



## DEPARTMENT OF MENTAL HEALTH

hope. recovery. wellbeing.

LISA H. WONG, Psy.D.  
Director

Curley L. Bonds, M.D.  
Chief Medical Officer

Connie D. Draxler, M.P.A.  
Acting Chief Deputy Director

June 12, 2024

TO: Supervisor Lindsey P. Horvath, Chair  
Supervisor Hilda L. Solis  
Supervisor Holly J. Mitchell  
Supervisor Janice Hahn  
Supervisor Kathryn Barger

FROM: Lisa H. Wong, Psy.D.  
Director

*Connie D. Draxler*

SUBJECT: **ADDRESSING THE ONGOING BOARD AND CARE CRISIS  
(ITEM NO. 2, AGENDA OF NOVEMBER 12, 2019)**

This memorandum is to provide an update on the continued efforts and initiatives by the Health Departments (Departments) to support and sustain licensed residential care settings including Adult Residential Facilities (ARFs) and Residential Care Facilities for the Elderly (RCFEs) as directed in the Board Motion passed on November 12, 2019. This report will provide status updates on the licensed residential care system in Los Angeles County (County) as well as various projects implemented by the Departments to ensure that licensed residential care facilities (Facilities), that serve individuals with complex medical and mental health needs and that accept the State's Non-Medical Out-of-Home Care Rate or NMOHC Rate, can continue to operate despite inadequate reimbursement rates. This includes status updates on the following:

- 1) Development of the updated Mental Health Resource Location Navigator (MHRLN) system, now referred to as the Enriched Residential Care (ERC) Directory, which is an online application utilized by facility operators and service providers as a real-time bed tracking tool;
- 2) Efforts by the Department of Public Health - Substance Abuse Prevention and Control (DPH-SAPC) to increase substance use disorder (SUD) services at Facilities;
- 3) Development and growth of the Licensed Adult Residential Care Association (LARCA), a membership association for providers of licensed residential care;
- 4) Implementation of the State Community Care Expansion (CCE) Program, which provides funding for the acquisition, construction, rehabilitation, and preservation of adult and senior care Facilities among other housing types, and the CCE Preservation

Program, which provides funding to County behavioral health departments for capital projects and operating subsidies for existing Facilities;

- 5) New projects that will increase licensed residential care facility capacity for clients with Serious Mental Illness (SMI), as well as those with co-occurring SUDs, including progress on the Crocker Campus project and additional funding requested through the Behavioral Health Bridge Housing (BHBH) Program; and
- 6) Recent facility closures and their impact on overall system capacity.

### **1. ERC Directory (Formerly referred to as MHRLN)**

On February 14, 2024, the Department of Mental Health (DMH) officially launched the updated ERC Directory application. The application is accessible to the public from DMH's public-facing website at <https://dmh.lacounty.gov/ercd/>. The ERC Directory replaces the former MHRLN system that was used for a similar purpose and renames it to reflect the purpose of the application more appropriately, which is to help individuals locate ERC settings. Through the ERC Directory, County service providers and others seeking to assist their clients with locating a facility have access to real-time information on the availability of beds at participating ERC Facilities that have indicated that they will accept DMH clients. The application's map feature, previously only available to staff working at clinics directly operated by DMH, is now available to all. Users also now have the capability to filter by geographic radius or Service Planning Area (SPA) and other categories such as age served, and specialty care services offered including memory care. Facility owners continue to have direct access to make updates on bed availability themselves through the application and receive regular reminders to update their bed information.

### **2. SUD Services**

DPH-SAPC continues to expand SUD services at select Facilities including ARFs and RCFEs. Onsite SUD services include Field-Based Services (FBS) as well as Client Engagement and Navigation Services (CENS). CENS services serve as a bridge until FBS are implemented and provide Facility residents with outreach, engagement, SUD information/education (individual and group sessions) and linkages to treatment.

