

PROPOSITION 1

▶ HOUSING IMPACTS

Presented by:

Maria Funk, Ph.D.

Deputy Director

Housing and Job Development Division

Department of Mental Health

Proposition 1

Housing Information Session

- ▶ This session is intended to provide information on Proposition 1, passed by the voters in the March 5, 2024 election, and its impact on housing resources.
- ▶ Will discuss the Housing Bond and how Proposition 1 transforms the Mental Health Services Act (MHSA) into the Behavioral Health Services Act (BHSA).
- ▶ Opportunity for stakeholders to make comments and ask questions.
- ▶ This is not a planning session. Planning for the three-year BHSA plan will begin in early 2025.

What is MHSA?

MHSA is a California voter initiative passed in November 2004 that imposed a 1% tax on all personal income over \$1 million annually.

MHSA makes up a little more than 25% of the Department of Mental Health (DMH) budget.

- MHSA allocations can change dramatically year-to-year depending on the economy and State tax revenues.

MHSA requires DMH to fund specific categories of services with MHSA funds:

- Community Services and Supports (CSS) including Full Service Partnership (FSP), Outpatient, Linkage and Crisis Services
- Prevention and Early Intervention (PEI)
- Innovations (INN)

MHSA requires DMH hold an annual public stakeholder process to develop a three-year plan for use of funds and to provide annual updates.

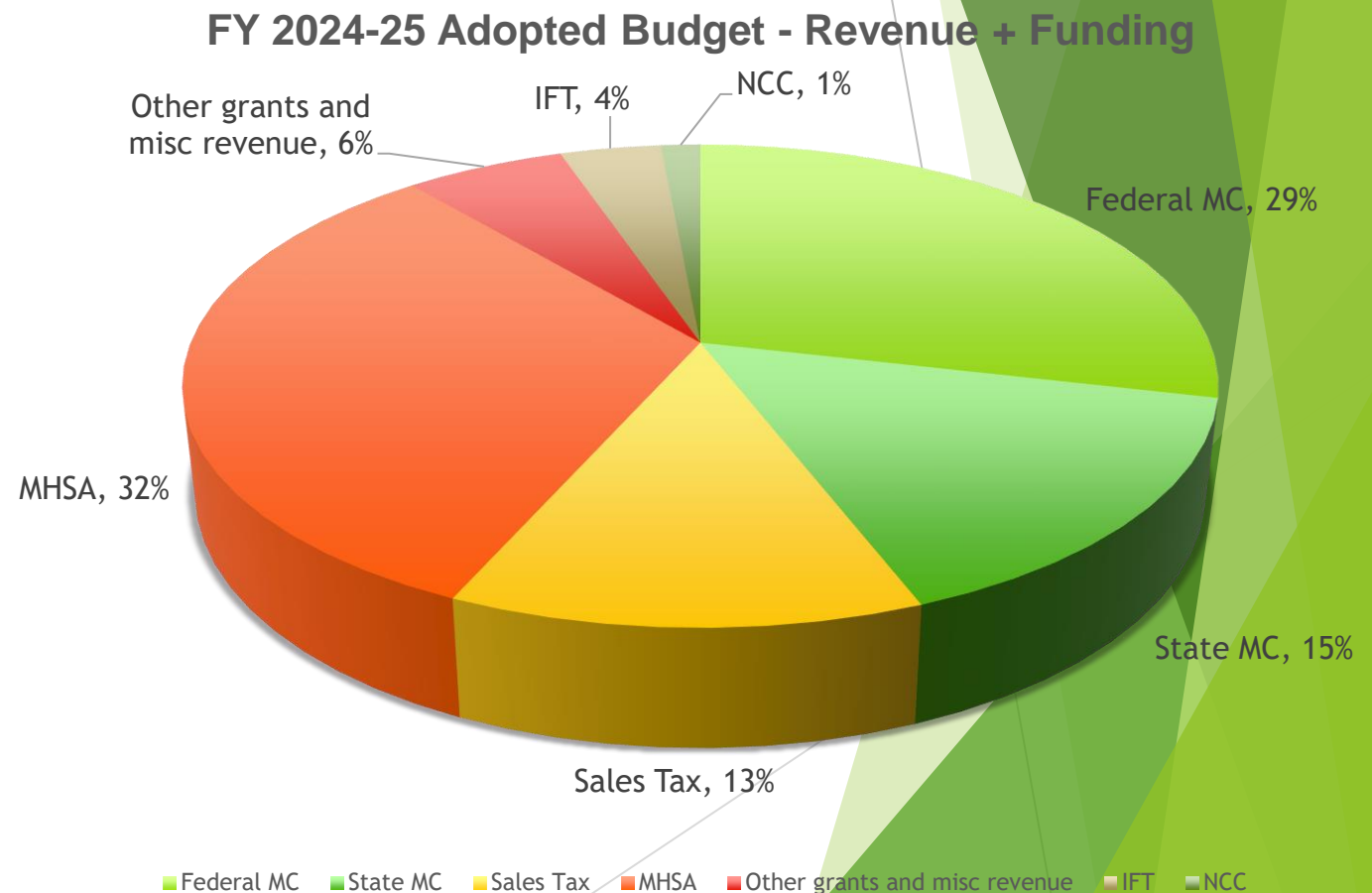
Los Angeles County Department of Mental Health FY 24-25 Adopted Budget and Revenues and Funding

