticipated construction start in 2026-2027. Budgets should include all costs for insurance (including builder’s risk, workers’ compensation, commercial auto, general liability, and property), along with costs for payment and performance bonds, legal fees, specialty consultants, permits and fees associated with building permits, and potential additional fees, depending on the project and jurisdiction. The PFA details insurance requirements.

Applicants must comply with all Department of Industrial Relations (DIR) regulations related to completing a “public works” project and should only accept qualified construction bids from general contractors who are currently registered with the DIR (see section 2.10) and preferably have past public works experience.

Essential FFEs may be allowable costs for permanent property that is attached to the building and/or required for license/certification of the facility, as per the DHCS allowable expense list (Attachment B), with a maximum of 10 percent of the total budget.

Project grantees are responsible for ensuring that their project is on schedule and on budget. Project grantees that are awarded Bond BHCIP funds will be solely responsible for any costs to complete the project in excess of the Bond BHCIP award amount. Applicants must provide a description of their contingency plan for funding any potential cost overages beyond the Bond BHCIP grant award.

2.9. Accessibility and Nondiscrimination

All developments must adhere to the accessibility requirements set forth in California Building Code Chapters 11A and 11B and the Americans with Disabilities Act, Title II. In addition, developments must adhere to either the Uniform Federal Accessibility Standards (UFAS), 24 CFR Part 8, or the U.S. Department of Housing and Urban Development's (HUD) modified version of the 2010 ADA Standards for Accessible Design (Alternative 2010 ADAS), HUD-2014-0042-0001, 79 FR 29671 (5/27/14) (commonly referred to as "the Alternative Standards" or "HUD Deeming Memo"). Accessible units should, to the maximum extent feasible and subject to reasonable health and safety requirements, be distributed throughout the project and be available in a sufficient range of sizes and amenities consistent with 24 CFR Part 8.26.

Grantees must adopt a written nondiscrimination policy requiring that no person will, on the grounds of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, familial status, source of income, disability, age, medical condition, genetic information, citizenship, primary language, immigration status (except where explicitly prohibited by federal law), justice system involvement (except where explicitly required by law), or arbitrary characteristics, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any project or activity funded in whole or in part with funds made available pursuant to this RFA. Nor will all other classes of individuals protected from discrimination under federal or state fair housing laws, individuals perceived to be a member of any of

the preceding classes, or any individual or person associated with any of the preceding classes be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any project or activity funded in whole or in part with funds made available pursuant to this RFA.

Grantees must comply with the requirements of the Americans with Disabilities Act of 1990, the Fair Housing Amendments Act, the California Fair Employment and Housing Act, the Unruh Civil Rights Act, Government Code section 11135, section 504 of the Rehabilitation Act of 1973, and all regulations promulgated pursuant to those statutes, including 24 CFR Part 100, 24 CFR Part 8, and 28 CFR Part 35.

2.10. State Prevailing Wage

A project funded by a Bond BHCIP grant is a “public works” project if the applicant intends to use the Bond BHCIP funds for the “construction, alteration, demolition, installation, or repair” of a building or structure (Cal. Lab. Code section 1720(a); Cal. Lab. Code section 1750(b)(1)). Applicants using Bond BHCIP grants to fund public works are subject to California’s prevailing wage and working hours laws (Division 2, Part 7, Chapter 1 of the California Labor Code), and the applicant’s project is subject to compliance monitoring and enforcement by the DIR (Cal. Lab. Code section 1771.4(a)(1)). Bond BHCIP award recipients must register as the “awarding body” with the DIR within 30 days of execution of the PFA. Further, as detailed in the Bond BHCIP PFA, proof that the general contractor is registered with the DIR will be required before Bond BHCIP funds are disbursed.