On February 8, 2024, DPH-SAPC was informed by Department of Health Services (DHS) that Royal Palm Crest, an ARF in SPA 6, had closed their facility. CENS were providing onsite services and terminated services upon closure. As a result of Royal Palm Crest's closure, DHS identified a new site in SPA 6, Highland Manor for SUD services. Additionally, DHS requested SUD services at Cedars Assisted Living (SPA 2) and Henrietta's Leven Oaks (SPA 3). Although outreach efforts were made to establish onsite SUD services, DHS notified DPH-SAPC that both sites declined SUD services. Should there be a need for SUD services in the future at either site, DPH-SAPC will accommodate upon request.

Since the last update, DPH-SAPC implemented SUD FBS or CENS at ten ARF and RCFE sites identified by DMH and DHS. DPH-SAPC has implemented FBS at the following five sites serving DHS and DMH clients: Lone Star Tujunga (SPA 2), Pasadena Adult Living (SPA 3), Alvarado Care Homes (SPA 4), Anew Dawn Adult Living (SPA 4), and Lone Star Crenshaw (SPA 6). In addition, DPH-SAPC implemented CENS at the following five sites: Golden Assisted Living (SPA 2), Wyngate Villa Gardens (SPA 2), The Manor (SPA 5), Highland Manor (SPA 6), and Pico Rivera Gardens (SPA 7). DPH-SAPC is anticipating submission of FBS applications for four out of the five sites where CENS providers are providing onsite SUD services. Golden Assisted Living (SPA 2) declined onsite treatment services but requested ongoing CENS support. On April 25, 2024, CENS SUD services at The Manor were discontinued after the operator decided not to move forward. DPH-SAPC will revisit onsite SUD services at the Manor upon request. DPH-SAPC will continue to serve additional ARF and RCFE sites as requested by DHS and DMH and upon the availability of CENS or FBS.

DPH-SAPC continues to have ongoing monthly meetings with DHS and DMH, current and prospective SUD FBS treatment providers, and ARF/RCFE agencies, to address existing challenges and provide support.

### **3. LARCA**

LARCA, a membership association for Facilities that serve low-income residents and residents with SMI, is now in its third year of operation after DMH provided the National Alliance on Mental Illness, Greater Los Angeles County (NAMI GLAC) with seed funding to initiate its development. Bennie Tinson, MPP, continues to serve as LARCA Executive Director alongside a Board of Directors that was sworn in on August 22, 2022, as part of the requirements for LARCA to obtain its own nonprofit status. LARCA received its official 501(c)(3) certification on July 2, 2023.

After a recent audit of their membership database, LARCA reports that its membership has grown to 446 Facilities (244 ARFs and 202 RCFEs) as of May 2024. LARCA is developing a monthly Government Education and Engagement Roundtable which will provide LARCA members the opportunity to engage with policymakers from local, state, and federal governmental agencies who have jurisdiction over policies, programs, and funding impacting state licensed ARFs and RCFEs. LARCA hopes to use this monthly roundtable to strengthen and expand relationships between policymakers, licensees, and administrators of ARFs and RCFEs.

In addition to ongoing education and advocacy efforts, LARCA continues to work to expand member resources and benefits. To this end, LARCA is exploring the possibility of joining a Group Purchasing Organization (GPO) in order to assist members in reducing operational

costs and streamlining procurement processes as well as entering into a food supplier partnership to leverage the collective purchasing power of LARCA members and help them obtain groceries and janitorial supplies at a discounted price. Additionally, LARCA will launch its Member Discount and Resources Directory in June 2024. This online directory will be available exclusively to LARCA members and will provide them with access to savings on goods and services.

When DMH's two-year contract for seed funding for LARCA ended in August 2023, DMH executed a one-year extension to their contract to allow them to expend all of their original funds and DMH added an additional \$50,000 to give them more time to meet the requirement to become self-sustaining through a membership fee structure. However, LARCA has been slow to implementing a self-sustaining plan through membership fees and has been relying on philanthropy and other fundraising for revenue. DMH continues to support LARCA's sustainability planning and partnership through collaboration and bridging to other county departments and resources to continue providing enhancements to Facilities in the County.