Primary Funding Sources:

- 44% State and Federal Medi-Cal (\$1.81 Billion)**
Mandated mental health services for eligible clients who meet medical necessity criteria for Medi-Cal.
- 32% MHSA (\$1.32 Billion)**
Outreach, engagement, prevention, outpatient services, housing, capital, technology, workforce enrichment and projects for mental health innovations.
- 13% Sales Tax Realignment (\$512.8 Million)**
Treatment services in institutional settings including Probation halls/camps, STRTPs and CTFs for youth and locked mental health treatment beds for adults.

10% Grants and Other Revenues (\$394.5 Million)

1% NCC



BHSA Overview

Makes significant shifts in MHSa allocations, impacting funding from core mental health services (Outpatient, Crisis, Linkage) to create a new BHSA housing category.

Expands the focus of the service categories and the target populations served.

Makes significant shifts in planning and reporting for MHSa/BHSA.

Expands the purview of the Mental Health Commission to include Substance Use Disorder Services.

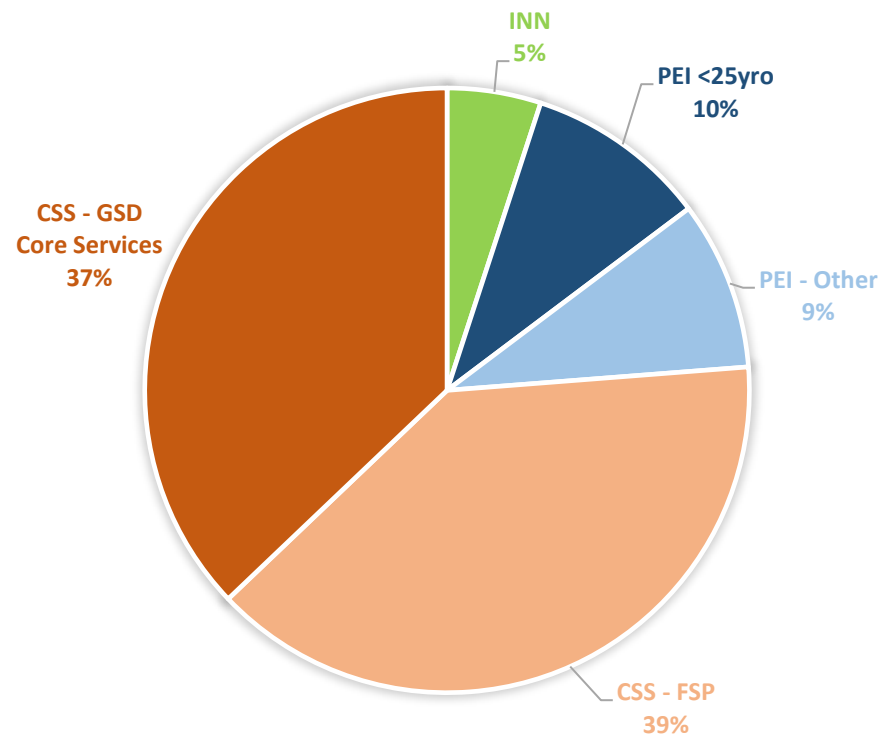
Expands planning and reporting to include Substance Use Disorder Services.