Applicants must complete Form 5: Applicant’s Certification of Prevailing Wage as a part of the application process. If DHCS selects an applicant to receive a Bond BHCIP grant and the applicant is using the grant to fund a public works project, then the applicant must submit a Certification of Compliance that includes an attestation from the general contractor certifying that the general contractor will comply with California’s prevailing wage and working hours laws (including posting job notices, as required by Labor Code section 1771(a)(2)). The Certification of Compliance must also state that the general contractor will maintain its labor records in compliance with all applicable state laws (Cal. Lab. Code section 1776) and should make all labor records available to the DIR and any

other applicable enforcement agencies upon request (Cal. Lab. Code section 1771.4(a)(3)). The Certification of Compliance must be signed by the general contractor(s) and the applicant.

If DHCS selects an applicant to receive a Bond BHCIP grant and the applicant is not using the grant to fund a public work, then the applicant must submit a Certification of Inapplicability to DHCS explaining why the project is not a public work as defined by California Labor Code section 1720. The Certification of Inapplicability must be signed by the general contractor(s) and the applicant.

2.11. Streamlined, Ministerial Review Process

In accordance with California WIC section 5960.31, if a Bond BHCIP-funded project meets the criteria set forth in paragraph (1) or (2) and complies with subdivisions (b) and (c) of that section, then it "shall be a use by right and shall be subject to the streamlined, ministerial review process and filing requirement, pursuant to subdivisions (b) and (d) of Section 50675.1.5 of the Health and Safety Code, and not subject to a conditional use permit, discretionary permit, or to any other discretionary reviews or approvals."

Applicants must determine if they are subject to the streamlined, ministerial review process due to meeting the requirements set forth in California [WIC section 5960.31](#), and work with their own counsel and local governing bodies for determinations as such. Neither DHCS nor AHP is responsible for making this determination.

2.12. California Environmental Quality Act (CEQA)

In the event the applicant determines that its Bond BHCIP-funded project is exempt from CEQA, due to being subject to ministerial review (14 C.C.R. §15268(a)) or any other reason, the applicant must file a Notice of Exemption with the appropriate local agency. Additionally, the applicant must provide DHCS, through AHP, with a copy of the filed Notice of Exemption.

If the applicant determines that CEQA applies to its project, the applicant must provide DHCS, through AHP, with copies of all appropriate documentation demonstrating the project's compliance with CEQA once the applicant has received project approval.

Neither DHCS nor AHP is responsible for determining whether Bond BHCIP-funded projects are exempt from CEQA. Furthermore, neither DHCS nor AHP is responsible for filing the Notice of Exemption on behalf of an applicant.

Part Three: Application Process and Submission

3.1. Application Process

Applications will be accepted electronically only. Applications may not be hand delivered or mailed. The application and attachments, along with instructions for submission of the online application, can be found on the [BHCIP website](#). No modified formats will be accepted. The deadline for applications will be **October 28, 2025, at 5 p.m. PT**. It is the applicant's responsibility to ensure that the submitted application is complete and accurate and includes all required supporting forms. Reviewers may request additional clarifying information from the applicant. An application will not be reviewed in the following instances:

- The applicant does not request a PAC by the specified deadline (see section 1.4).
- The application is received after the application submission deadline.
- The application is incomplete or missing required information or forms, and/or does not include a complete development budget (see section 2.8).
- The facility type is ineligible.
- The project fails to meet minimum threshold requirements (see section 2.2).

Reasonable Accommodations for Bond BHCIP Application

For individuals with disabilities, DHCS will provide assistive services such as reading or writing assistance and conversion of the RFA, questions/answers, RFA addenda, or other Administrative Notices in braille, large print, audiocassette, or computer disk. To request copies of written materials in an alternate format, please send an email to BHCIP@dhcs.ca.gov or call (323) 545-6202.

Funding Methodology

There are no funding set-asides for Bond BHCIP Round 2: Unmet Needs. DHCS will competitively award funding statewide to address urgent behavioral health gaps and outstanding service capacity needs across all regions.

