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# State of California Office of Administrative Law

**In re:**  
**California Health Facilities Financing  
Authority**

**Regulatory Action:**

**Title 04, California Code of Regulations**

**Adopt sections:** 7125.1  
**Amend sections:** 7113, 7116, 7118, 7119,  
7125, 7127

**Repeal sections:**

**NOTICE OF APPROVAL OF CERTIFICATE OF  
COMPLIANCE**

**Government Code Sections 11349.1 and  
11349.6(d)**

**OAL Matter Number: 2015-1014-03**

**OAL Matter Type: Certificate of Compliance  
(C)**

The California Health Facilities Financing Authority submitted a certificate of compliance for an emergency regulatory action which amended sections 7113, 7116, 7118, 7119, 7125, 7127, and Form CHFFA 7 MH-01 and adopted section 7125.1 of title 4 of the California Code of Regulations regarding the Investment in Mental Health Wellness Grant Program. The emergency regulatory action was deemed an emergency by the Legislature pursuant to section 5848.6 of the Welfare and Institutions Code.

OAL approves this regulatory action pursuant to section 11349.6(d) of the Government Code.

**Date:** November 30, 2015

  
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**Craig S. Tarpenning**  
**Assistant Chief Counsel**

**For:** **DEBRA M. CORNEZ**  
**Director**

**Original:** Diane Stanton  
**Copy:** Carolyn Aboubechara

**2015 DEC -2 PM 3:19**  
**SA HEALTH & EDUCATIONAL  
FINANCING AUTHORITIES**

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-2015-0818-01	REGULATORY ACTION NUMBER 2015-1014-03C	EMERGENCY NUMBER
For use by Office of Administrative Law (OAL) only			
2015 OCT 14 P 1:28 OFFICE OF ADMINISTRATIVE LAW REGULATIONS			
AGENCY WITH RULEMAKING AUTHORITY CA Health Facilities Financing Authority			AGENCY FILE NUMBER (If any)

**ENDORSED - FILED**  
in the office of the Secretary of State  
of the State of California

NOV 30 2015  
3:43 PM

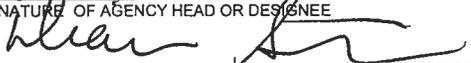
**A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)**

1. SUBJECT OF NOTICE	TITLE(S)	FIRST SECTION AFFECTED	2. REQUESTED PUBLICATION DATE
3. NOTICE TYPE <input type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other	4. AGENCY CONTACT PERSON	TELEPHONE NUMBER	FAX NUMBER (Optional)
<b>OAL USE ONLY</b> <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn	NOTICE REGISTER NUMBER 2015, 352		PUBLICATION DATE 8/28/2015

**B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)**

1a. SUBJECT OF REGULATION(S) Investment in Mental Health Wellness Grant Program	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) 2015-0609-01E
2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)	
<b>SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)</b>	ADOPT 7125.1
	AMEND 7113, 7116, 7118, 7119, 7125, 7127, Form CHFFA 7 MH-01 (Rev 06/2014)
TITLE(S) CCR4	REPEAL
3. TYPE OF FILING	
<input type="checkbox"/> Regular Rulemaking (Gov. Code §11346)	<input checked="" type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §§11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute.
<input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §§11349.3, 11349.4)	<input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h))
<input type="checkbox"/> Emergency (Gov. Code, §11346.1(b))	<input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1)
	<input type="checkbox"/> File & Print
	<input type="checkbox"/> Other (Specify) _____
	<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100)
	<input type="checkbox"/> Print Only
4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)	
5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)	
<input checked="" type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a))	<input type="checkbox"/> Effective on filing with Secretary of State
	<input type="checkbox"/> \$100 Changes Without Regulatory Effect
	<input type="checkbox"/> Effective other (Specify) _____
6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY	
<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660)	<input type="checkbox"/> Fair Political Practices Commission
<input type="checkbox"/> Other (Specify) _____	<input type="checkbox"/> State Fire Marshal
7. CONTACT PERSON Carolyn Aboubechara	TELEPHONE NUMBER 653-3213
	FAX NUMBER (Optional)
	E-MAIL ADDRESS (Optional)

8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE 	DATE 10/14/2015
TYPED NAME AND TITLE OF SIGNATORY Diane Stanton, Executive Director, CA Health Facilities Financing Authority	

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

NOV 30 2015

Office of Administrative Law

**Amend Section 7113 to read:**

The following definitions shall apply wherever the terms are used throughout this Chapter.