Programmatic changes will begin July 1, 2026. The Community Planning process will begin early 2025.

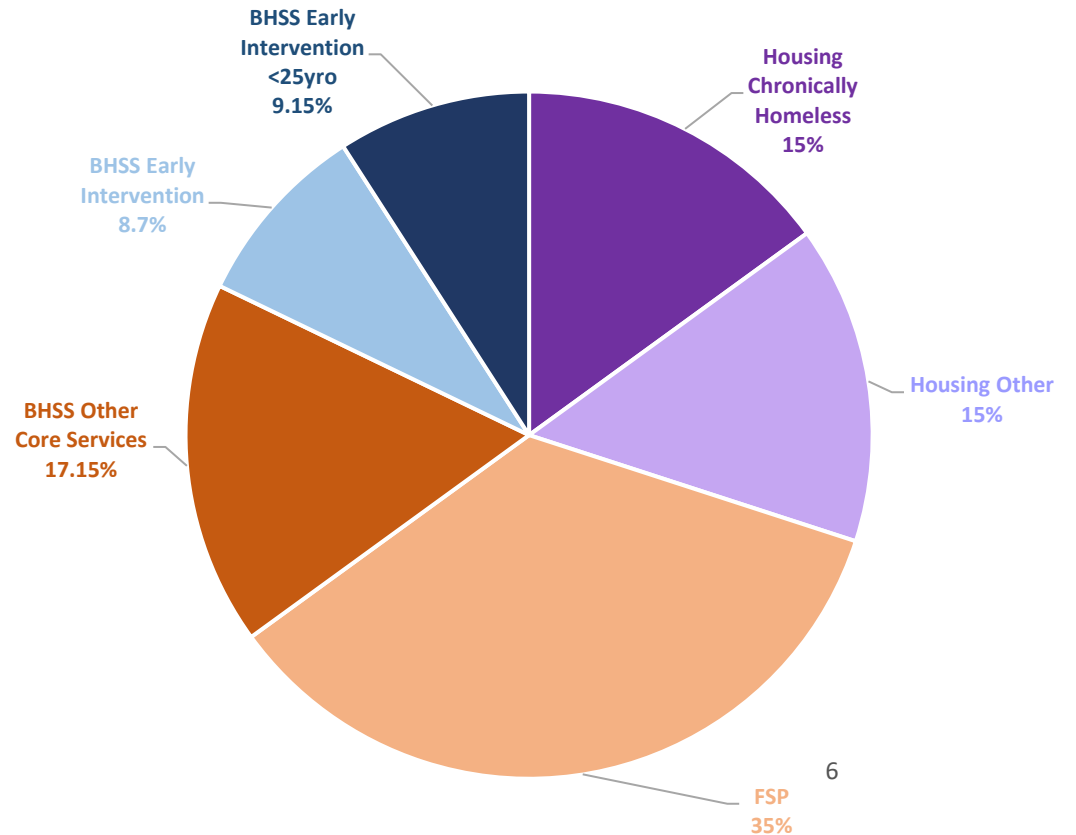
MHSA Components vs. BHSA Categories

New BHSA Categories Effective July 1, 2026

Current MHSA Funding Components



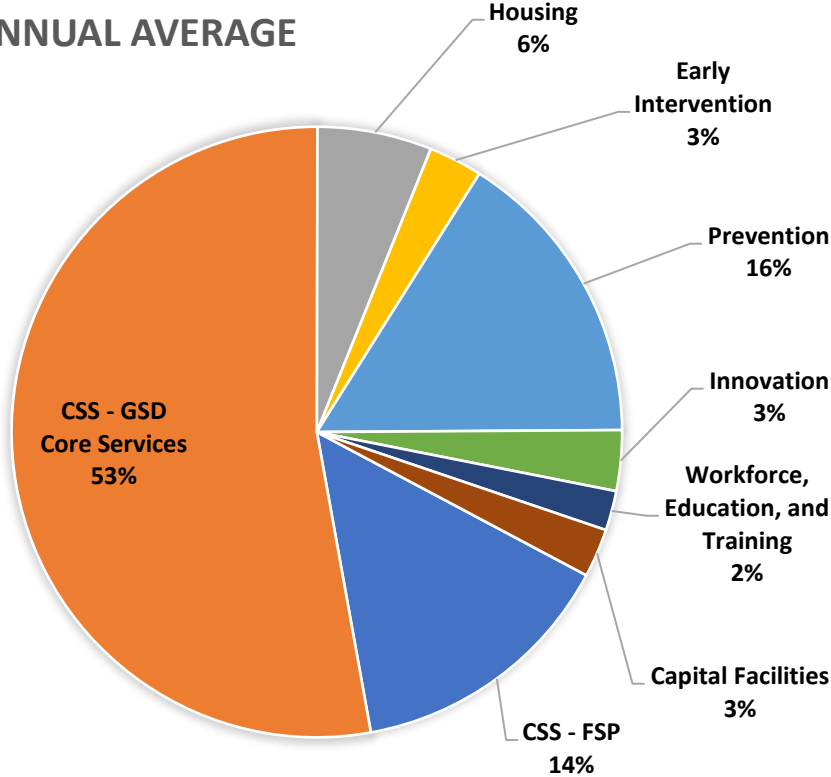
BHSA



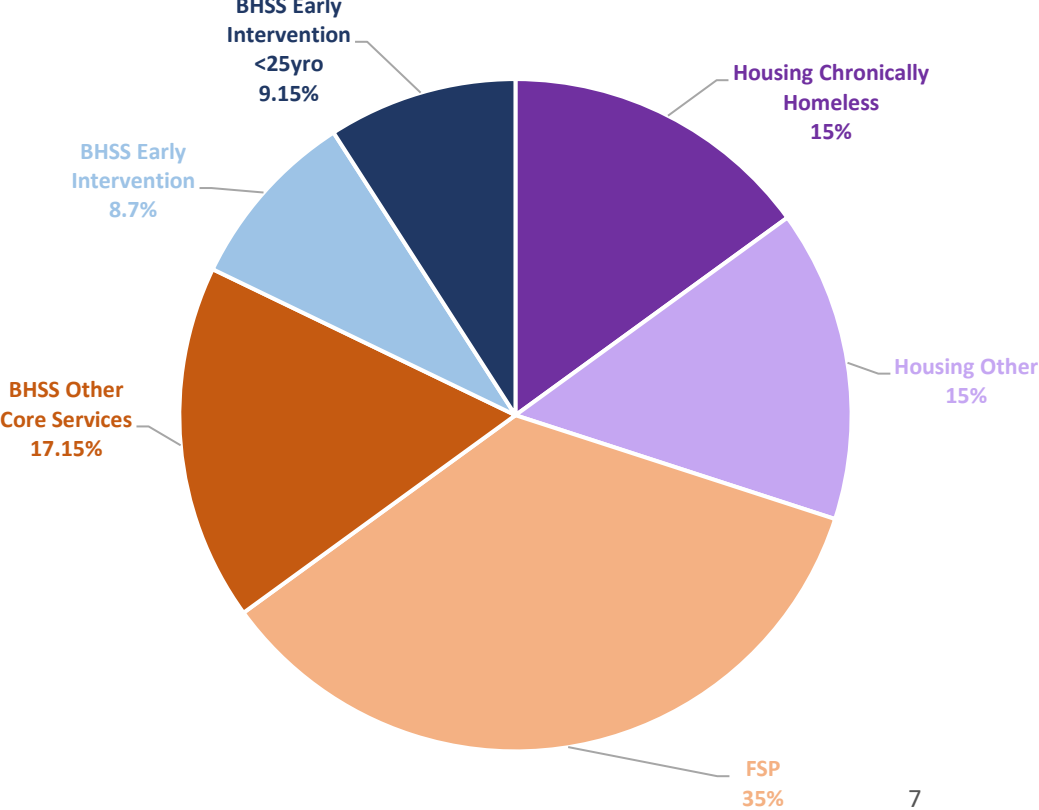
MHSA Actuals vs. BHSA Categories

New BHSA Categories Effective July 1, 2026

MHSA ACTUAL EXPENDITURES
ANNUAL AVERAGE



BHSA



Estimated BHSA Expenditure Shifts

BHSA Comparison: Estimated Dollar Impact with State Share

Category	Current Expenditure	Future Allocation	Difference
Full Service Partnership	\$106,806,000	\$196,401,000	\$89,595,000
Housing	\$44,985,000	\$161,329,000	\$116,344,000
Early Intervention	\$21,103,000	\$175,288,000	\$154,185,000
Other (Prevention, INN, WET)	\$176,969,000	-	(\$176,969,000)
Core Services (Outpatient, Crisis, Linkage)	\$392,393,000	\$168,414,000	(\$223,979,000)
State	\$37,113,000	\$77,937,000	\$40,824,000
Total	\$779,369,000	\$779,369,000	-

*Based on three-year revenue average FY 20-21 to FY 22-23. Does not reflect shift to prudent reserve or SUD only expenditures.

*This estimate reflects the maximum funding that can be made available for Core programming if LA utilizes the option to request a shift of 7% from housing and 7% from FSP to fund the BHSS Early Intervention and Core services category.