#### **4. CCE Program**

The CCE Program was established through Assembly Bill (AB) 172 and provides \$805 million in funding statewide that can be used for the acquisition, construction, rehabilitation, and preservation of adult and senior care Facilities that serve recipients of Supplemental Security Income (SSI), State Supplementary Payment (SSP) or Cash Assistance Program for Immigrants (CAPI) funding, adults with disabilities and people experiencing homelessness. The State's CCE Program is comprised of two parts, the CCE Expansion Program and the CCE Preservation Program. The CCE Expansion Program is being directly administered by the California Department of Social Services (CDSS) and focuses on expanding the number of beds available for the target population through acquisition and construction projects. Of the total CCE Program funding, 75 percent has been dedicated for the CCE Expansion Program and was distributed through a competitive application process statewide that closed on June 1, 2023. The CCE Preservation Program, which is supported by the remaining 25 percent of CCE funds, focuses on preserving the number of beds in eligible existing Facilities through upgrades.

##### **CCE Expansion Program**

As previously reported, DMH worked with CDSS to ensure that there were enough applications from eligible applicants to expend the full \$135,281,766 in CCE Expansion Program funding set aside for the County. Applications continue to be under review by the State at this time. CCE Expansion applicants were offered the opportunity to enter into a Partnership Agreement (PA) with the County, which indicates to the State that the County is in support of the project and will lower the grant's match requirement to ten percent if needed.

The County will benefit from the PA as the partnering entity will be required to notify the County when any new beds, developed using CCE Expansion funding, become available so that the County can fill those beds with eligible clients. The County received and executed 35 PA requests from applicants submitting CCE Expansion proposals. To date, the State has announced 11 awardees of CCE Expansion funds in the County, with a total award amount of \$145.56 million and 690 proposed new beds. This total award amount is larger than the County allocation and DMH is following up with CDSS to confirm the amounts and the status of any additional anticipated awards. Of those awards identified, some are for the expansion of Facilities, while others are for Permanent Supportive Housing or Recovery Bridge Housing. Two new awardees, Agapao Fellowship and Gateways Hospital and Mental Health Center are among the 35 who have executed PA's with the County. DMH continues to follow up with CDSS on final award notices to ensure it is aware of all County projects that are awarded CCE Expansion funds.

#### CCE Preservation Program

This funding was directly allocated to counties for the rehabilitation and preservation of existing Facilities. As previously reported, a CCE Preservation Program Notice of Funding Availability was released in June 2022 and DMH responded to accept the funding on behalf of the County. The CCE Preservation Program consists of two components: Operating Subsidy Payments (OSP) and Capital Projects (CP). OSP funds are intended to provide operating subsidies to existing Facilities to cover potential or projected operating deficits and help avoid closure. CP funds are intended to be used to preserve Facilities in need of repairs or required upgrades. Prior to the Fiscal Year (FY) 2024-25 May Revision to the Governor's Budget (May Revise), Facilities receiving OSP funds were required to have a deed restriction to ensure the property would continue to be used to provide licensed adult and senior residential care for at least the length of time that the County would be providing OSP funds. DMH voiced its concerns about this creating a significant barrier for operators to access the OSP funds and, fortunately, the May Revise included language in a trailer bill that will allow more flexibility to include deed restrictions or, alternatively, legally binding agreements. DMH believes that the adoption of this language will remove a significant barrier to the implementation of the OSP. The County will still require Facilities accepting CP funds to be deed restricted for five years from the completion of the capital project funded through CCE to protect the County from making significant investments in capital improvements at a facility only to have the owner sell the property at a profit. The County will receive from the State \$41,988,170 in OSP funds and \$55,560,974 in CP funds for a total of \$97,549,144.

As previously reported, DMH partnered with LACDA to implement and oversee the CP portion of the CCE Preservation Program. The MOU with LACDA was finalized on April 25, 2024. LACDA has contracted with Grow America (formerly National Development Council) to create an application portal for the award of CP funds, which opened on January 22, 2024. Grow America provided two trainings and technical support webinars to Facilities on program eligibility requirements and how to access and complete the required information in the portal.