- (a) No change
- (b) "Application" means the written request for a Grant under the Investment in Mental Health Wellness Grant Program in the form and format of the Investment in Mental Health Wellness Grant Program Application [Form No. CHFFA 7 MH-01 \(Rev. ~~06/2014~~ 05/2015\)](#), including all supporting information and documents, as further described in Section 7116.
- (c) - (t) Cont.
- (u) "Grantee" means a county, private nonprofit corporation or public agency ~~an Applicant~~ that has been awarded ~~a~~ or designated to receive Grant funds ~~and executed a Grant Agreement~~.
- (v) Cont.

NOTE: Authority cited: Sections 5848.5 and 5848.6, Welfare and Institutions Code. Reference: Section 5848.5, Welfare and Institutions Code.

**Amend Section 7116 to read:**

- (a) - (c) No change
- (d) Application forms shall be available on the Authority's website at [www.treasurer.ca.gov/chffa](http://www.treasurer.ca.gov/chffa) and at the Authority's Office located at 915 Capitol Mall, Room 590, Sacramento, California 95814 and will be referred to as the Investment in Mental Health Wellness Grant Program Application [Form No. CHFFA 7 MH-01 \(Rev. ~~06/2014~~ 05/2015\)](#).

Note: Authority cited: Sections 5848.5 and 5848.6, Welfare and Institutions Code. Reference: Section 5848.5, Welfare and Institutions Code.

**Amend Section 7118 to read:**

- (a) No change
- (b) Until ~~January 1, 2016~~, June 30, 2015, Applicants may apply for Capital Funding totaling no more than the following maximum Grant amounts per county, according to the most recent population projection by the California Department of Finance at the time the Application is submitted:

	<b>County Population</b>	<b>Maximum</b>
(1)	100,000 or less	\$500,000
(2)	Between 100,001 and 400,000	\$1,000,000
(3)	Between 400,001 and 600,000	\$2,000,000
(4)	Between 600,001 and 1,100,000	\$4,000,000
(5)	Between 1,100,001 and 2,500,000	\$7,000,000
(6)	Between 2,500,001 and 9,000,000	\$11,000,000

(c) – (e) No change

(f) If funds for Capital Funding remain after Final Allocations have been awarded for Applications submitted by June 30, 2015, January 1, 2016, subdivisions (a), (b) and (c) shall not apply and Applications may be submitted without regard to previous maximum Grant amounts per county, and region, and

(g) If funds for Capital Funding remain after Final Allocations have been awarded for Applications submitted by January 1, 2016, Applications may be submitted without regard to previous maximum Grant amounts per region, and Grant awards for Capital Funding shall be made on a statewide competitive basis.

(h) If funds for Personnel Funding remain after Final Allocations have been awarded for Applications submitted by January 1, 2016, Applications may be submitted without regard to previous maximum Grant amounts per region, and Grant awards for Personnel Funding shall be made on a statewide competitive basis.

NOTE: Authority cited: Sections 5848.5 and 5848.6, Welfare and Institutions Code. Reference: Section 5848.5, Welfare and Institutions Code.

**Amend Section 7119 to read:**

(a)(1) No change

(a)(2) No change

(a)(3) No change

(a)(4) **Project is feasible, sustainable, and ready or will be feasible, sustainable and ready within six ~~nine~~ months of the Final Allocation.** (Maximum 30 points)

NOTE: Authority cited Sections 5848.5 and 5848.6, Welfare and Institutions Code. Reference: Section 5848.5, Welfare and Institutions Code.

**Amend Section 7125 to read:**

(a)(1) No change

(a)(2)(A)(i)-(vii) No change

(a)(2)(A)(viii) In addition to subdivisions (a)(2)(A)(i-vii), prior to the release of Grant funds to a private nonprofit corporation or public agency designated by a county or Counties Applying Jointly for construction or renovation on real property acquired with Grant funds by the designated private nonprofit corporation or public agency, the designated private nonprofit corporation or public agency shall execute a Grant Agreement and agree to comply with Section 7125.1. The Lead Grantee may request the Authority to release the Grant funds to the designated private nonprofit corporation or public agency or to the Lead Grantee for disbursement to the designated private nonprofit corporation or public agency. The designated private nonprofit corporation or public agency shall return the Grant funds to the Authority if the designated private nonprofit corporation or public agency fails to comply with Section 7125.1.

(B) For real property acquisitions: ~~An appraisal completed within the previous six months by a state certified appraiser.~~

(i) An appraisal completed within the previous six months by a state certified appraiser.

(ii) In addition to subdivision (a)(2)(B)(i), prior to the release of Grant funds to a private nonprofit corporation or public agency designated by a county or Counties Applying Jointly to acquire real property, the designated private nonprofit corporation or public agency shall execute a Grant Agreement and agree to comply with Section 7125.1. The Lead Grantee may request the Authority to release the Grant funds to the designated private nonprofit corporation or public agency, or to the Lead Grantee for disbursement to the designated private nonprofit corporation or public agency. The designated private nonprofit corporation or public agency shall return the Grant funds to the Authority if the designated private nonprofit corporation or public agency fails to comply with Section 7125.1.

