

**California Health Facilities Financing Authority
Community Services Infrastructure Grant Program (SB 843)**

Report to the Legislature – March 2026

Background

Chapter 33 of the Statutes of 2016 (Senate Bill “SB” 843), Section 52 established the Community Services Infrastructure Grant Program (CSI Grant Program), a one-time competitive grant program intended to create and expand community alternatives to incarceration.

The CSI Grant Program seeks to expand access to jail and prison diversion programs and services for those with mental health illness, substance use disorders, or who have suffered from trauma through the creation or expansion of mental health treatment facilities, substance use disorder treatment facilities, and trauma-centered service facilities for justice-involved individuals in local communities.

The California Health Facilities Financing Authority (Authority) was assigned responsibility for developing the program as well as awarding and administering the grants.

The CSI Grant Program grants funds to counties for infrastructure projects and may utilize awarded funds for facility acquisition, renovation, equipment acquisition, and applicable startup or expansion costs.

Program Funding

The CSI Grant Program was initially allocated funding in the enacted 2016-17 budget (SB 826). This allocation included a one-time General Fund appropriation of \$67,500,000, of which \$1,687,000 was allocated for administrative costs.

The Authority temporarily postponed the development of the program pending resolution of funding availability after it was notified that the Governor’s proposed 2017-18 budget recommended reverting the \$67,500,000 appropriation allocated from the General Fund in the 2016-17 budget.

The enacted 2017-18 budget (AB 97) restored funding for the CSI Grant Program, re-allocating \$67,500,000 in a one-time General Fund appropriation, including \$1,687,000 for administrative costs. According to AB 97, all funds must have been encumbered by June 30, 2020, all funds must have been fully disbursed by June 30, 2022, and therefore, all projects had to have been open and operational by June 30, 2022.

On September 23, 2021, the Governor signed the Budget Act of 2021 (SB 170), which extended the CSI Grant Program encumbrance deadline from June 30, 2020 to June 30, 2023, resulting in a June 30, 2025 disbursement deadline, and therefore, all projects must now be open and operational by June 30, 2025.

On June 27, 2025, the Governor signed the Budget Act of 2025 (SB 101), which extended the CSI Grant Program encumbrance deadline from June 30, 2023 to June 30, 2028, resulting in a June 30, 2030 disbursement deadline, which would require all projects to be open and operational by June 30, 2030. All projects had become open and operational by June 30, 2025.

Program Development and Implementation

Authority staff began working on the structure and development of the program shortly after the 2017-18 budget was approved in June 2017. Authority staff worked closely with the Authority's technical advisor, the California Institute for Behavioral Health Solutions, and consulted with several stakeholders, including the Council on Criminal Justice and Behavioral Health, the California Department of Corrections and Rehabilitation, the County Behavioral Health Directors Association of California, the Council of State Governments Justice Center, the Board of State and Community Corrections, California State Senate and Assembly legislative staff, the San Francisco District Attorney's Office and various county behavioral health departments.

On August 15, 2018, Authority staff presented a webinar to approximately 100 interested stakeholders, providing an overview of the CSI Grant Program and the proposed regulations, and giving stakeholders the opportunity for input and feedback on the regulations.

The Authority developed emergency regulations that were approved by the Office of Administrative Law on November 15, 2018, and permanent regulations became effective on October 3, 2019.

The Authority held two funding rounds where counties had the opportunity to apply for CSI Grant Program funding. The first funding round opened on November 30, 2018 and closed on April 30, 2019, and the second funding round opened on June 3, 2019 and closed on December 2, 2019.

Authority staff held two informational technical assistance webinars on December 13, 2018 and October 30, 2019, providing an overview of the program and specifics regarding the preparation of an application. Additionally, on September 29, 2020, Authority staff held a "Next Steps" webinar for the CSI Grant Program grantees, providing an overview of the disbursement process and the reporting requirements.

In November 2021, Authority staff implemented an online application and grant management platform, which allowed the Authority to track and manage all aspects of each grant, including receiving applications, reviewing and scoring applications, processing disbursement forms, and reviewing submitted supporting documentation and closeout forms, thus eliminating the reliance on hard copies. On June 8, 2022, permanent regulations were approved by the Office of Administrative Law, requiring all grant applications for future funding rounds to be submitted through the online application and grant management platform.

