

**MA01A**  
**Office of the Secretary**  
**Department of Health and Mental Hygiene**

***Community Health Facilities Grant Program (Statewide)***

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**General Obligation Bonds**      **\$7,873,000**      **Recommendation:**    **Reduce funding by \$450,000 based on the availability of prior year funding for a project that is not moving forward. Funding for that project can offset this reduction.**

**Bill Text:** Provide grants to acquire, design, construct, renovate, and equip community mental health, addiction treatment, and developmental disabilities facilities. The funds appropriated for this purpose shall be administered in accordance with Sections 24-601 through 24-607 of the Health-General Article.

**Program Description:** This program assists in the acquisition, construction, renovation, and equipping of facilities to provide mental health, development disabilities, and drug and alcohol abuse treatment services. The program is considered essential to facilitate the deinstitutionalization of the mentally ill and developmentally disabled by assisting in the funding of residential facilities within the community. It also seeks to develop community resources to prevent institutionalization of the addicted. The State may fund up to 75% of the cost of each project.

***Prior Authorization and Capital Improvement Program***

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**Authorization Request**  
**(\$ in Millions)**

<i>Fund Source</i>	<i>2009 Approp.</i>	<i>2010 Approp.</i>	<i>2011 Allowance</i>	<i>2012 Estimate</i>	<i>2013 Estimate</i>	<i>2014 Estimate</i>	<i>2015 Estimate</i>
GO Bonds	\$8.511	\$8.414	\$7.873	\$6.500	\$6.500	\$6.500	\$6.500
<b>Total</b>	<b>\$8.511</b>	<b>\$8.414</b>	<b>\$7.873</b>	<b>\$6.500</b>	<b>\$6.500</b>	<b>\$6.500</b>	<b>\$6.500</b>

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## ***Authorization Encumbrance and Expenditure Data***

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### **Authorization Summary (\$ in Millions)**

<i>Fiscal Year</i>	<i>Authorization</i>	<i>Funds</i>		<i>Balances</i>	
		<i>Encumbered</i>	<i>Expended</i>	<i>To Be Encumbered</i>	<i>To Be Expended</i>
Prior Years	\$120.089	\$120.089	\$119.834	\$0.000	\$0.255
2006	8.096	8.096	6.645	0.000	1.451
2007	7.754	7.754	7.457	0.000	0.297
2008	7.510	7.510	6.365	0.000	1.145
2009	8.511	8.511	1.692	0.000	6.819
2010	8.414	0.103	0.000	8.311	8.414
<b>Total</b>	<b>\$160.374</b>	<b>\$152.063</b>	<b>\$141.993</b>	<b>\$8.311</b>	<b>\$18.379</b>

As of February 28, 2010.

## ***Program Analysis and Performance***

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As detailed in **Exhibit 1**, there are eight projects to be funded through the fiscal 2011 Community Health Facilities Grant Program. Of these projects, five projects primarily serve the mentally ill, one project primarily serves the developmentally disabled, and two projects primarily serve individuals with substance abuse problems.

**Exhibit 1**  
**Fiscal 2011 Community Health Facilities Grant Program**  
**Proposed Projects**

<u>Subdivision</u>	<u>Project Title</u>	<u>Project Detail</u>	<u>Estimated Cost</u>	<u>Prior Auth</u>	<u>2010 Amount</u>	<u>Future Request</u>	<u>Total State Share (%)</u>
Anne Arundel	Main Street Housing (MHA)	Acquire four two-bedroom homes to serve eight individuals with serious mental illness. All units will use Section 8 rent subsidies.	\$785,000	-	\$588,000	-	74.9%
Baltimore City	Community Housing Associates (MHA)	Acquire and renovate 40 housing units to provide housing for mentally ill individuals; all units will use Section 8 rent subsidies.	6,181,560	-	2,900,000	-	46.9%
Baltimore City	Project PLASE (MHA)	Renovate a property to provide transitional housing for 66 individuals with a serious mental illness.	4,005,000	-	400,000	-	10.0%
Baltimore City	Tuerk House (ADAA)	Acquire and renovate buildings to create nine additional halfway house beds	2,030,700	-	1,500,000	-	73.9%
Calvert	Calvert County Government (ADAA)	Construct a facility for the outpatient substance abuse treatment programs to serve an additional 680 individuals.	3,717,130	-	1,150,000	-	30.9%
Harford	Harford Habitat for Humanity (DDA)	Acquire and renovate a home to provide housing for three individuals with developmental disabilities.	306,667	-	230,000	-	75.0%
Prince George's	Family Service Foundation (MHA)	Acquire three single-family homes to house six individuals with serious mental illness moving from residential rehabilitation to supported housing.	872,000	-	654,000	-	75.0%