Statewide regions	Available funding statewide across all regions* (\$800+ Million)
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 Bay Area: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma Central Coast: Monterey, San Benito, San Luis Obispo, Santa Barbara, Santa Cruz Los Angeles County Sacramento Area: El Dorado, Placer, Sacramento, Sutter, Yolo, Yuba San Joaquin Valley: Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare Southern California: Imperial, Orange, Riverside, San Bernardino, San Diego, Ventura Tribal	\$800+ Million

*No geographic distribution of funding.

3.2. Pre-Application Consultations (PAC) and Technical Assistance (TA)

As consistent with previous BHCIP rounds of funding, AHP, is serving as the Bond BHCIP administrative entity and will be assisting in the provision of PACs and TAs.

Starting in June 2025, and concluding in October 2025, and as part of the RFA process, all prospective applicants will be required to register, schedule a date and time, attend, and complete a PAC with AHP to discuss their potential project. The PAC 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 PACs in coordination with experts in real estate, finance, Tribal relations, and behavioral

health, as needed. Applicants will submit a request for a PAC by completing a PAC request form to indicate their understanding of the project requirements. The deadline to request a PAC will be August 29, 2025.

DHCS and AHP will be holding office hours and offering bond funding application learning modules to potential applicants to assist in application preparation. These TA offerings will review various project-related topics. TA will help applicants understand the minimum project requirements and budgeting practices. Minimum project requirements will be discussed in the TA offerings, including match requirements, a sustainable business plan, a conceptual site plan, architectural and engineering narratives, roles and responsibilities of development teams, and initial budgeting based on conceptual site plans.

Upon receipt of an award and execution of the PFA, the eligible applicant and any co-applicants will be referred to as the project “sponsor,” both individually and collectively. Following award announcements, specialized TA will be provided to all Bond BHCIP sponsors. In addition, DHCS and AHP will offer ongoing general training and TA, including learning collaboratives and other opportunities, for sponsors throughout the life of the project.

Additional information and TA related to the RFA will be available on the BHCIP [website](#). DHCS and 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. See the timeline in section 1.4 for important dates and times.

Part Four: Award Scoring and Process

4.1. Application Scoring Criteria

Eligible Bond BHCIP grant applications undergo a competitive review process. DHCS will only award and fund projects from applicants that are in good standing with all local, county, state, and federal laws and requirements.

At a minimum, applicants must provide a full, complete application and meet the following criteria to be considered for award:

- Demonstrate expansion of services for individuals in need of behavioral health services.
- Identify a service capacity increase in the total number of bed and/or slot count based on each proposed facility type and the individuals to be served. This does not include current capacity. Only capacity expansion will be funded by Bond BHCIP.
- Demonstrate eligible match source and requirements.
- Attest that the project will meet federal, state, and local laws, with the exception of Tribal projects on Tribal lands.
- Demonstrate the capacity to complete project development, not to exceed budget submitted, and expend funds within five years of receipt of the Notice of Conditional Award.
- Align with the State priorities listed in section 1.1.
- Align with needs and gaps outlined in the statewide assessment, "[Assessing the Continuum of Care for Behavioral Health Services in California](#)."
- Budget reasonable proposed costs for the facility type and scope of rehabilitation or renovations proposed.
- Demonstrate long-term sustainability for the proposed project.

4.2. California Public Records Act and Appeals

Information and documents submitted in response to the Bond BHCIP Round 2: Unmet Needs RFA is subject to the provisions of the California Public Records Act.

California law does not provide a protest or appeal process against award decisions made through an informal selection method. Applicants submitting a response to this RFA may not protest or appeal the award. All award decisions made by DHCS shall be final.

Part Five: Project Operations

5.1. Project Oversight and Reporting

As specified by DHCS and upon request, grantees must provide progress reports in connection with the approved timeline, Statement of Work (SOW), and budget, as well as any updates to the timeline for completion of the project. The progress reports should include the project's completion milestones and any updates or substantial changes.

