



LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH
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Director
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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

June 02, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

31 OF JUNE 2, 2015

PATRICK OGAWA
ACTING EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL TO ENTER INTO AN AGREEMENT WITH THE CALIFORNIA HOUSING FINANCE AGENCY FOR THE DEVELOPMENT OF PERMANENT SUPPORTIVE HOUSING FOR FISCAL YEAR 2014-15
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to enter into an Agreement with the California Housing Finance Agency for the development of Permanent Supportive Housing for homeless individuals with mental illness and families.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Mental Health (Director), or his designee, to sign a Mental Health Services Act (MHSA) Housing Program Assignment Agreement (Assignment Agreement), substantially similar to Attachment I, with the California Housing Finance Agency (CalHFA) to assign a total of \$4,250,000, which includes State MHSA revenue and Homeless Prevention Initiative (HPI) funds for Fiscal Year (FY) 2014-15 for the development of Permanent Supportive Housing. The Agreement will be effective upon Board approval.
2. Authorize the Director, or his designee, to sign an MHSA Assignment Agreement, substantially similar to Attachment I, with CalHFA to assign \$750,000 of State MHSA revenue for FY 2015-16 and FY 2016-17 for the development of Permanent Supportive Housing.
3. Delegate authority to the Director, or his designee, to receive and to sign future Assignment Agreements, substantially similar to Attachment I, with CalHFA to transfer other identified funds for

the development of Permanent Supportive Housing.

4. Delegate authority to the Director, or his designee, to sign future Assignment Agreements to transfer additional available MHSA funds provided that: 1) the County's total assignment of funds does not exceed an increase of 10 percent of the total Housing program; and 2) assigned funds are used for the development of Permanent Supportive Housing projects for homeless individuals with mental illness and their families.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Board approval of the recommended actions will allow Department of Mental Health (DMH) to continue to assign one-time and ongoing MHSA funds as well as one-time HPI funding to CalHFA for the development of Permanent Supportive Housing. The assignment of additional funding to CalHFA will allow DMH to continue investing in the development of Permanent Supportive Housing for homeless individuals with mental illness and their families. Future funding is subject to change based on future receipt of additional funding.

In addition, the recommendation for delegated authority to enter into future assignment agreements with CalHFA will enable DMH to assign other one-time funds. The additional funds will continue to fund the investment of Permanent Supportive Housing for homeless individuals with mental illness and families suffering.

Implementation of Strategic Plan Goals

The recommended Board actions support the County's Strategic Plan Goal 3, Integrated Service Delivery. This program will also help support the County's effort to end homelessness.

FISCAL IMPACT/FINANCING

The total amount of the Assignment Agreement for FY 2014-15 is \$4,250,000 which includes State MHSA revenue and HPI funds and is included in DMH's FY 2014-15 Final Adopted Budget.

The Assignment Agreement for FY 2015-16 and FY 2016-17 is \$750,000 per fiscal year and is funded by State MHSA revenue.

CalHFA will place transferred funds in an interest bearing account until the funds have been committed to a particular housing project. All accrued interest will be retained in the Los Angeles County subaccount for the MHSA Housing Program.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On June 10, 2008, your Board authorized DMH to participate in the statewide MHSA Housing Program jointly administered by California Department of Health Care Services (DHCS) and CalHFA. In addition, the former California Department of Mental Health was authorized to transfer \$115,571,200 of MHSA Housing Program funds to CalHFA on behalf of DMH.

DMH continues to participate in the MHSA Housing Program and since 2008 has been authorized by

your Board to assign a total program amount of \$126,791,020 of MHSA funds for the development and implementation of Permanent Supportive Housing Projects throughout the County of Los Angeles.

The recommended actions will assign an additional \$5,750,000 for FY 2014-15, FY 2015-16 and FY 2016-17.

The Permanent Supportive Housing projects, supported by MHSA and HPI funding, are geographically dispersed across the five Supervisorial Districts and the eight Service Areas. The Permanent Supportive Housing program currently supports approximately 898 units of Permanent Supportive Housing for MHSA eligible clients. DMH will continue to commit 100 percent of the funding for ongoing development of Permanent Supportive Housing.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The continuation of the MHSA Housing Program is a critical component to achieving Los Angeles County's plan to end homelessness. Board approval of the recommended actions will allow DMH to continue to use MHSA funds for the purpose of providing Permanent Supportive Housing for homeless individuals and families with mental illness throughout Los Angeles County.