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<u>Subdivision</u>	<u>Project Title</u>	<u>Project Detail</u>	<u>Estimated Cost</u>	<u>Prior Auth</u>	<u>2010 Amount</u>	<u>Future Request</u>	<u>Total State Share (%)</u>
Queen Anne's	Banjo Lane Apartments (MHA)	Construct a 10-unit apartment building to provide housing for 10 individuals with serious mental illness. All units will use HUD 811 rent subsidies.	1,462,737	-	250,000	-	17.1%
Statewide	Cash Flow and Available Funds Adjustment		201,243	-	201,243	-	100.0%
<b>Total</b>			<b>\$19,562,037</b>	<b>-</b>	<b>7,873,243</b>	<b>-</b>	

ADAA: Alcohol and Drug Abuse Administration  
 DDA: Developmental Disabilities Administration  
 MHA: Mental Hygiene Administration

Source: Department of Health and Mental Hygiene; Department of Legislative Services

In addition to improving the quality of existing services, the Department of Health and Mental Hygiene (DHMH) projected service enhancements are summarized in **Exhibit 2**.

**Exhibit 2  
 Fiscal 2011 Community Health Facilities Grant Program  
 Projected Service Enhancements**

	<u>Mental Health</u>	<u>Developmental Disabilities</u>	<u>Addiction</u>	<u>Total</u>
<b>New Residential Capacity</b>	130	3	9	142
<b>New Outpatient Capacity</b>	0	0	680	680

Note: Residential capacity in this chart equals new residential slots. In the course of any given year, this number of slots could serve a higher number of clients.

Source: Department of Health and Mental Hygiene

The total proposed funding for the eight projects is \$7,672,000. The funding request of \$7,783,000 is based on the cash flow adjustment of \$1,264,998, based on the cash flow analysis detailed in **Exhibit 3**. The cash flow project at this time is the Calvert County government substance abuse project.

**Exhibit 3**  
**DHMH – Fiscal 2011 Community Health Facilities Grant Program**  
**Cash Flow Analysis**

State share of proposed fiscal 2011 projects	\$7,672,000
Carry over of projects from prior year commitments	3,198,750
Funds available at the end of fiscal 2010	1,732,507
Cash flow adjustment for fiscal 2011 ( <i>i.e.</i> funding for projects that are not expected to occur until subsequent fiscal years)	1,264,998
<b>Total</b>	<b>\$7,873,000</b>

