

**Proposal for Allocation of MHPA Funds for the Development of
Permanent Supportive Housing
Mid-Year Adjustment to MHPA 3 Year Program and Expenditure Plan
Fiscal Years 2017-18 through 2019-20**

Background

The 2017 homeless count in Los Angeles County revealed that there are 57,794 individuals that are homeless on any given night, 30% of which are experiencing mental illness. Many are chronically homeless and have co-occurring physical health and/or substance use disorders that have gone untreated and are in need of consistent supportive services and affordable housing. It is common for many people who are homeless to only receive services after negative interactions with law enforcement resulting in incarcerations and interactions with the emergency response system often resulting in hospitalizations which are costly to the public system with expenditures sometimes ranging in hundreds of thousands of dollars annually. Homelessness in Los Angeles County is exacerbated by high housing costs and a less than 3% apartment vacancy rate across the County. An individual with Supplemental Security Income (SSI) is priced out of the rental market in Los Angeles County as the average rent for a studio apartment exceeds their monthly SSI. Due to the symptoms of mental illness, many experience multiple barriers to obtaining housing and are unable to compete in this highly competitive housing market.

Historically, Department of Mental Health (DMH) has supported several different housing solutions for individuals that are homeless. For example, DMH includes Client Supportive Services funds for all Full Service Partnership programs and some other intensive programs that target individuals that are homeless which can be used flexibly for all types of housing services. Additionally, DMH administers an Interim Housing Program which funds shelter/temporary housing, an Interim Funding program which subsidizes Adult Residential Facilities and a Housing Assistance Program which funds security deposits, household goods, eviction prevention and other housing including sober living homes. DMH also has a large stock of Permanent Supportive Housing (PSH) through 13 contracts with the City and County housing authorities for subsidized housing and through investments in the capital development of PSH for individuals who are homeless and have a mental illness. PSH is a nationally recognized, proven and cost-effective solution to the needs of vulnerable people with disabilities who are homeless. It is an evidence-based practice that provides decent, safe, affordable, community-based housing with supportive services. Studies have shown that PSH not only resolves homelessness and increases housing stability, but also improves health and lowers public costs by reducing the use of publicly-funded crisis services, including shelters, hospitals, psychiatric hospitals and jails. In 2008, DMH received Board authority to participate in the statewide Mental Health Services Act (MHPA) Housing Program. Since that date, DMH has committed over \$139 million to 53 PSH projects countywide for a total of 1,133 units dedicated to those with mental illness that are homeless. There are housing developments in each of the 8 Service Areas that target all populations including families, transition age youth, adults, older adults and veterans.

DMH is also a significant partner in the larger Countywide efforts to combat homelessness. In response to the homeless crisis in Los Angeles, in February 2016, the Los Angeles County Board of Supervisors approved the Homeless Initiative which included 47 strategies to combat homelessness and on March 7, 2017 the voters in Los Angeles County approved a ¼ cent sales tax that will provide a revenue stream to fund the strategies. Key to the success of the homeless initiative is increasing the stock of all types of affordable housing for individuals that are homeless including filling the identified 15,000 unit gap of PSH. To that end, in November 2016 the voters in the City of Los Angeles approved Proposition HHH, a \$1.2 billion bond to invest in homeless facilities and PSH. Moreover, in 2016, Governor Brown signed the AB 1618 legislation also known as No Place Like Home (NPLH) which is a bond measure to generate revenue for Counties statewide for the development of PSH for individuals with serious mental illness and their families, as appropriate, who are chronically homeless, homeless or at risk of being chronically homeless. Due to a judicial validation requirement for NPLH, the State anticipates that the first round of NPLH funding will not be available until late 2018 or early 2019. Through NPLH, Los Angeles County is estimated to receive over \$700 million for the development of new PSH. Under the direction of the Board of Supervisors, DMH is collaborating with the Community Development Commission (CDC) to locally administer the NPLH funds.

Even with the sales tax and the bond funds there needs to be a further investment in the development of PSH to achieve the ambitious goals of combating homelessness. This proposal to allocate an additional \$50 million of MHSA funds for the development of PSH will leverage the efforts and funding of the Homeless Initiative and Proposition HHH by increasing the pipeline of PSH targeting homeless individuals with a mental illness and will provide a significant investment in PSH and a resulting immediate ramp up of affordable housing for those who are homeless and have a mental illness in anticipation of NPLH. In addition, by providing local funding, this proposal will assist local housing developers of special needs housing to be more competitive as they seek state and federal funding sources.

Proposed Change to the Community Services and Supports Work Plan

DMH proposes to amend the Housing component of the Community Services and Supports/System Development Work Plan by adding \$50 million of unspent CSS funds for the development of PSH in Fiscal Year (FY) 2017-18 targeting homeless individuals with a mental illness and their families as appropriate. The funding will be administered by Community Development Commission through their Fiscal Year 2017-18 Notice of Funding Availability.

Target Population

The proposed development of new PSH will target homeless and chronically homeless individuals that meet MHSA eligibility and their families, as appropriate, across all age groups that also meet low income requirements. This includes families in which the child is the qualifying MHSA eligible member of the family.

MHSA Components

This proposal focuses on transferring unspent CSS funds to the Housing Work Plan of CSS.

Intended Program Outcomes

The intended outcomes of this proposal work plan will include the following:

- Increase the number of affordable housing units by approximately 300 units per year (depending on leveraging) thereby decreasing the current housing gap for homeless individuals with a mental illness who have limited income
- Decrease the incidents of hospitalized, incarcerated, and/or homelessness.
- Increase and maintain housing stability of individuals and families.
- Increase the number of individuals that obtain employment.
- Increase income and/or skills of formerly homeless individuals
- Increase the number of family reunification
- Increase the number of individuals to obtain a medical home.

Proposed Outcome Measures

The development of new PSH will directly impact the number of homeless or chronically homeless individuals and their families by providing safe, affordable housing. These proposed housing developments will leverage onsite supportive services funded through Measure H Strategy D7. The onsite services will include Intensive Case Management Services through Department of Health Services, specialty mental health services offered through a Housing Full Services Partnership (FSP) Program and substance use services through Department of Public Health Substance Abuse Prevention and Control. The FSP will track the aforementioned intended program outcomes.

Stakeholder Feedback

This proposal was discussed with DMH's System Leadership Team on a conference call on October 10, 2017 followed by an in person meeting on October 18, 2017. The SLT recognized the importance of investing in all types of housing including the capital development of housing with supportive services but some members were concerned that the funding invested in housing reduced the funding available to invest in mental health services. In response to this comment, it was noted that the investment in PSH will leverage supportive services funds through Measure H. Feedback also included concerns about the cost per unit allowable, which is intentionally high in the first NOFA to make the projects more competitive for state funding, and the limited types of PSH that are allowable in CDC's current NOFA. Recommendations included that DMH discuss with CDC broadening the types of housing allowable in future NOFAs such as tiny houses, shared/collaborative housing and scattered site housing, lowering the cost per unit and prioritizing certain populations and/or geographic areas.