

MOTION BY SUPERVISOR JANICE HAHN

AGN. NO.
December 2, 2025

Continuing to Support and Invest in LA County’s Licensed Residential Care Facility System

Los Angeles County has made significant strides in preserving licensed residential care facilities, commonly referred to as “board and cares” or assisted living facilities, that serve some of the County’s most vulnerable adult residents. These efforts include the Department of Mental Health’s implementation of the Enriched Residential Program (ERC) that provides an enhanced services subsidy to support the ongoing operations of hundreds of facilities. This program has prevented closures of facilities that accept individuals receiving Supplemental Security Income/State Supplementary Payment as their main source of income. Additionally, DMH funded the Licensed Adult Residential Care Association, which is now a 501(c)(3), so it can continue its work to advocate on behalf of licensed residential care facilities. In 2022, DMH secured capital infrastructure and operating subsidies providing housing and services for qualified residents from the State’s Community Care Expansion (CCE) Program and partnered with the Los Angeles County Development Authority (LACDA) to release a solicitation awarding capital infrastructure dollars.

On December 20, 2022, the Board approved Community Care Expansion (CCE) Preservation - Capital Projects (CP) and delegated authority to the then Interim Director

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of the Department of Mental Health (DMH), or her designee, to receive funding from the State of California to expand and preserve infrastructure for individuals with behavioral health conditions. The Board also authorized DMH to negotiate an agreement to jointly oversee and administer the CCE-CP program with the Executive Director of the Los Angeles Community Development Authority (LACDA), and to designate LACDA to act as the agent of the County for the administration of the CCE-CP program. On May 2, 2023, the Board delegated authority to LACDA to negotiate owner participation agreements; execute Memorandums of Understanding (MOUs) with cities; and execute any contracts or agreements necessary to implement the CCE-CP program. On July 25, 2023, the Board authorized the Director of DMH to enter into a MOU with LACDA that included an allocation of funding from DMH to LACDA to administer the CCE-CP program, not to exceed 12% of the total CCE-CP funds. This MOU between DMH and LACDA to jointly oversee and manage the CCE-CP funds was executed on April 10, 2024.

Overall, the CCE-CP program was very successful and has committed the entire \$97.5 million of CCE-CP funds, including costs for the administration of the program, for the capital improvements of 25 facilities that will preserve a total of over 1,100 beds in LA County. Unfortunately, there are no additional State allocated CCE-CP funds available. Many facilities that continue to rely on the State's Non-Medical Out-Home-Care rate—currently at \$47 a day—face severe financial strain. The rate's limited reimbursement level makes it increasingly difficult for operators to sustain basic operations, address deferred maintenance, and make long-term decisions about remaining open. Although advocates have urged the State to increase reimbursement levels, the modest increases to the date have not kept pace with rising costs.

These facilities struggle to secure capital funding needed to make critical

improvements and upgrades that would enhance residents' quality of life and strengthen long-term sustainability. To address this ongoing need, DMH and LACDA propose to build on their successful partnership by utilizing additional Mental Health Services Act (MHSA) funds to continue rehabilitating facilities across the County. In the approved Fiscal Year 2025-26 budget, DMH included an additional \$20 million of MHSA funding to expand the capital improvements program.

Through this funding, LACDA will prioritize the rehabilitation of additional facilities that applied for the CCE-CP but were not selected for funding due to funding limitations. DMH has identified twelve facilities with a total of over 1,000 beds that are at risk of closure if they do not receive funding to meet their capital rehabilitation needs. The additional MHSA funding can help preserve these beds since many are at the highest risk of closure and serve a high percentage of residents who are DMH or Department Health Services clients at risk or experiencing homelessness.

This initiative will preserve the vital housing and care infrastructure for vulnerable adults while furthering the County's commitment to strengthening the board and care network as an essential component of the behavioral health and housing continuum.

I, THEREFORE, MOVE that the Board of Supervisors:

1. Designate the Los Angeles County Development Authority (LACDA) to serve as the agent of the County for the administration of \$20 million in Mental Health Services Act (MHSA) funds for the expansion of facilities eligible for capital projects (CP);
2. Delegate authority to the Director of the Department of Mental Health (DMH), or her designee, to amend the Memorandum of Understanding (MOU) with the LACDA to add \$20 million of additional MHSA funds in FY 2025-26, which includes funding for administrative costs not to exceed 12 percent of direct capital improvement and

upgrade costs; and

3. Delegate authority to the Director of DMH, or her designee, to further amend the MOU with LACDA to add additional funds for the expansion of facilities eligible for capital projects to the extent such funds are available and included in DMH's operating budget for a subsequent fiscal year.

I, FURTHER, MOVE that the Board of Supervisors also acting as the Board of Commissioners of the Los Angeles County Development Authority:

1. Authorize the Executive Director of LACDA, or his designee, to execute an amendment to the current MOU with the DMH to allocate \$20 million in additional funds in FY 2025-26, which includes funding for administrative costs not to exceed 12 percent of direct capital improvement and upgrade costs;
2. Authorize the Executive Director of LACDA, or his designee, to further amend the MOU with DMH to add additional funds for the expansion of facilities eligible for capital projects in subsequent fiscal years to the extent such funds are available; and
3. Authorize LACDA to accept and incorporate County funds in the LACDA's approved Fiscal year 2025-2026 budget, and future budgets as needed.

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