Since SB 170 (2021) extended the CSI Grant Program encumbrance deadline to June 30, 2023, and additional funding became available after grantees had forfeited all or some of their grant awards; the Authority was able to open two subsequent funding rounds.

The Authority held an additional two funding rounds where counties had the opportunity to apply for CSI Grant Program funding. The third funding round opened on July 8, 2022 and closed November 15, 2022, and the fourth funding round opened on December 12, 2022 and closed on March 3, 2023.

The third and fourth funding rounds combined had only three grantees, so Authority staff provided an overview of the disbursement process and the reporting requirements to the grantees on an individual basis.

Summary of Grant Awards

After the completion of four funding rounds, the Authority has approved 20 CSI Grant Program awards for the benefit of 14 counties and for new treatment facilities and services to serve approximately 2,769 justice-involved individuals annually.

During the first funding round, the Authority received 10 applications, and on July 25, 2019, the Authority awarded \$18,190,823.55 for eight projects in eight counties. Two of the eight counties forfeited their grant awards in the amount of \$1,568,800.55, and those funds were made available in the second funding round. One county forfeited its grant award due to the financial impact of the COVID-19 pandemic, and the second county forfeited its grant award because another county agency was already implementing a similar program funded through a different grant, and the county determined that both projects would not be sustainable.

During the second funding round, the Authority received 12 applications, and on March 26, 2020, and June 25, 2020, the Authority awarded \$49,190,977.00 for nine projects in eight counties.

Three counties forfeited their entire grant awards after the second funding round. One county forfeited its grant award in the amount of \$6,000,000 due to not being able to meet the readiness, feasibility, and sustainability requirements of the CSI Grant Program, and two counties forfeited their grant awards for a combined amount of \$3,772,268.20 due to the financial impact of the COVID-19 pandemic and challenges in locating suitable property. Additionally, a combined amount of \$874,805.56 in grant funds was forfeited by counties who completed their projects for less than their total grant award, leaving a total of \$10,647,073.76 in forfeited funding.

SB 170 (2021) extended the encumbrance deadline of the CSI Grant Program to June 30, 2023, and as such the total amount of \$10,647,073.76 in forfeited funds was made available in the third and fourth funding rounds.

During the third funding round, the Authority received two applications, and on January 26, 2023, the Authority awarded \$4,500,000.00 for two projects in two counties, leaving \$6,147,073.76 available for a fourth funding round.

During the fourth funding the Authority received four applications, and on May 25, 2023, the Authority awarded \$6,000,000.00 for one project in one county, leaving an unawarded amount of \$147,073.76.

Eight counties Contra Costa, Los Angeles, Nevada, Plumas, Sacramento, San Luis Obispo, Santa Cruz and Yolo forfeited¹ a total of \$12,215,874.31 in capital funding, and the funds were made available for the second, third and fourth funding rounds. After the fourth funding round, four grantees had partial grant forfeitures for a combined amount of \$3,833,874.29 and one grantee forfeited its entire grant amount of \$6,000,000.

A total of \$9,980,948.05, comprised of unawarded and forfeited funds, will revert back to the General Fund. A detailed summary of the projects is attached as Exhibit C.

A detailed summary of all the awards conferred by the board, a description of the projects funded for each county, the amount of each grant awarded, a description of other sources of funding for each project, and the target population to be served by the counties, are included in Exhibit A.

Projects Statuses

As of March 2026, all thirteen active projects under the CSI Grant Program have been completed and are open and operational. A total amount of \$55,832,051.95 has been disbursed, and there are no remaining funds to be disbursed. A summary, by region, of the thirteen active projects that will provide services for approximately 1,303 justice-involved individuals annually is attached as Exhibit B.

COVID-19 Impact

The COVID-19 pandemic caused challenges for the grantees, including, but not limited to additional time needed to meet the readiness, feasibility, and sustainability requirement deadlines; delays in identifying a property for the project; obtaining furnishings and equipment; developing and executing service provider agreements; and financial strains on budgets causing requests for changes to the scope of projects and grant forfeitures. At the time, Authority staff actively monitored projects as they advanced towards completion, and when needed, considered milestone condition extensions and grant period and resolution extensions on a case-by-case basis.