Grantees must promptly notify DHCS of any changes regarding organization, authorization, or capacity. This information will be outlined in the PFA.

Grantees are required to meet state financial and administrative reporting requirements and submit data through an online portal. Reporting requirements will include monthly reports indicating progress toward meeting performance milestones, and a final report. Funding will be contingent upon provision of the timely submission of data and reporting. These requirements will be fully detailed upon award.

In addition to the foregoing, each grantee must submit to DHCS periodic reports, updates, and information as deemed necessary by DHCS to monitor compliance and/or perform project evaluation. Any requested data or information must be submitted electronically in a format provided by DHCS.

Additional reporting requirements may be required by DHCS for up to 30 years after completion of project construction.

5.2. Disbursement of Grant Funds

The PFA will set forth the general conditions for disbursement. All grantees will be able to commence work and invoice for Bond BHCIP Round 2: Unmet Needs project-specific expenses incurred back to the date of their conditional award, provided the expenses align with the project identified in the grant application and the final executed PFA and detailed SOW, and dated receipts/supporting documentation are available to verify project expenses. Costs incurred in advance of the conditional award letter are non-reimbursable with Bond BHCIP funding. Bond BHCIP funding cannot be used to pay off existing loans or mortgages. Eligible incurred costs after date of the conditional award may include the

purchase of real property and construction or renovation/rehabilitation costs, including project planning or project management; appraisals; inspections; preconstruction costs such as permitting, surveying, architectural, and engineering fees; hardscaping and/or landscaping costs essential to the completion of the project (may not exceed 5 percent of the total grant award); and FFE (see section 2.7.). The project funding will become available upon final execution of the Bond BHCIP Round 2: Unmet Needs PFA with AHP, at which point, the sponsor may begin submitting invoices.

Each sponsor is required to provide a monthly projection of their project period expenditure plan, including Bond BHCIP funds and cash match, if applicable. Ongoing Bond BHCIP Round 2: Unmet Needs funding is dependent on the accuracy of each sponsor's project period projected funding needs and requires final approval from the State Treasurer's Office. Bond BHCIP funding must be spent according to State of California General Obligation spending timeline. Bond BHCIP funding received by DHCS based on general obligation bond survey submittals, must be spent within three years after the date of issuance. Overall awarded funding for Bond BHCIP Round 2: Unmet Needs must be fully expended within five years of receipt of the Notice of Conditional Award.

Each sponsor must submit a detailed and accurate estimate of its projected funding needs for the project period through a grantee portal. For projects involving acquisitions, funding is expected to be utilized within the first six months of award. Soft costs should be allocated starting at the time of the award, while hard costs for construction will depend on the scheduled start date of the construction phase.

Sponsors must enumerate project specifications, including:

- Project title/description
- Total unexpended bonds
- Budget line items (e.g., acquisition, soft costs, hard costs)
- Entity type
- Facility type
- Phases of construction
- 6-Month work-plan narrative
- Subcontractors
- Estimate of 6-month total costs, broken down into each month

Disbursement of funds will follow the bond payment processes and funding cycle. The sponsor will submit relevant invoices to the draw authority for work completed. The draw authority will review the draw request, provide preliminary approval of invoices for work completed after date of conditional award, and after DHCS approval will issue disbursement of funds to the sponsor. The sponsor will then be responsible for paying subcontractors' invoices in a timely manner. Subsequent funding for construction will be released following site inspections and once draw requests are submitted for work completed in alignment with the bond payment processes and funding cycle.

DHCS/AHP will closely monitor progress on construction and will track and review all schedules, change orders, and contingency expenses. Sponsors will be responsible for submitting invoices, revised budgets, and schedules to DHCS/AHP for approval. Sponsors must ensure that expenses are allowable under the PFA and will be expected to provide sufficient backup documentation. Sponsors are responsible for ensuring that their project is on schedule and on budget. Sponsors that are awarded Bond BHCIP funds will be solely responsible for any costs to complete the project in excess of the program funds award amount. Neither DHCS nor AHP will be responsible for any cost overruns, and projects are expected to remain on track for completion within the 5 year period. Additional details regarding the funding and disbursement process will be provided upon award.