The first webinar was offered on January 17, 2024, and the second, which included an in-person option, was held on January 29, 2024. DMH and LACDA provided extensive outreach to Facilities to encourage operators to apply during the application submission period, which closed on March 4, 2024.

A total of 112 applications were received, with 67 applications determined eligible and able to continue through scoring rounds. Applications continue to be under review by Grow America, LACDA, and DMH/DHS using a scoring rubric, which was developed in collaboration with the Chief Executive Office's Racial Equity office to determine Facilities most in need. The scoring rubric will consider the number of current residents receiving or eligible for SSI, the facility location, the current number of Facilities operating in the SPA, Point-in-Time Count data from the Los Angeles Homeless Services Authority, and data from the physical needs assessments (PNAs).

In addition to being used as part of the scoring rubric for CCE CP funds, the PNAs will also be used to determine which capital improvements are needed for those that apply for the CP funding. As of October 23, 2023, 37 PNAs have been completed. As reported in previous notifications to the Board, DMH and DHS initially began initiating PNAs as part of their work with philanthropic partners to implement a Capital Improvements Program for Facilities using \$11.2 million in Mental Health Services Act funding allocated by DMH. To support this effort, Cedars-Sinai also invested \$5 million, which is being administered by the California Community Foundation (CCF). CCF contracted with Genesis LA and Brilliant Corners to conduct PNAs to determine which health and safety-related capital improvement needs should be prioritized and to complete financial modeling on the actual costs needed to provide quality licensed residential care services. However, with the arrival of the State's CCE program, the Capital Improvements Program including the completion of PNAs has since been integrated into the County's CCE efforts. Additionally, LACDA has been conducting their own additional site review assessments and plans to finalize CP award amounts in early summer.

DMH plans to leverage the contract with Brilliant Corners held by DHS to administer the OSP funds. These subsidy funds will be allocated through DMH's ERC Program, providing enhanced rate payments to qualifying Facilities for newly eligible DMH ERC clients. These subsidies are in addition to any monthly rent payments or personal and incidental funds received by the client. The DMH CCE team is finalizing an application that will outline the CCE requirements for facility owners/operators to apply for the OSP portion of the CCE Preservation Program. DMH staff will review the completed applications and, after determining that all program requirements are met, interested and qualifying Facilities will be eligible to receive OSP funds. DMH anticipates opening the OSP application process in early summer.

## **5. New Projects**

### **Crocker Campus**

DMH is currently working in collaboration with DHS to develop a project-based ERC facility that will be located in the Skid Row area as part of the County's Crocker Campus Project. This facility, which will be licensed as a RCFE, is currently being constructed and will include a total of 48 beds for individuals who are age 60 and over and have been directly referred by DMH or DHS. The facility will also include space for indoor common areas, outdoor recreation, and staff offices. This facility will be administered by DMH and DHS and be operated by an experienced service provider. At this time, the Departments are in the process of negotiating a lease agreement with the property owner and anticipate the facility to be operational by November 2024.

### **Behavioral Health Bridge Housing**

Behavioral Health Bridge Housing (BHBH) is a new funding source released by the California Department of Health Care Services (DHCS) to support the creation of bridge housing options that serve clients living with SMI and SUDs and that prioritize clients served by the Community Assistance, Recovery, and Empowerment (CARE) Program. As part of its application for Round 3 BHBH funding submitted on April 10, 2024, DMH applied for a total of \$57 million in Round 3, requesting \$43.5 million in operations funding and \$13.5 million in infrastructure funds. The operation funds will support the development of an estimated 180 new non-congregate Interim Housing (IH) beds. DMH also requested 120 Rental Assistance subsidies and an expansion of services for the Auxiliary Funds for Assisted Living Settings to subsidize up to 95 clients annually in highly enriched licensed residential care Facilities, all while ensuring Housing Navigation is provided to BHBH participants. DMH anticipates BHBH award announcements for Round 3 will be made in July 2024 by Advocates for Human Potential (AHP), DHCS' third-party administrator; however, the May Revise indicated some changes to BHBH funding beginning FY 2024-25, and DMH is waiting to hear from DHCS or AHP about any potential impacts on Round 3 funding.

