

Community Forensic Partnerships Division  
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[www.dsh.ca.gov](http://www.dsh.ca.gov)



DEPARTMENT LETTER: 24-004

**September 23, 2024**

TO: ALL DSH IST RESIDENTIAL INFRASTRUCTURE FUNDING  
RECIPIENTS

SUBJECT: INFORMATION REGARDING UTILIZATION OF DSH-FUNDED IST  
RESIDENTIAL INFRASTRUCTURE FOR NON-DSH CLIENTS

EXPIRES: RETAIN UNTIL RESCINDED

## **Purpose**

The purpose of this Departmental Letter is to provide counties with guidance regarding the use of the California Department of State Hospitals (DSH) Incompetent to Stand Trial (IST) Infrastructure Program beds for non-DSH clients.

## **Background**

The 2022 Budget Act invested significant ongoing funding for DSH to implement comprehensive IST solutions to provide timely access to care for individuals found IST on felony charges. Included in this investment is significant funding for counties to expand Community Based Restoration (CBR) and Felony Mental Health Diversion (Diversion) programs through the creation of 5,000 beds in the community over the next four years to serve individuals deemed IST on felony charges.

DSH has contracted with the Advocates for Human Potential, Inc. (AHP) to create the DSH IST Infrastructure Project. This project provides \$468.8 million in one-time funds specifically designated to develop residential housing settings in support of individuals who are participating in either DSH-funded Diversion or CBR programs. DSH estimates that approximately 3,000 of the individuals identified as IST on felony charges annually are eligible for participation in community-based treatment programs. An average length of stay of 18 months per participant results in a capacity need of approximately 5,000 beds.

## **General Information for Infrastructure Funding Program**

DSH estimates the 5,000-bed program will be spread across approximately 700 housing units statewide with an average of 8 beds per unit. A flat rate of \$750,000 per 8-bed residence shall be issued, which equates to \$93,750 per bed. Counties may pursue residences with more than eight beds or fewer than eight beds, but the cost per bed will remain unchanged. Funds shall be utilized to cover the down payment, renovation, necessary retrofitting, and furnishings for staff and patients.

The ongoing cost of operating the homes shall be provided through a separate per-patient rate paid to counties or to service providers, who are responsible for securing client housing and providing wraparound treatment services. Counties will receive a \$228.00 per day reimbursement per resident for an anticipated average 18-month length of stay in a DSH-funded Diversion or CBR program. The per day reimbursement may be used as a match to draw down federal funding and/or paired with other funding sources to increase the total amount available to support patient treatment and supportive services.

Counties and providers shall sign a restrictive use covenant to ensure the property will be used to serve DSH-identified populations for a minimum of 20–30 years from the date of the award. Counties may also subcontract with other entities to provide housing and/or services; however, the county and any separate subcontracted housing provider must be named in the restricted use covenant.

## **Infrastructure Application Process**

To participate in this program, applicants must submit a proposal to AHP that includes the number of beds it proposes to provide. If the proposal is approved, the applicant will receive an award letter with a Program Funding Agreement from AHP. The agreement will outline what information and documents are necessary for each proposed infrastructure project. After the project application package is complete and approved, applicants can begin to draw down funds to support their project(s). Applicants can visit the AHP website for additional information at <https://buildingcaldsh.com/>.

## **Infrastructure Funding Program Requirements**

DSH shall pay the full allocation for each approved infrastructure project and upon activation of the housing site and treatment program, counties may utilize beds for non-DSH clients (any client apart from the DSH populations counties have contracted with DSH to serve) under certain conditions and through a cost-reimbursement process of the infrastructure funding initially allocated to counties over the term of the covenant. Non-DSH clients selected for placement in a bed should have similar treatment needs to the DSH-funded clientele. This can include Misdemeanor ISTs, CARE participants, or clients enrolled in Full Service

Partnerships, Assisted Outpatient Treatment programs, Assertive Community Treatment programs, or Forensic Assertive Community Treatment programs. Counties can also consider using the beds as transition housing for clients who graduate from DSH-funded Diversion or ISTs who have been discharged from DSH.

The process allows counties to reimburse DSH for each bed used for a non-DSH client as a credit against DSH's Diversion or CBR service payment to the county. The cost reimbursement rates will be configured as a daily rate by dividing the infrastructure bed rate by the total number of days of the covenant (20 or 30 years). The table below outlines the daily infrastructure rate for cost reimbursement of a bed for both a 20-year and 30-year covenant.

<b>Bed Rate</b>	<b>20-Year Covenant Total Days</b>	<b>30-Year Covenant Total Days</b>	<b>Cost Per Bed Per Day for 20-Year Covenant</b>	<b>Cost Per Bed Per Day for 30-Year Covenant</b>
\$93,750	7,300	10,950	\$12.84	\$8.56

IST beds may be utilized for non-DSH clients, under the following conditions:

- Beds may only be utilized for non-DSH clients when there are no DSH clients pending admission to receive treatment services.
- Rent or services pertaining to non-DSH clients will not be reimbursed by DSH.
- Counties shall not utilize more than 50% of their total beds for non-DSH clients at any time.
- Counties must ensure that a minimum of one (1) of the non-DSH beds always remains unoccupied in the event an IST client needs a bed timely unless all beds are currently filled with DSH clients.
- If an occupied bed is needed for an IST client, the county shall discharge the non-DSH client within 21 calendar days and admit the new IST client within 28 calendar days of commitment to the program.
- Counties may only place a non-DSH client in an IST bed for a maximum of 60 calendar days. Use of a bed beyond the maximum 60 days must be approved by DSH and will be considered on a case-by-case basis.
- Prior to the admission of the first non-DSH client, a county must submit a written utilization plan to the DSH Diversion Inbox at [DSHDiversion@dsh.ca.gov](mailto:DSHDiversion@dsh.ca.gov) for review and approval. The plan must include

the process for discharging non-DSH clients timely when a bed is needed for a felony IST client.

- Counties shall submit verification of the total number of bed days utilized for DSH and non-DSH clients on a weekly basis with a deadline to be determined by DSH. Executed contracts will provide guidance on required data.

If you have any questions or require additional information, please contact DSH Diversion by email at [DSHDiversion@dsh.ca.gov](mailto:DSHDiversion@dsh.ca.gov).

Original Signed By

A handwritten signature in blue ink, appearing to read "Scamacho".

Stacey Camacho  
Deputy Director  
Community Forensic Partnerships Division  
Department of State Hospitals