5.3. Promoting BHCIP Awards

Sponsors must collaborate with DHCS on requests to promote the award opportunity and services funded through the award. Requests for which the sponsor will be responsible may include, but are not limited to, conducting media interviews; submitting letters to the editor of local or statewide publications; providing comments for related media activities; and/or submitting informational videos discussing the sponsor's organization, services provided, and resulting impacts of the Bond BHCIP funding on communities.

Part Six: Forms/Attachments (Total of 15)

Applicants must include all of the following attachments with the application. All required forms and supporting documents must be completed and uploaded in the application portal.

Form 1: Application Questions Guide (Note: additional questions may be included on the application portal)

Description: Application questions and related documents for Bond BHCIP Round 2: Unmet Needs

Letter(s) of support

Any preliminary site plans, design drawings, or construction drawings for the proposed project—these may include schematic designs, architectural drawings, construction blueprints, and/or other renderings (Please limit each file size to less than 20 MB).

Resumes of the development team that developed the design/construction plans.

A copy of all executed contracts for hire related to the project's development team (lawyer, construction manager, development manager, architect, consultants, general contractor, etc.).

Organization chart (for corporations, LLCs, and general partnerships owned by individuals or natural persons).

A certified appraisal and a bank loan document, if identifying a real property contribution for match.

A valid rough order of magnitude cost estimate if no construction plan is in place.

A preliminary title report.

Form 2: Budget Template (PDF is for reference only - Actual budget line population will be within the application when application portal opens)

Description: Pre-formatted template for all costs related to the proposed project, including match—note that this document will not be submitted but is only intended for use as a worksheet

Form 3: Development Team Information

Description: Information about development team, including contact information and experience

Form 4: Design, Acquisition, and Construction Milestone Schedule

Description: Schedule for achieving design, acquisition, and construction milestones

Form 5: Applicant's Certification of Prevailing Wage (inclusion in estimated budget)

Description: Certification with an attestation from the general contractor that the general contractor will comply with California's prevailing wage and working hours laws

Form 6: Applicant's Certification of Funding Terms

Description: Certification that the applicant will receive, expend, and administer all funds received under this initiative pursuant to the terms outlined

Form 7: Community Engagement

Description: Table to detail applicant outreach efforts related to the proposed project

Form 8: Schematic Design Checklist

Description: Checklist of start and completion dates for schematic design drawings, including architectural and engineering technical information

Form 9: Facility Financial Operating Pro Forma Template

Description: Table of revenue and expenses to show annual net operating income

Form 10: Board Authorizing Resolution (BAR) Template

Description: Template for eligible entities to confirm signing authority for the PFA. Local government entities and Tribal entities are allowed to use their own authorizing resolutions.

Attachment A: Pre-Application Consultation Process

Description: Outline of the PAC process, including a link to the required survey

Attachment B: DHCS Allowable Expense List

Description: List of allowable expenses for Bond BHCIP-funded projects

Attachment C: Letter of Acknowledgement for Counties Guidelines

Description: Requirements related to all letters of support submitted as part of a Bond BHCIP Round 2: Unmet Needs application

Attachment D: Budget Glossary of Terms

Description: Glossary of terms related to the budget for Bond BHCIP Round 2: Unmet Needs applications

Attachment E: Glossary of Terms

Description: Glossary of terms for Bond BHCIP Round 2: Unmet Needs

File #250949 – Grant Application

California Department of Health Care Services Bond BHCIP Round 2 – Unmet Needs Program