## **6. Facility Closures**

Since the last report, DMH has received closure data from the CDSS Community Care Licensing Division (CCLD) for Quarter 4 of 2023. Closure data for Quarter 1 of 2024 is still under review by the State and will be provided in the next Board report. The 2023 Quarter 4 closure data, which looks at the period between October and December 2023, indicates that there were three ARF closures for a loss of 11 beds and seven RCFE closures for a loss of 136 beds. Neither DMH nor DHS had clients residing at any of the Facilities that closed. The tables in Attachment I provide updated details around the closures including names and locations of the closed Facilities and graphs showing ARF closure data from 2016 to present.

Each Supervisor  
June 12, 2024  
Page 8

As with previous reports, the largest percentage of closures continues to be among smaller Facilities with six or fewer beds. All closed Facilities in this reporting period had six or fewer beds with the exception of one RCFE facility that had 100 beds.

### **Next Steps**

The Health Departments will continue to work to expand the County's efforts to support, strengthen, and improve the quality of licensed residential care throughout the County through the initiatives outlined in this report. In particular, in the months ahead, we look forward to seeing LARCA use the momentum of its plans for additional funding through philanthropic grants and its expanded outreach efforts and resources to urge even more Facilities to join the organization, strengthening their network of support and expanding their capacity to advocate for facility and resident needs. Additionally, the impending additional awards of CCE Expansion funds by the State directly to entities for expanded beds and the release of CCE Preservation funds to DMH for the launch of the CCE Preservation Program will be critical for growing and preserving the number of licensed residential care beds in our system and the number of residents supported in Facilities. DMH, along with LACDA, eagerly anticipates announcing the awardees of funding for the CP portion of the CCE Preservation Program as well as the launch of the OSP application.

The next report update will be submitted on December 17, 2024. If you have additional questions, please contact me, or staff can contact Maria Funk, Ph.D., Deputy Director, at (213) 943-8465 or [mfunk@dmh.lacounty.gov](mailto:mfunk@dmh.lacounty.gov).

LHW:CDD:MF:lm

Attachment

c: Executive Office, Board of Supervisors  
Chief Executive Office  
County Counsel  
Department of Health Services  
Department of Public Health



Table 1: ARF Closures Q4 2023

| Adult Residential Facility (ARF) Closures October 2023 - December 2023 |                             |          |                                     |             |          |    |              |
|--|-----------------------------|----------|-------------------------------------|-------------|----------|----|--------------|
| Type   | Name                        | Capacity | Address                             | City        | Zip Code | SD | Closure Date |
| ARF  | PIONEER HOUSE               | 3        | 20534 PIONEER BLVD.                 | LAKEWOOD    | 90715    | 4  | 12/1/2023    |
| ARF  | LWEAVER HOMES INC           | 4        | 39801 171 <sup>ST</sup> STREET EAST | PALMDALE    | 93591    | 5  | 11/29/2023   |
| ARF  | SUNSHINE RESIDENTIAL HOME 4 | 4        | 1508 W 85TH STREET                  | LOS ANGELES | 90047    | 2  | 11/1/2023    |

Table 2: RCFE Closures Q4 2023

| Residential Care Facility for the Elderly (RCFE) Closures October 2023 - December 2023 |                                   |          |                          |                 |          |    |              |
|--|-----------------------------------|----------|--------------------------|-----------------|----------|----|--------------|
| Type   | Name                              | Capacity | Address                  | City            | Zip Code | SD | Closure Date |
| RCFE   | LOVE & CARE SENIOR LIVING, INC.   | 6        | 17710 MARTHA STREET      | ENCINO          | 91316    | 3  | 12/21/2023   |
| RCFE   | HOME SWEET HOME II                | 6        | 23788 VIA JACARA         | VALENCIA        | 91355    | 5  | 12/8/2023    |
| RCFE   | ALL HEARTS RESIDENTIAL HOME       | 6        | 2265 W 237TH STREET      | TORRANCE        | 90501    | 4  | 11/2/2023    |
| RCFE   | SIERRA ROSE                       | 6        | 3053 1/2 E DEL MAR BLVD. | PASADENA        | 91107    | 5  | 10/23/2023   |
| RCFE   | MEDAL RESIDENTIAL BOARDING & CARE | 6        | 12952 ELKWOOD STREET     | NORTH HOLLYWOOD | 91605    | 3  | 10/19/2023   |
| RCFE   | SAINT CLAIR ASSISTED LIVING       | 6        | 6608 SAINT CLAIR AVE.    | NORTH HOLLYWOOD | 91606    | 3  | 10/12/2023   |
| RCFE   | TERRAZA OF CHEVIOT HILLS          | 100      | 3340 SHELBY DR.          | LOS ANGELES     | 90034    | 3  | 10/10/2023   |