(C) Cont.

(D) Cont.

(E) Cont.

(3) The Authority Staff has determined the Project is ready and feasible.

(A) The determination that the Project is ready and feasible may occur at the time of Initial Allocation or within ~~six~~ nine months following Final Allocation.

(B) If the determination is made after Final Allocation, the determination shall be based on updated information provided to the Authority by Grantee in accordance with Section 7124(a)(14).

(C) Limited extensions beyond ~~six~~ nine months as set forth in subdivision (3)(A) shall be made on a case-by-case basis at the discretion of the Executive Director for good cause, such as

reasonable delays associated with obtaining building and conditional use permits, obtaining California Environmental Quality Act compliance documentation, or identifying a qualified provider.

(D) Failure to demonstrate readiness and feasibility within the timeframes dictated by the Authority shall cancel the Grant and the Grant funds shall be made available to other Applicants.

(4) No change

NOTE: Authority cited: Sections 5848.5 and 5848.6, Welfare and Institutions Code. Reference: Section 5848.5, Welfare and Institutions Code.

**Add Section 7125.1 to read:**

**Section 7125.1. Grant Funds to a Designated Private Nonprofit Corporation or Public Agency for Real Property Acquisition, Construction or Renovation.**

(a) The Authority may, at its discretion, give consideration to a private nonprofit corporation or public agency in an area or region of the state if a county, or Counties Applying Jointly, affirmatively supports this designation and collaboration in lieu of a county directly receiving Grant funds for real property acquisition or for construction or renovation on real property acquired with Grant funds by the designated private nonprofit corporation or public agency. The designated private nonprofit corporation or public agency shall comply with all of the following requirements:

(1) The designated private nonprofit corporation or public agency shall provide the Program(s) services.

(2) The designated private nonprofit corporation or public agency shall execute a Grant Agreement that:

(A) Complies with the provisions contained in Section 7124.

(B) Provides that in the event the designated private nonprofit corporation or public agency fails to provide Crisis Residential Treatment or Crisis Stabilization services as provided in the Grant Agreement, title to the real property shall be given to the county or Counties Applying Jointly.

(C) Provides that in the event the county or Counties Applying Jointly do not act timely, as determined by the Authority, to take and hold title to the real property, when the designated private nonprofit corporation or public agency fails to provide Crisis Residential Treatment or Crisis Stabilization services as provided in the Grant Agreement, the Authority may take any action necessary to take and hold title to the real property.

(3) The designated private nonprofit corporation shall provide, upon request, Audited Financial Statements and shall retain all Project and financial records necessary to substantiate the purposes for which the Grant funds were spent for a period of three years after the certification of Project completion has been submitted.

(4) The designated private nonprofit corporation or public agency shall provide, upon request, a current title report that shows all of the following:

(A) No easements, exceptions or restrictions on the use of the site that shall interfere with or impair the operation of the Project.

(B) A fee title subject to the lease agreement described in subdivision (a)(5).

(C) A deed of trust recorded in the chain of title against the real property that contains the lease agreement described in subdivision (a)(5).

(5) The designated private nonprofit corporation or public agency shall enter into a lease agreement with the county or Counties Applying Jointly for use of the real property for Crisis Residential Treatment or Crisis Stabilization for the useful life of the Project, including any renewals. The lease agreement shall provide that:

(A) In the event the designated private nonprofit corporation or public agency fails to provide Crisis Residential Treatment or Crisis Stabilization services as provided in the Grant Agreement, title to the real property shall be given to the county or Counties Applying Jointly.

(B) In the event the county or Counties Applying Jointly do not ~~act timely, as determined by the Authority,~~ to take and hold title to the real property, when the designated private nonprofit corporation or public agency fails to provide Crisis Residential Treatment or Crisis Stabilization as provided in the Grant Agreement, the Authority may take any action necessary to take and hold title to the real property.

Note: Authority cited: Sections 5848.5 and 5848.6, Welfare and Institutions Code. Reference: Section 5848.5, Welfare and Institutions Code

**Amend Section 7127 to read:**

**Section 7127. Recovery of Funds for Non-Performance and Unused Grant Funds; Remedies.**

(a) No change

(b) No change

(c) No change

(d) In the event the county or Counties Applying Jointly do not ~~act timely, as determined by the Authority,~~ to take and hold title to the real property as provided in Section 7125.1, the Authority may take any action necessary to take and hold title to the real property.

Note: Authority cited: Sections 5848.5 and 5848.6, Welfare and Institutions Code. Reference: Section 5848.5, Welfare and Institutions Code.