CONCLUSION

DMH is responsible for identifying eligible project sponsors and partners for the development and implementation of Permanent Supportive Housing funded by the recommend actions.

CalHFA is responsible for the review and final approval of MHSA Housing Program applications for all aspects related to purchase, renovation and/or construction of housing developments and underwriting of loans to the project sponsors. Project sponsors receive capital funding as a loan through contractual agreement between CalHFA and the eligible borrower. Operating subsidies are distributed to the project sponsor as a grant.

DHCS is responsible for reviewing the service related aspects of the MHSA Housing Program applications.

DMH is responsible for developing and entering into a Memorandum of Understanding (MOU) with the project sponsor, property management company and the onsite supportive service provider. The MOU will detail the responsibilities of all parties and assign DMH the responsibility for certifying tenant applications to ensure prospective tenants meet the MHSA Housing Program target population criteria prior to being assigned a unit. In addition, DMH will also assume responsibility for ensuring selected tenants receive mental health services and supportive services through the supportive service provider and monitor the project to assure that appropriate supportive services are provided. DMH will collect and report all required client outcome data.

The Honorable Board of Supervisors

6/2/2015

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Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mg Southard". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

MARVIN J. SOUTHARD, D.S.W.

Director of Mental Health

MJS:DM:RK:CP:ek

Enclosures

c: Acting Executive Officer, Board of Supervisors
Interim Chief Executive Officer
County Counsel
Chairperson, Mental Health Commission

MHSA HOUSING PROGRAM ASSIGNMENT AGREEMENT

MHSA Housing Program
Los Angeles County

Los Angeles County Department of Mental Health County (the "**County**") agreed to participate in the State-administered Mental Health Services Act ("**MHSA**") Housing Program funded from the Community Services and Supports component of the MHSA Three-Year Program and Expenditure Plan. The MHSA Housing Program is jointly administered by the State Department of Health Care Services ("DHCS") formerly Department of Mental Health ("**DMH**") and the California Housing Finance Agency ("**CalHFA**").

The County represents and warrants that it has a fully executed agreement between it and DHCS formerly DMH memorializing its participation in the MHSA Housing Program.

The County agrees that upon its approval of this Assignment, in addition to any funds previously assigned, **\$4,250,000 of MHSA and HPI funds** will be transferred to CalHFA for the MHSA Housing Program **in Fiscal Year 2014-15.**

CalHFA will hold the funds transferred in a County specific sub-account, invest the funds in an appropriate investment vehicle as determined by CalHFA, and credit the County's sub-account with interest received on the investment. CalHFA will treat the funds as if such funds were transferred by DMH to CalHFA in accordance with the terms of the "Inter-Agency Agreement For the Administration Of The Mental Health Services Act Housing Program" dated May 30, 2008, and entered into by DMH and CalHFA (the "**Inter-Agency Agreement**").

CalHFA is responsible for the review of the application for all aspects of the Housing Development related to purchase, renovation and/or construction of the housing; underwriting of loans; disbursement of funds; all determinations regarding the use of operating subsidies for the housing development; and continued asset management of the Housing Development.

The County acknowledges and agrees that (1) CalHFA is not assuming any obligations, responsibilities, or liabilities beyond those set forth in the Inter-Agency Agreement, (2) this Agreement shall not be deemed a modification or amendment to the Inter-Agency Agreement, and (3) CalHFA is not responsible for any of the DMH obligations or liabilities set forth in the Inter-Agency Agreement, which have now been assumed by DHCS, including without limitation the review of the supportive services-related aspects of the application and for monitoring the program to assure that appropriate supportive services continue to be provided.

Nothing shall prohibit the County from using funds from other programs to supplement MHSA Housing Program funds, subject to requirements applicable to use such funds.

Date: _____

Approved for County (by signature):

By: _____

Name: _____

Title: _____

CALIFORNIA HOUSING FINANCE AGENCY, a public instrumentality and political subdivision of the State of California

By: _____

Name: Tia Boatman Patterson

Title: Executive Director