Figure 1: Total ARF Closures 2016 - Present

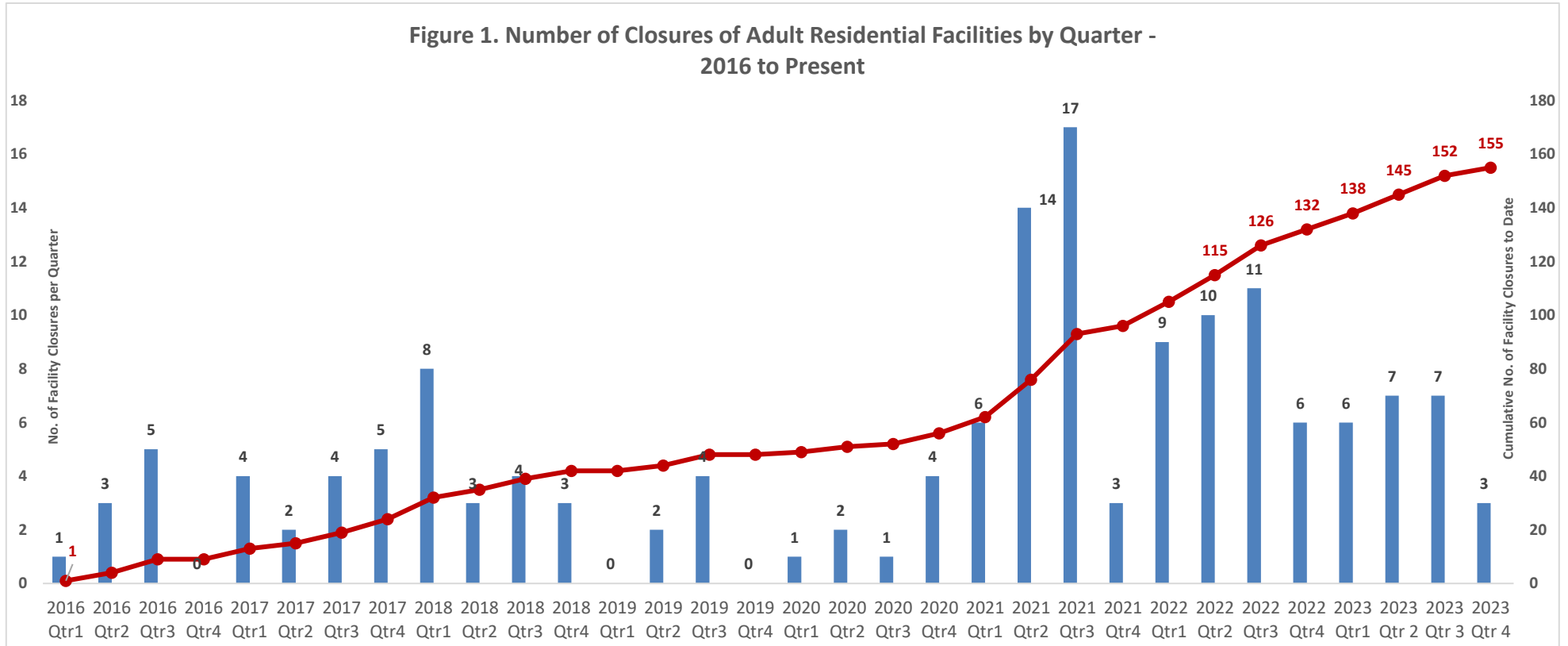
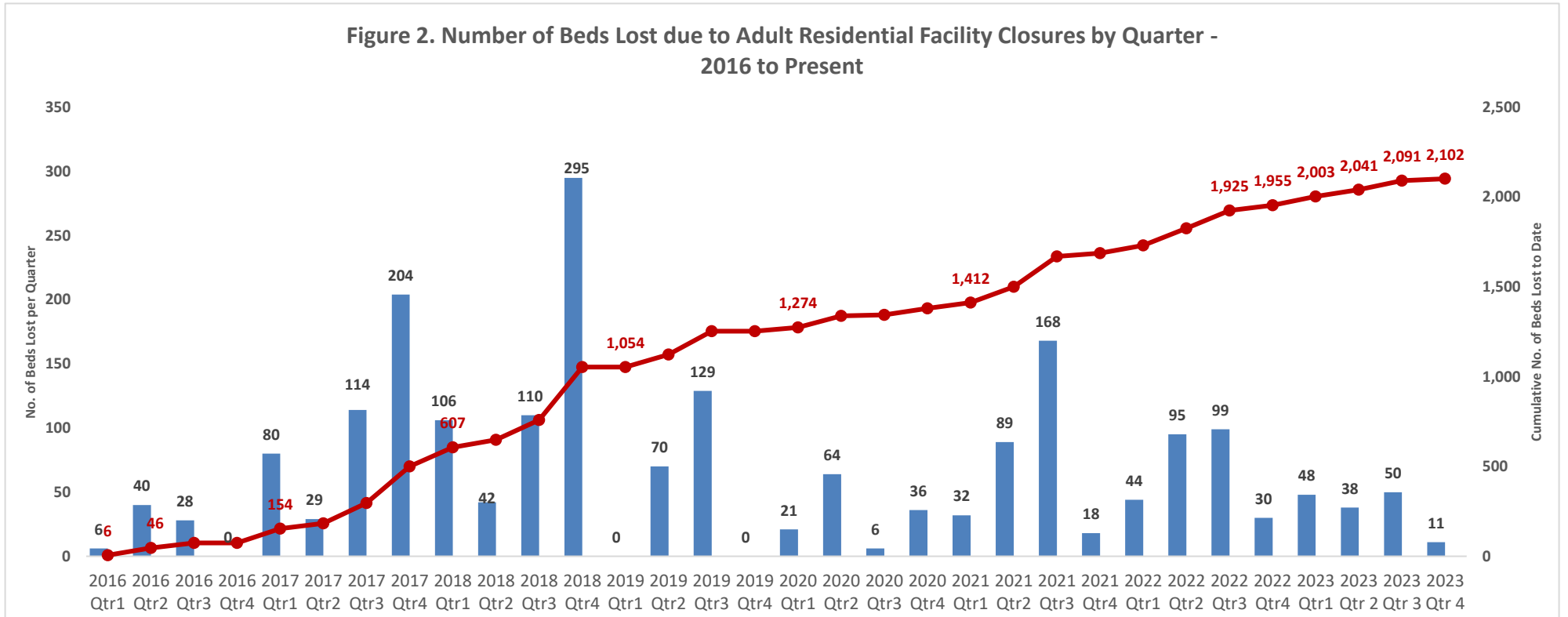


Figure 2: Total ARF Beds Lost 2016 – Present



*Table 3: ARF Closures by Facility Size 2016 – Present*

| <b>Adult Residential Facility Closures by Facility Size - 2016 to Present</b> |                           |                            |
|---|---------------------------|----------------------------|
| <b>Facility Size</b>  | <b>Number of Closures</b> | <b>% of Total Closures</b> |
| <=6   | 115                       | 74.2%                      |
| 7-19  | 17                        | 11.0%                      |
| 20-49   | 13                        | 8.4%                       |
| >=50  | 10                        | 6.5%                       |
| <b>Total</b>  | <b>155</b>                | <b>100.0%</b>              |