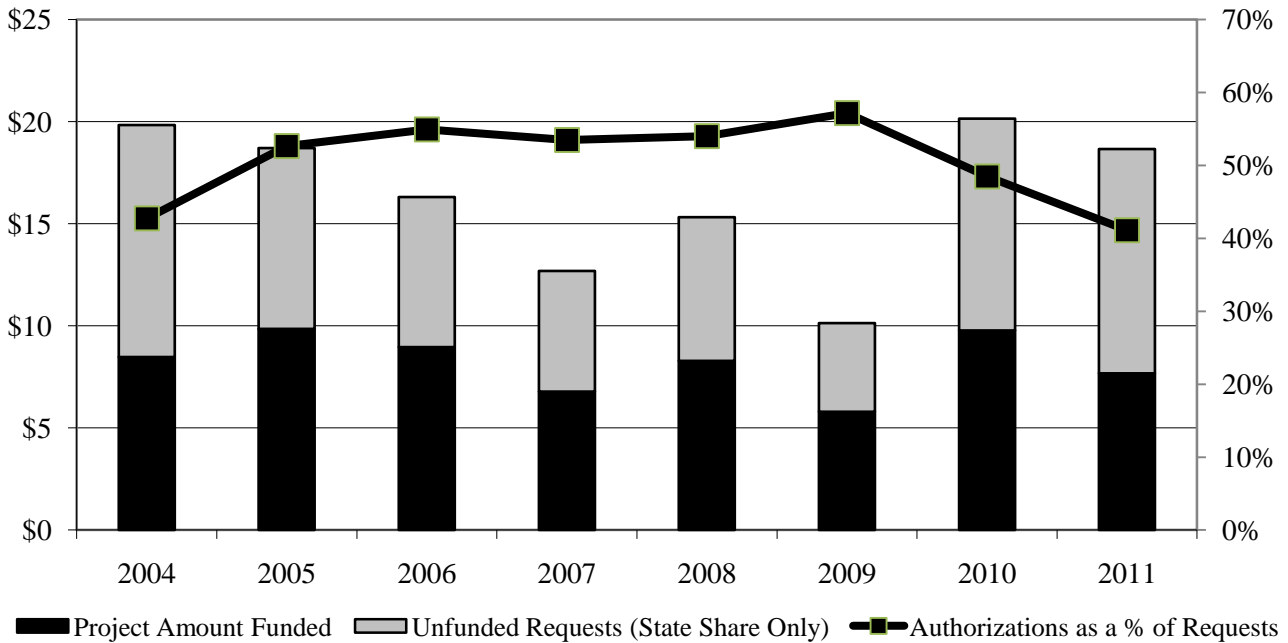
DHMH: Department of Health and Mental Hygiene

Source: Department of Health and Mental Hygiene; Department of Budget and Management

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As shown in **Exhibit 4**, demand for this program, which picked up quite dramatically in fiscal 2010, stayed strong in fiscal 2011. Requests (State share of the project only), for fiscal 2011 funding totaled just under \$18.7 million. While down from \$20.1 million in fiscal 2010, this request level was still the highest level since 2004. This higher demand appears to be driven by the program’s renewed emphasis on housing projects with some of these projects being extremely large compared to prior year projects. The department is encouraging applicants to bring in projects with higher number of units in combination with rent subsidies. In any event, the fiscal 2011 authorization level represents the lowest authorization level as a percent of total requests in the period shown in the exhibit.

**Exhibit 4**  
**Community Health Facilities Grant Program – Demand and Funding**  
**Fiscal 2004-2011**  
**(\$ in Millions)**



Source: Department of Health and Mental Hygiene

It should also be noted that at the time of writing, there are five projects that have been identified for which funding is being requested through a separate bond bill that appear eligible for the Community Health Facilities Grant Program but for which no application was received. Specifically:

- **House Bill 37:** Way Station (Frederick County). Request for \$500,000.
- **Senate Bill 510/House Bill 441:** Jewish Foundation for Group Homes Activity Center (Montgomery County). Request for \$100,000.
- **Senate Bill 491/House Bill 542:** Kamp A-Kom-Plish Facility (Charles County). Request for \$80,000.
- **Senate Bill 586/House Bill 890:** RCI Group Home Renovations (Montgomery County). Request for \$100,000.
- **House Bill 1227:** Linwood Center (Howard County). Request for \$500,000.

Finally, a review of prior year projects reveals that one project, for the expansion of Melwood Center’s summer camp capacity, is making no progress overcoming issues with perk tests (required in order to determine whether a septic system can be installed). **The Department of Legislative Services (DLS) recommends the funding for this project be redirected into other projects, resulting in a \$450,000 reduction to fiscal 2011 funding.**

## ***Issues***

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### **1. De-authorization of 2003 Adult Day Care Facilities Funding**

The 2010 capital bill deauthorizes \$969,000 in funding originally included in the 2003 capital bill in the Adult Day Care Facilities program. This funding represents funding for a project, the St. Paul Community Development, which was originally approved in fiscal 2001. Specifically, the project concerned the construction of a 60-slot adult day care center in Capital Heights, Prince George’s County. The department informed St. Paul Community Development that it was withdrawing the funds in the 2009 interim because of the lack of progress with the project. **DLS concurs with the de-authorization.** (Page 21 of the first reader copy of House Bill 152/Senate Bill 142.)