Requests for Project Scope/Description Changes

On August 27, 2020, the Authority board approved procedures on how to address future requests for project scope/description changes that Authority staff would utilize to ensure consistent reviews and recommendations are made to the Authority board. Authority staff would work closely with the grantees to obtain updated information and determine whether the project scope/description changes continue to meet the intent of the statute and CSI Grant Program regulations, would have scored appropriately to be awarded, were feasible and sustainable, and would have originally been approved had the changes been submitted in the original application, before presenting a recommendation to the Authority board.

¹ Forfeited: Grantee was unable to complete the project and forfeited the grant and all associated funding or completed the project and forfeited partial funding because the project costs were less than initially estimated.

To date the Authority has received four project description change requests due to the COVID-19 pandemic impact on county's budgets as well as the rising costs of property and "not in my backyard" (NIMBY) issues, which made it difficult for counties to secure property. The requests included: one county requesting a reduction in the number of clients to be served annually, a second county requesting to combine two grant awards and reducing the number of facilities to be purchased but maintaining the number of clients to be served annually, but requesting one year later to return the two grant award project descriptions back to their original terms, and a third county requesting to reduce the number of facilities to be purchased as well as reducing the number of clients to be served annually. The anticipated annual number of justice-involved clients lost due to budget constraints is approximately 893, and due to NIMBY issues is approximately 100.

Lessons Learned

Authority staff worked closely with each county to ensure timely completion of projects and to ensure that all funds were disbursed before the program and funding expiration.. As a result of lessons learned from previous grant programs, the Authority placed milestone conditions in each grant approval Authority resolution that are tailored to each individual project and include stipulations, such as deadlines for the projects to become open and operational and to submit requests for disbursement of grant funds along with supporting documentation. The milestone conditions act as triggers to identify possible issues in meeting the grant deadline, and a county will have to go before the Authority board if they face challenges in meeting their milestone conditions, to get extensions of those deadlines beyond 60 days, which has been delegated to the Executive Director and Deputy Executive Director.

Notable Outcomes

Counties with capital projects that are open and operational are required to submit annual reports by September 30 of each year. The annual report contains Grant Program outcome data, including, but not limited to: reduced number of the target population in jails and/or prisons, the reduced need for mental health treatment, substance use disorder treatment, and/or trauma-centered services in jails and/or prisons, number and demographics of individuals within the target population that received treatment and/or services through the program, the number and demographics of the target population who completed/did not complete treatment and/or services, and the cost savings of the programs compared to the cost of providing treatment and/or services in jails and/or prisons. Below are some notable outcomes from the 2024 calendar year reporting period.

- Riverside County, Arlington Recovery Center (First Funding Round)
Riverside County reported that in 2024 82 justice-involved individuals were successfully diverted to the program for mental health or substance use disorders instead of being directly booked and held in County jail. The diversion of the 82 individuals resulted in cost savings for the County jail of approximately \$1.93 million.
- Riverside County, Restorative Transformation Center (Second Funding Round)
Riverside County reported that in 2024 30 justice-involved individuals, who were deemed incompetent to stand trial and needed a higher level of mental health treatment and care, were diverted to the program instead of being directly booked and held in County jail. The diversion of the 30 individuals resulted in cost savings for the County jail of approximately \$2.79 million.

- Los Angeles County, Olive View Recuperative Care Center (Second Funding Round)

Los Angeles County reported that in 2024 the program provided services for 38 justice involved individuals. The diversion of the 38 individuals resulted in a cost savings for the County jail of approximately \$1.93 million.