**BOS Budget & Finance Committee
October 1, 2025**

**Kelly Kirkpatrick
Director of New Beds & Facilities, Behavioral Health Services**



**City & County of San Francisco
Department of Public Health**

Proposition 1 – State Bond Overview

\$6.4 billion state bond: Behavioral Health Infrastructure Bond Act (BHIBA; AB 531)

\$4.4 billion to expand behavioral health treatment (Dept. of Health Care Services – DHCS)

- Bond Behavioral Health Continuum Infrastructure Program (BHCIP) Round 1: Launch Ready – \$3.3 billion (2024–25)
- Bond BHCIP Round 2: Unmet Needs – \$800 million (2025–26)

\$2.0 billion to expand supportive housing (Dept. of Housing & Community Development – HCD)

- HSH & MOHCD are lead City departments – modeled off Project Homekey



State Bond BHCIP Funding Eligibility

Limited and specific eligibility requirements for the one-time state capital funds.

- Facilities must **expand or create new behavioral health infrastructure** to receive BHCIP funding.
- In general, **they must provide Medi-Cal billable services**. Residential Care Facilities (Board & Cares) are ineligible.
- To be eligible for Bond BHCIP funding, the applicant must **demonstrate “project readiness”**:
 - Site control – property ownership, executed purchase and sale agreement, letter of intent to purchase, or long-term lease (30 years)
 - Ongoing operating funding identified – five-year sustainable business plan
 - Conceptual/schematic site plans
 - Local match amount and source identified – 10% required
 - **Board Authorizing Resolution (BAR) to apply for Bond BHCIP grant**
- Constrained by **no new operating funding available, only one-time capital funds**



Round 1: Bond BHCIP Projects

In May 2025, the state announced awards for the \$3.3 billion available in Bond BHCIP Round 1.

SFDPH was awarded \$27.6 million in capital funds for two behavioral health residential treatment projects to add 73 beds to our system of care.

- \$21.3 million for the Behavioral Health Center Locked MHRC Expansion (57 beds)
- \$6.3 million for the 7th Street Enhanced Dual Diagnosis Residential Treatment program (16 beds)



333 7th Street (formerly Jo Ruffin Place)



Round 2: Bond BHCIP Applications

SFDPH plans to request \$26M in capital funds to expand two behavioral health residential and outpatient facilities for approximately 60 additional beds.

- \$14 million for Adult Residential Substance Use Disorder (SUD) Treatment Beds on Treasure Island – 40 beds
- \$12 million for a 24/7 center available for law enforcement at the upcoming Health, Recovery, and Connection Center (1660 Mission St) – up to 16 beds

Additionally, SFDPH plans to reapply with UCSF Health for Locked Subacute Treatment (LSAT) Beds & Acute Psychiatric Bed expansion of 56 beds for \$74 million



Next Steps

- Submit Bond BHCIP Round 2 applications by October 28, 2025
- Bond BHCIP Round 2 awards to be announced by the state in Spring 2026
 - Funding is not guaranteed

Should we be awarded Bond BHCIP Round 2 funds, SFDPH will need to return to the BOS for appropriation authority and to approve the final program funding agreement.



**We respectfully request approval of
this item.**

Thank you!



OFFICE OF THE MAYOR
SAN FRANCISCO



DANIEL LURIE
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors
FROM: Adam Thongsavat, Liaison to the Board of Supervisors
RE: Grant Application - California Department of Health Care Services - Bond BHCIP Round 2 Unmet Needs Program - Anticipated Revenue to the City in Excess of \$25,000,000
DATE: September 16, 2025

Resolution authorizing the San Francisco Department of Public Health to submit applications to the California Department of Health Care Services, under the Bond Behavioral Health Continuum Infrastructure Program (Bond BHCIP) Round 2 Unmet Needs Program, pursuant to the Behavioral Health Infrastructure Bond Act of 2024, for grants with terms not to exceed ten years, with anticipated revenue to the City in excess of \$25,000,000.

Should you have any questions, please contact Adam Thongsavat at adam.thongsavat@sfgov.org