BHSA and Housing

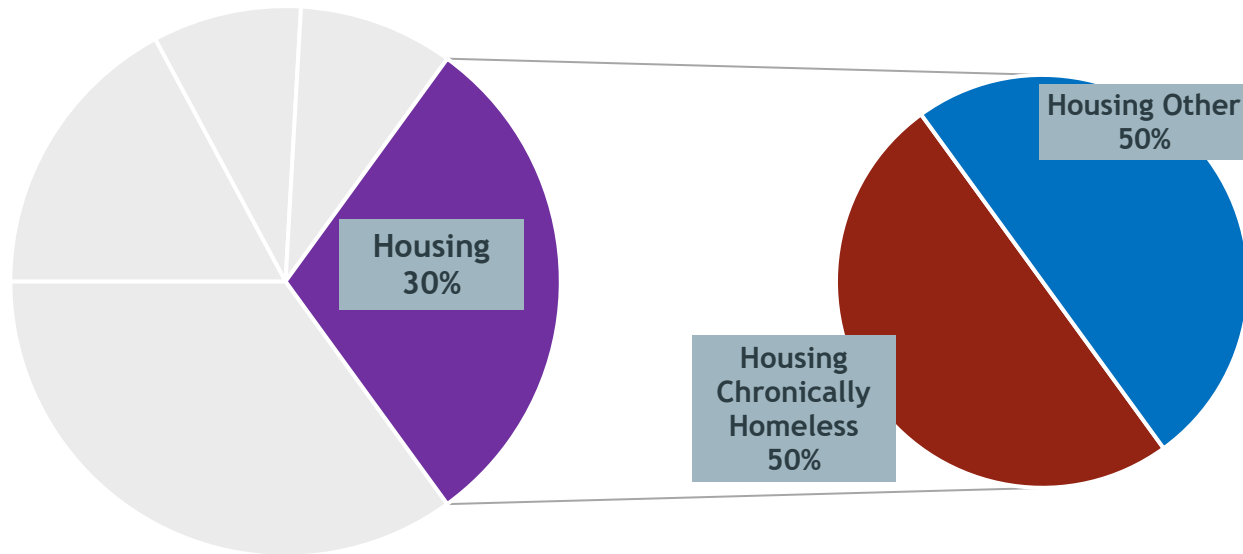


- ▶ Housing is an essential component of behavioral health treatment, recovery and stability.
- ▶ BHSA Housing dollars can fund housing assistance ONLY.
 - ▶ No specialty mental health services can be paid for out of this category.
- ▶ There are two housing components that were passed under Proposition 1:

BHSA Housing
Supports

Behavioral
Health
Infrastructure
Bond Act (BHIBA)

BHSA Housing Funding: Breakdown



- ▶ Under BHSA, 30% of funding **MUST** be used for housing supports.
- ▶ Of the housing supports funding, 50% must be used for clients that meet criteria for chronic homelessness.



MHSA and Housing

- ▶ While BHSAs set aside 30% for housing supports, DMH has already been using MHSA funding to:
 - ▶ Provide housing to clients in FSP and other programs through Client Supportive Services
 - ▶ Fund housing investments such as:
 - ▶ Interim Housing
 - ▶ Enriched Residential Care
 - ▶ Rental Assistance Program
 - ▶ Housing Assistance Program
 - ▶ Housing for Empowered Adult Living Program
 - ▶ Capital Development of Permanent Supportive Housing including through the use of No Place Like Home dollars
- ▶ DMH has existing infrastructure that will need to be enhanced to administer BHSAs housing dollars.

BHSA Housing Supports: Allowable Uses

Housing Supports through BHSA are broad to help support the broad range of client needs.

Housing Supports may include:

- Rental subsidies
- Operating subsidies