Exhibit A: Summary of Awards

Exhibit B: Active Grant Projects by Region – Map

Exhibit C: Grant Funding Details

Applicant	Funding Round	Project Title	Capital Funding Awarded	Expected Program Capacity (Beds/ Clients)	Expected Number of Clients Served Annually	Other Funding Sources for the Project	Project and Target Population
Los Angeles *	1	Bell Recuperative Care Center	\$ 6,000,000.00	75	225	Local County Funds	The Bell Recuperative Care Center is expected to provide mental health and substance use disorder treatment, as an alternative to jail or prison incarceration, for justice-involved individuals who are also at risk of homelessness.
Plumas **	1	Plumas County Day Reporting Center	568,940.00	30	625	MHSA, Realignment Funds, Medi-Cal, Federal Financial Participation, Proposition 47 Cohort I, Collaborative Partner Staffing, SAMHSA Block Grant, Realignment Funds	The Plumas County Day Reporting Center is expected to provide mental health treatment, substance use disorder treatment, and trauma-centered services, as an alternative to jail or prison incarceration for justice-involved individuals ages 18 and over, who participate in a pre-trial diversion program.
Riverside	1	Arlington Recovery Community Program	4,000,000.00	54	648	MHSA Funds, Realignment Funds, Medi-Cal Federal Financial Participation, AB109 Grant, Substance Abuse Prevention & Treatment Block Grant	The Arlington Recovery Community Program is expected to provide mental health and substance use disorder treatment, as an alternative to jail or prison incarceration, for justice-involved individuals.
San Joaquin	1	Adult Mental Health Residential Treatment Services for Individuals with Co-occurring Disorders	2,500,000.00	16	32	MHSA Funds	The Adult Residential Treatment Services for Individuals with Co-occurring Disorders facility is expected to provide mental health and substance use disorder treatment, as an alternative to jail or prison incarceration for male adults ages 18 and over, who are suffering from serious mental illnesses and co-occurring disorders.
San Luis Obispo	1	San Luis Obispo Behavioral Health Department Diversion Facility Renovation Project	855,832.00	33	40	None	The San Luis Obispo Behavioral Health Diversion Facility Renovation Project is expected to provide mental health and substance use disorder treatment, as an alternative to jail or prison incarceration, for justice-involved individuals ages 26-59 and individuals who are at risk of being or deemed mentally incompetent to stand trial.
Santa Cruz **	1	Recovery Center Expansion and Revitalization	999,860.55	20	430	None	The Recovery Center Expansion and Revitalization is expected to provide substance use disorder treatment, as an alternative to jail or prison incarceration for justice-involved individuals ages 18 and over.
Sonoma	1	Diversion Transitional Housing	2,266,191.00	6	20	MHSA Funds, Realignments, Medical, and Department of State Hospitals Felony Incompetent to Stand Trial Grant Funds	The Diversion Transitional Housing program is expected to provide mental health treatment, substance use disorder treatment, and trauma-centered services, as an alternative to jail or prison incarceration, for justice-involved individuals diverted from county jail pre- and post-conviction, including individuals deemed incompetent to stand trial.
Yolo*	1	Yolo County Community Corrections Diversionary Housing Project	1,000,000.00	10	20	Medi-Cal, Federal Financial Participation	Yolo County Community Corrections Diversionary Housing Project is expected to provide mental health and substance use disorder treatment, as an alternative to jail or prison incarceration, for justice-involved individuals who are also at risk of homelessness.
Funding Round 1 Subtotal			\$ 18,190,823.55	244	2,040		