### **2. De-authorization of 2008 Funding for Clifton T. Perkins**

The 2010 capital bill deauthorizes \$800,000 in funding originally preauthorized in the 2007 capital bill for the 2008 capital bill to build a new maximum security wing at Clifton T. Perkins, the State’s maximum security psychiatric hospital. This reduction is based on the amount of funding actually required for the project. **DLS concurs with the de-authorization.** (Page 26 of the first reader copy of House Bill 152/Senate Bill 142.)

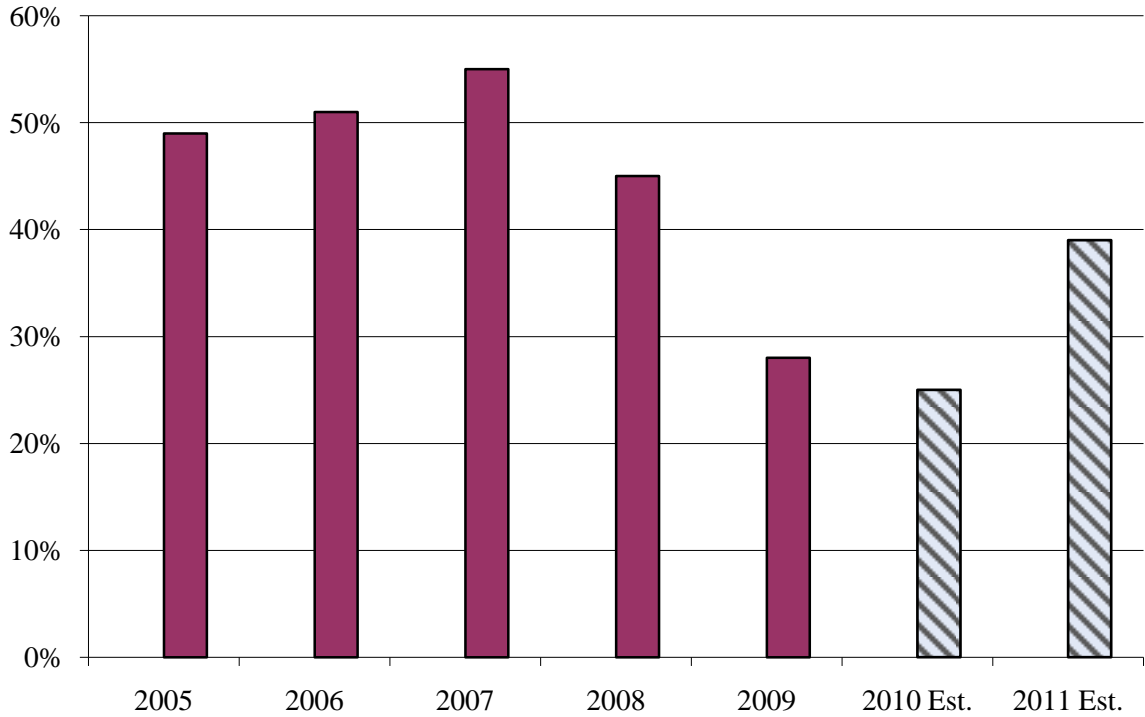
### **3. 2009 Funding of Patient Safety Improvements**

As shown in **Exhibit 5**, new patient safety goals for psychiatric hospitals established in 2008 resulted in a significant downgrading of the percentage of buildings in compliance with requirements, standards, and needs.

The 2009 capital budget provided \$4 million to make the necessary improvements, with operating funds also provided. To date, contracts have been, or will shortly be, awarded for work on 7 of the 10 identified improvement projects. For the 3 projects for which awards are not expected until sometime later this fiscal year, delays are attributed to the slowing of various projects because of the revised scope based on facility/unit closures as well as the disqualification of low bidders.

Further, based on the actual bidding and the revised scope of work given recent facility and unit closure, the projects are projected to now cost only \$3.4 million. The remaining funds will be used for additional improvements that had been anticipated in the 2010 capital budget.