- Shared housing (including recovery housing)
- Family housing for eligible children and youth
- Project-based housing assistance including Master Leasing
- Capital development projects
 - Counties can use up to 25% of BHSA Housing funding to support capital development

Housing Supports may not include:

- Mental health services
- Housing supports covered by a Medi-Cal Managed Care Plan including Community Supports Housing Trio (Housing Transition Navigation Services, Housing Tenancy and Sustaining Services and Housing Deposits) and Transitional Rent
 - Must use these funds before BHSA Housing Funds can be used

BHSA Housing Supports: Eligible Clients

Similar to MHSA, BHSA funds can support children, youth, adults and older adults who are experiencing serious mental illness.

Unlike MHSA, BHSA allows funding to be used for clients with substance use disorders who do not have a co-occurring mental illness.

In order to focus on those with the most complex care needs, BHSA requires 50% of housing interventions to be used to serve clients who meet criteria for chronic homelessness.

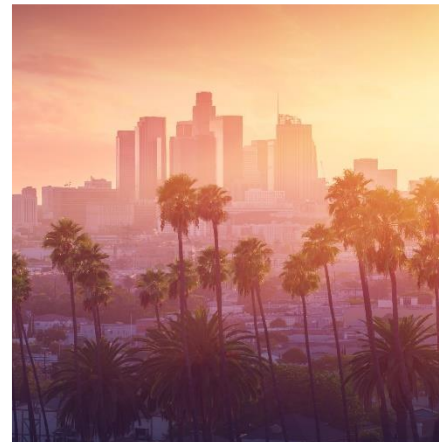
How Much Funding Will Be Available for Housing?



The State projects \$3.5 billion in total funding for BHSA in FY 26-27.

- Statewide allocation for Housing Supports is estimated to be about \$950 million.

Los Angeles County is projected by the State to receive approximately \$254 million in FY 26-27 for Housing Supports (methodology unclear).