Applicant	Funding Round	Project Title	Capital Funding Awarded	Expected Program Capacity (Beds/ Clients)	Expected Number of Clients Served Annually	Other Funding Sources for the Project	Project and Target Population
Contra Costa *	2	Forensic Mental Health Diversion Program	\$ 1,150,018.20	50	50	None	The Forensic Mental Health Diversion Program is expected to provide mental health treatment, as an alternative to jail or prison incarceration, for justice-involved individuals with felony or misdemeanor charges deemed incompetent to stand trial, and/or who are also at risk of homelessness.
Los Angeles	2	MLK Behavioral Health Center Renovation	10,125,415.13	81	164	Realignment Funds	The MLK Behavioral Health Center Renovation is expected to provide mental health and substance use disorder treatment, as an alternative to jail or prison incarceration, for justice-involved individuals suffering from complex behavioral health conditions and are in frequent contact with the criminal justice system.
Los Angeles	2	Olive View - UCLA Medical Center Recuperative Care Center	5,300,945.00	12	72	Department of Health Services Obligated Enterprise Fund Balance	The Olive View - UCLA Medical Center Psychiatric Bed Expansion is expected to provide mental health and substance use disorder treatment, and trauma-centered services, as an alternative to jail or prison incarceration for justice-involved individuals.
Nevada	2	Diversion House Project	1,085,664.00	4	6	None	The Diversion House Project is expected to provide mental health and substance use disorder treatment, as an alternative to jail or prison incarceration, for justice-involved individuals who are also at risk of homelessness.
Riverside	2	Restorative Transformation Center	18,984,848.00	30	32	MHSA Funds	The Restorative Transformation Center is expected to provide mental health treatment for justice-involved individuals, who are found incompetent to stand trial and are being diverted from incarceration. Following completion of services, criminal charges may be dismissed, and the justice-involved individuals may reside in their community with ongoing supportive mental health treatment.
Sacramento	2	Jail Diversion Treatment Resource Center	1,690,542.67	150	150	None	The Jail Diversion Treatment Resource Center is expected to provide mental health treatment, substance use disorder treatment, and trauma-centered services, as an alternative to jail or prison incarceration, for justice-involved individuals arrested on misdemeanor charges. Following completion of services, criminal charges may be dismissed and the justice-involved individuals may reside in their community with ongoing supportive mental health treatment.
San Joaquin	2	Adult Mental Health Residential Treatment Services for Individuals with Co-occurring Disorders	2,930,186.00	16	32	None	The Adult Mental Health Residential Treatment Services for Individuals with Co-occurring Disorders facility is expected to provide mental health and substance use disorder treatment, as an alternative to jail or prison incarceration, for female adults ages 18 and over, who are suffering from serious mental illnesses and co-occurring disorders.
Solano	2	Residential Mental Health Diversion Program	6,301,108.00	16	16	Realignment Funds	The Residential Mental Health Diversion Program is expected to provide mental health treatment, as an alternative to jail or prison incarceration, for adult justice-involved individual with co-occurring disorders.
Yolo *	2	Ellen's House	1,622,250.00	8	80	None	Ellen's House is expected to provide substance use disorder treatment and connection/linkage to mental health services, as an alternative to jail or prison incarceration, for justice-involved individuals who have co-occurring disorders and who are also at risk of homelessness.
Funding Round 2 Subtotal			\$ 49,190,977.00	367	602		
Forfeited Funds Awarded in Funding Round 2			\$ 1,568,800.55				

On September 23, 2021, the Governor signed SB 170 which extended the CSI Grant Program encumbrance deadline to June 30, 2023. Funding became available after some grantees forfeited all or some of their grant awards.