**Exhibit 5**  
**Percentage of Residential and Program Buildings Meeting**  
**Licensing Requirements, Building Standards, and Patient Needs**  
**Fiscal 2005-2011**



Source: Department of Health and Mental Hygiene; Department of Legislative Services

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## ***Recommended Actions***

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Reduce the following:

MA01A      Community Health Facilities Grant Program .....      \$ 7,423,000

**Allowance**  
7,873,000

**Change**  
-450,000

**Authorization**  
7,423,000

**Explanation:** A prior year project, the expansion of Melwood Center’s summer camp capacity, is making no progress overcoming issues with perk tests (required in order to determine whether a septic system can be installed).

## ***Previously Authorized Project Status***

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### **Community Health Facilities Grant Program Fiscal 2010 Project Status**

<b><u>Project/Location</u></b>	<b><u>Status</u></b>
Community Housing Associates, Inc. (Baltimore City)	Funds encumbered for 10-unit building and design of renovations underway. Purchase of 7-unit building under contract. Currently negotiating another 19-units.
The Baltimore Station (Baltimore City)	Contracts out on three properties and appraisals received. Anticipate BPW approval April 7, 2010.
Main Street Housing, Inc. (Carroll County)	Funds encumbered for 1 unit.
Prologue, Inc. (Carroll County)	Funds encumbered.
The Community Coalition for Affordable Housing, Inc. (Cecil County)	Actively looking for homes to purchase. Anticipate BPW approval for acquiring three homes by Spring 2010.
Key Point Health Services, Inc. (Harford County)	Funds encumbered for one house (\$72,633). Looking for second home to purchase.
Humanim, Inc. (Howard County)	Funds encumbered for 1 unit.
Housing Opportunities Commission of Montgomery County (Montgomery County)	Actively looking for homes to purchase. Anticipate BPW approval for acquiring homes by Spring, 2010.
Family Service Foundation, Inc. (Prince George's County)	Funds encumbered for 1 unit.
Vesta, Inc. (Prince George's County)	Funds encumbered.
Somerset County Health Department (Somerset County)	Funds encumbered.
Way Station, Inc. (Washington County)	Design completion expected May 2010. Construction to start Summer 2010.

BPW: Board of Public Works

Source: Department of Health and Mental Hygiene; Department of Legislative Services

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**Community Health Facilities Grant Program  
Prior to Fiscal 2010 Project Status**

<u>Project/Location</u>	<u>Status</u>
Ardmore (FY 2009) (Prince George's County)	Funds encumbered and project under construction.
Housing Unlimited (FY 2009) (Montgomery County)	Funds encumbered (\$924,603) with 9-units purchased. Grant balance \$483,397 with additional units being sought.
Prologue (FY 2009) (Carroll County)	Funds encumbered.
Way Station (FY 2009) (Washington County)	Funds encumbered with 7 houses purchased
Community Housing Associates (FY 2008) (Baltimore City)	Funds encumbered.
Sheppard Pratt Health System, Inc. – The Jefferson School (FY 2008) (Frederick County)	Applying to HUD for matching funds. Notification expected April 2010 with BPW approval anticipated in the fall of 2010.
Housing Opportunity Commission (FY 2008) (Montgomery County)	Funds encumbered for house purchase. Renovation contract expected at the 3/10/2010 BPW meeting.
W-House (FY 2008) (Washington County)	Funds encumbered on one home. Contract currently on a second home.
Worcester County Development Center (FY 2008) (Worcester County)	Funds encumbered.
Humanim (FY 2006) (Baltimore City)	Funds encumbered.
Echo House, Inc. (FY 2004/2005) (Baltimore City)	Have a contract for A/E services. New executive director on board and contract ready to go to BPW once small amount of additional matching funds are raised.
Melwood (FY2005, 2007) (Charles County)	Perk tests for new septic system unsuccessful. Melwood negotiating waivers with State and County but the project appears to be stalled. <b>DLS recommends that the funds be cut.</b>

BPW: Board of Public Works

DLS: Department of Legislative Services

HUD: U.S. Department of Housing and Urban Development

Source: Department of Health and Mental Hygiene; Department of Legislative Services

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