Bond Funding

BHIBA makes two types of bond funding available for DMH:

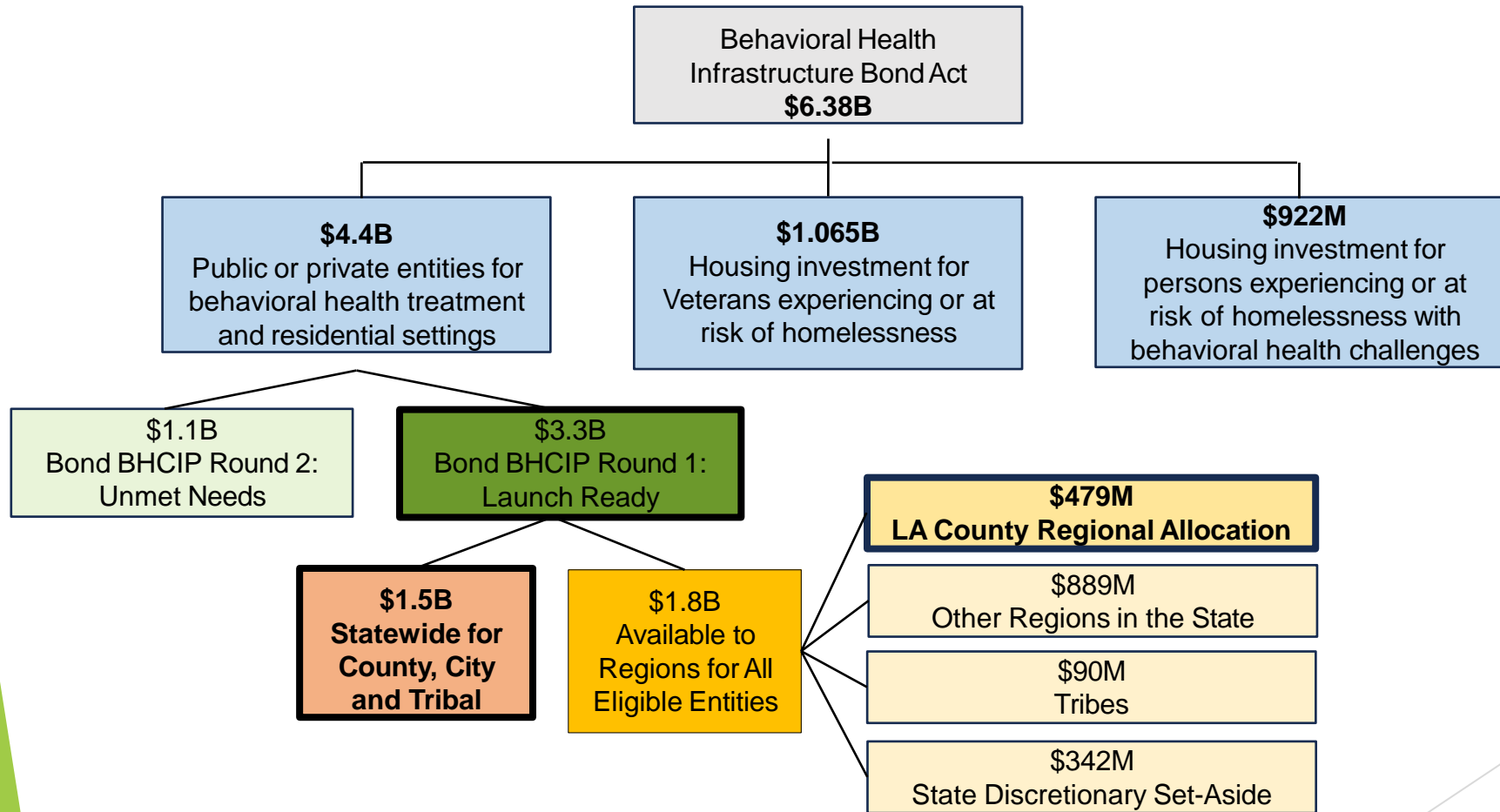
1. Behavioral Health Continuum Infrastructure Program (BHCIP)

- Focuses on the creation of Treatment Beds
- Information on recent webinar can be sent out to those interested.