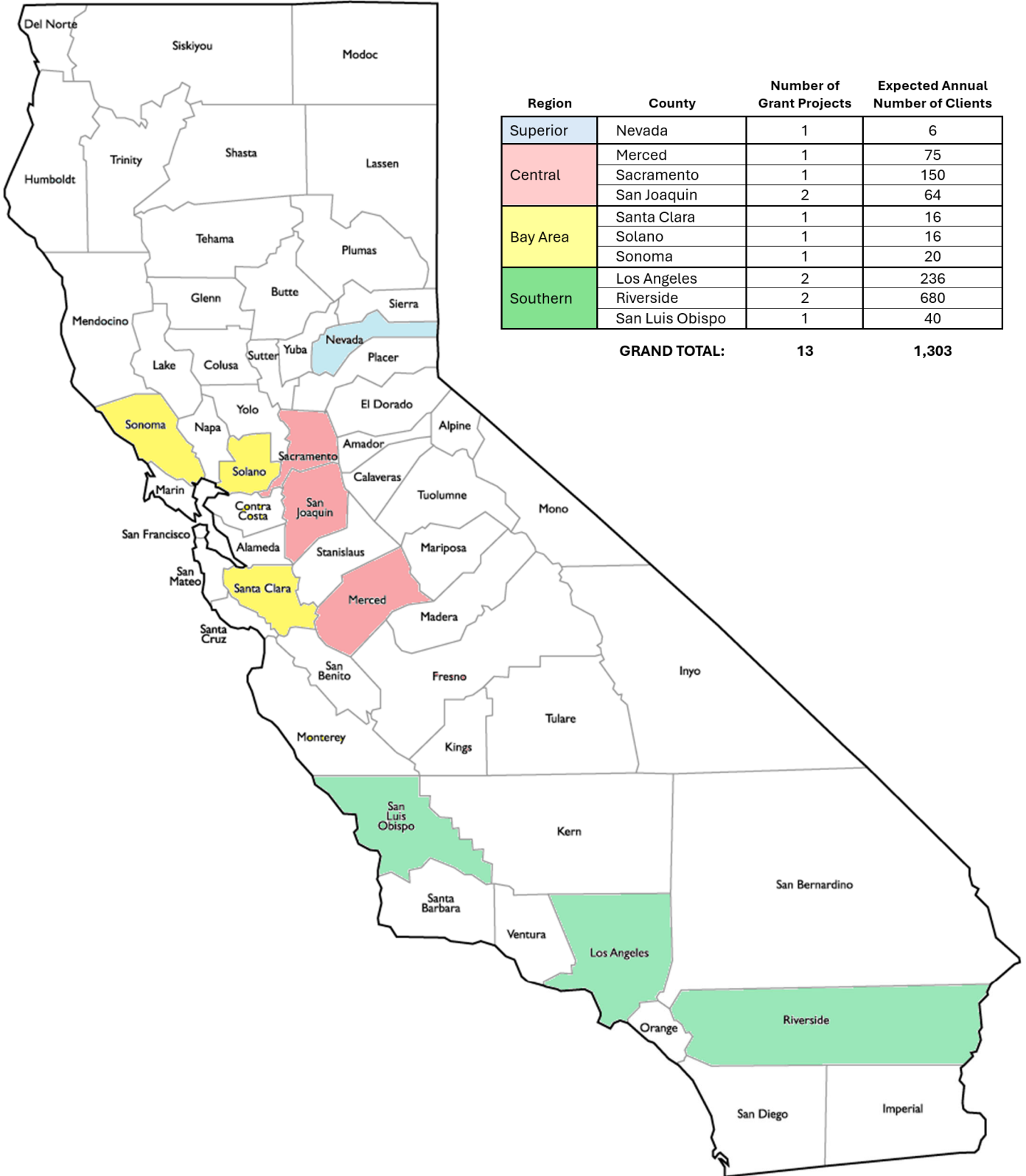
Forfeited funds available after SB 170 extended the encumbrance deadline ***	\$ 10,647,073.76
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Applicant	Funding Round	Project Title	Capital Funding Awarded	Expected Program Capacity (Beds/ Clients)	Expected Number of Clients Served Annually	Other Funding Sources for the Project	Project and Target Population
Merced	3	Pathways to Wellness Program	2,500,000.00	75	75	Proposition 47	The Pathway to Wellness Program is expected to provide mental health treatment, substance use disorder treatment, and trauma-centered services, as an alternative to jail or prison incarceration, for justice-involved individuals experiencing co-occurring disorders.
Santa Clara	3	SCC BHSD-Forensic, Diversion & Reintegration (FDR) Division Transitional Housing Unit	2,000,000.00	8	16	Department of State Hospitals Felony Incompetent to Stand Trial Grant Funds	The SCC BHSD-Forensic, Diversion & Reintegration Division Transitional Housing Unit is expected to provide mental health services, as an alternative to incarceration, for justice-involved individuals.
Funding Round 3 Subtotal			\$ 4,500,000.00	83	91		
Santa Clara	4	SCC BHSD-Forensic, Diversion & Reintegration (FDR) Division Transitional Housing Unit	6,000,000.00	18	36	Department of State Hospitals Felony Incompetent to Stand Trial Grant Funds	The SCC BHSD-Forensic, Diversion & Reintegration Division Transitional Housing Unit is expected to provide mental health services, as an alternative to incarceration, for justice-involved individuals.
Funding Round 4 Subtotal			\$ 6,000,000.00	18	36		
Grand Total Awarded			\$ 77,881,800.55	712	2,769		
Total Awarded - less forfeitures			\$ 58,102,673.25	501	1,303		

* Contra Costa, Los Angeles, and Yolo forfeited their CSI grant awards after all funds were encumbered in the first and second funding round. Funds were made available in the third and fourth funding rounds.
 ** Plumas County and Santa Cruz County forfeited their CSI grant awards, and the funds were made available in the second funding round.
 *** Four counties had completed their projects but forfeited a combined total of \$874,805.56 because project costs were less than initially estimated. Funds were made available in the third and fourth funding rounds.
 **** After the fourth funding round, Riverside, Sonoma, Solano, and Santa Clara counties forfeited a combined amount of \$9,833,874.292.

