

**REVISED MOTION BY SUPERVISORS MARK RIDLEY-THOMAS
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JANUARY 12, 2016

**Exploring Options to Creatively Leverage Mental Health Service Act Funds to
Create More Permanent Supportive Housing**

The ongoing level of homelessness in Los Angeles County (County) has reached a crisis proportion. In 2015, the Board of Supervisors (Board) took commendable action on a series of unprecedented proposals designed to reduce and ultimately end homelessness by providing coordinated services to help homeless persons find housing and remain housed. These critical supportive services include: health, mental health and substance use disorder treatment services, among others. The Board also took action on a key proposal to identify up to \$100 million annually in new funding by 2020 for urgently needed affordable housing programs.

On January 4, 2016, President pro Tempore Kevin de León and a bipartisan group of California Senators announced that they will pursue a legislative package to prevent and address homelessness titled: “No Place Like Home.” Although details of this multi-pronged State Budget proposal are not yet available, its key provision would repurpose Proposition 63, Mental Health Services Act (MHSA) funding, leveraged with other local, State and Federal funds, to secure a \$2 billion bond to construct permanent supportive housing for chronically homeless persons with mental illness.

This proposal is a good first-step to support the County’s leadership to address homelessness and affordable housing issues. However, at this time, key details on the

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“No Place Like Home” initiative are unknown. Therefore, it is imperative that County is at the table to fully vet this proposal to determine the impact to County residents, programs and services, as currently provided under the existing MHSA program and to ensure that the County region receives its fair share of funding to serve this vulnerable population. Almost 40% of California’s homeless population resides in Los Angeles County, where 44,359 persons are homeless on any given night. It is also important to ensure that any new initiatives approved by the State allow the County to retain fiscal and programmatic flexibility, as provided under MHSA, to leverage and maximize the use of funds to better serve its communities.

The Department of Mental Health (DMH) already collaborates with the California Housing and Finance Agency (CalHFA) to implement a CalHFA-Mental Health Services Act program. Through this program, to date, DMH has creatively utilized MHSA and other County funds to leverage other local, state and federal funds to create over 900 permanent supportive housing units in over 40 projects Countywide for mentally ill persons who are at risk of homelessness. DMH partners with housing developers to secure private and public funding for development costs and operating subsidies, and provides mental health supportive services to the mentally ill in these housing programs. Further, County’s MHSA stakeholders have committed to creating at least another 175 additional supportive housing units in the coming two years.

It is important that the County preserve existing productive and innovative efforts as it partners with its state and federal legislative partners to explore other creative options to address the homeless and housing crisis.

WE THEREFORE MOVE THAT THE BOARD OF SUPERVISORS:

- 1) Instruct the Chief Executive Office, County Counsel, the Health Agency Director and the Acting Director of Mental Health to provide a comprehensive written analysis of the “No Place Like Home” initiative once details are released, but no later than 30 days. Among other things, this comprehensive

analysis of the “No Place Like Home” initiative should:

- a. Fully identify the key elements of the proposal and its relative assumptions to identify potential benefits, drawbacks, feasibility, likely outcomes, fiscal impact and timing. This analysis of the key elements should:
 - i. Compare this new initiative to the productivity, efficiencies, benefits and drawbacks of existing Mental Health Service Act (MHSA) funded efforts;
 - ii. Identify how MHSA stakeholder and local government flexibility to respond to other mental health issues can be maintained; and
 - iii. Identify the subset of Los Angeles County’s (County) overall homeless population that could be helped by the initiative and any gaps.
- b. Determine whether debt service on capital funds raised by a MHSA revenue bond issue to be used for developing the proposed housing and supportive services is a permissible use of MHSA funding without State changes to MHSA statutes and, if not, what further changes would be needed and timing issues related to those changes;
- c. Determine the amount of MHSA revenue or other matching funds available and required to implement the initiative to determine the possible scope of planned supportive housing projects;
- d. Identify the source of MHSA funding to be utilized for this purpose and disclose any fiscal or program impacts or curtailments resulting from its use for this initiative. This should include an assessment of whether and how the initiative would impact:
 - i. Existing efforts funded by the Community and Services Supports (CSS) MHSA funds;

- ii. Full Service Partnership programs; and
 - iii. MHSA funds dedicated for various age groups, such as youth or children;
- e. Ensure the proposed initiative maximizes, to the maximum extent possible, the ability to provide those supportive services that are critical for housing retention;
 - f. Conduct a due diligence analysis of the proposed funding mechanism, in light of similar efforts with the California Housing Finance Agency, to assess the timing and volatility of supporting revenue sources, the potential impact to other MHSA-funded programs should MHSA revenue fluctuate downward over any debt service period, market conditions and trends, funding projections, and structuring of capital loan, pre-development funding and capitalized operating subsidies;
 - g. Ensure meaningful MHSA stakeholder involvement and approval of all details will be maintained as necessary; and
 - h. Identify any needed amendments to the County's MHSA plan and or approvals by the State MHSA Oversight and Accountability Commission.
- 2) Direct the Chief Executive Officer and the Sacramento advocates to work directly with the President pro Tempore, Assembly Speaker, the Administration and other key stakeholders to ensure that any new initiatives considered by the State take into account the disproportionately high numbers of homeless individuals residing in the County and adequately address the issues identified in the County's comprehensive analysis.

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