Note: After four funding rounds, \$9,980,948.05 will revert back to the General Fund. \$147,073.76 was left unawarded in Round 4, and \$9,833,874.29 was forfeited after Round 4 awards.

California Health Facilities Financing Authority Community Services Infrastructure Grant Program Active Grant Projects by Region



Region	County	Number of Grant Projects	Expected Annual Number of Clients
Superior	Nevada	1	6
	Merced	1	75
	Sacramento	1	150
	San Joaquin	2	64
Central	Santa Clara	1	16
	Solano	1	16
	Sonoma	1	20
Southern	Los Angeles	2	236
	Riverside	2	680
	San Luis Obispo	1	40
GRAND TOTAL:		13	1,303

County and Funding Round		Award Amount	Amount Disbursed	Amount Forfeited	Amount Remaining	Expected Annual Number of Clients	Project Status
Los Angeles - ODR	1	\$ 6,000,000.00	\$ -	\$ 6,000,000.00	\$ -	0	Forfeited
Plumas	1	\$ 568,940.00	\$ -	\$ 568,940.00	\$ -	0	Forfeited
Riverside	1	\$ 4,000,000.00	\$ 4,000,000.00	\$ -	\$ -	648	Completed
San Joaquin	1	\$ 2,500,000.00	\$ 2,500,000.00	\$ -	\$ -	32	Completed
San Luis Obispo	1	\$ 855,832.00	\$ 762,598.09	\$ 93,233.91	\$ -	40	Completed
Santa Cruz	1	\$ 999,860.55	\$ -	\$ 999,860.55	\$ -	0	Forfeited
Sonoma	1	\$ 2,266,191.00	\$ 1,657,865.94	\$ 608,325.06	\$ -	20	Completed
Yolo	1	\$ 1,000,000.00	\$ -	\$ 1,000,000.00	\$ -	0	Forfeited
Contra Costa	2	\$ 1,150,018.20	\$ -	\$ 1,150,018.20	\$ -	0	Forfeited
Los Angeles - DMH	2	\$ 10,125,415.13	\$ 10,125,415.13	\$ -	\$ -	164	Completed
Los Angeles - ODR	2	\$ 5,300,945.00	\$ 4,553,588.01	\$ 747,356.99	\$ -	72	Completed
Nevada	2	\$ 1,085,664.00	\$ 1,084,956.77	\$ 707.23	\$ -	6	Completed
Riverside	2	\$ 18,984,848.00	\$ 17,358,562.36	\$ 1,626,285.64	\$ -	32	Completed
Sacramento	2	\$ 1,690,542.67	\$ 1,657,035.24	\$ 33,507.43	\$ -	150	Completed
San Joaquin	2	\$ 2,930,186.00	\$ 2,930,186.00	\$ -	\$ -	32	Completed
Solano	2	\$ 6,301,108.00	\$ 6,265,097.40	\$ 36,010.60	\$ -	16	Completed
Yolo	2	\$ 1,622,250.00	\$ -	\$ 1,622,250.00	\$ -	0	Forfeited
Merced	3	\$ 2,500,000.00	\$ 2,500,000.00	\$ -	\$ -	75	Completed
Santa Clara	3	\$ 2,000,000.00	\$ 436,747.01	\$ 1,563,252.99	\$ -	16	Completed
Santa Clara	4	\$ 6,000,000.00		\$ 6,000,000.00	\$ -	0	Forfeited
GRAND TOTAL		\$ 77,881,800.55	\$ 55,832,051.95	\$ 22,049,748.60	\$ -	1,303	