2. Homekey+

- Focuses on the creation of Permanent Housing

Proposition 1 Bond Basics



BHCIP Grant Timeline – Round 1: Launch Ready (2024)

- ◁ RFA released July 17.
- ◁ Applications will be due December 13 and awarded in May 2025.
- ◁ Grant funds must be fully expended within five years of receipt of conditional award notice (~2030).
- ◁ Grantees must commit to executing BHCIP contracts within 90 days of receipt of conditional award notice.



BHCIP Round 1: Launch Ready Eligible Facility Types

Bond BHCIP: Round 1 and Round 2 Eligible Facility Types

Acute Psychiatric Hospital

Adolescent Residential SUD Treatment Facility

Adult Residential SUD Treatment Facility

Behavioral Health Urgent Care (BHUC)/Mental Health Urgent Care (MHUC)

Chemical Dependency Recovery Hospital

Children's Crisis Residential Program (CCRP)

Community Mental Health Clinic (outpatient)

Community Residential Treatment System (CRTS)/Social Rehabilitation Program (SRP)

Community Treatment Facility (CTF)

Community Wellness/Prevention Center (Tribal entities only)

Crisis Stabilization Unit (CSU)

General Acute Care Hospital (GACH) for behavioral health services only

Hospital-based Outpatient Treatment (outpatient detoxification/withdrawal management)

Mental Health Rehabilitation Center (MHRC)

Narcotic Treatment Program (NTP)

NTP Medication Unit

Office-based Opioid Treatment

Outpatient Treatment for SUD

Partial Hospitalization Program

Peer Respite

Perinatal Residential SUD Facilities

Psychiatric Health Facility (PHF)

Psychiatric Residential Treatment Facility (PRTF)

Short-term Residential Therapeutic Program (STRTP)

Skilled Nursing Facility with Special Treatment Program (SNF/STP)

Sobering Center (funded under the Drug Medi-Cal Organized Delivery System [DMC-ODS] and/or Community Supports)

Social Rehabilitation Facilities (SRFs)



Homekey+

- ▶ Modeled on Project Homekey program implemented by the State's Department of Housing and Community Development (HCD)
 - ▶ Homekey has funded 259 projects and 15,850 affordable homes Statewide.
- ▶ Emphasizes acquisition and rehabilitation of existing buildings or other projects for the creation of permanent housing
 - ▶ Prioritizes projects that can be quickly converted or constructed within 12 months of award
 - ▶ **Eligible uses include:** hotel conversions, rehabilitation of existing apartment buildings, master leasing, new construction and purchase of affordability covenants
 - ▶ **Eligible populations include:** Veterans and individuals with mental health or substance use challenges who are at risk of or experiencing homelessness
- ▶ Notice of Funding Availability (NOFA) will be released late 2024 and awards will be announced Summer 2025.

BH-CONNECT

- ▶ Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) is a demonstration project through Medi-Cal.
- ▶ Will expand continuum of treatment settings for clients who experience long stays in institutional settings, who are at risk of homelessness and who need recovery-oriented residential care
 - ▶ Community Transition In-Reach Services prepare clients while in institutional settings to transition back into the community.
 - ▶ Clients will be released to community-based Enriched Residential Settings.
 - ▶ Medi-Cal will cover client's room and board for up to 6 months.
 - ▶ Settings must be homelike, 16 beds or fewer, unlocked and voluntary.
 - ▶ Must use onsite evidence-based practices to support continued recovery.
 - ▶ Settings would be similar to the Highly Enriched Residential Care Services (HERCS) program that was created by DMH as part of Hollywood 2.0.
 - ▶ Public comment indicates most ARF/RCFE settings, including DMH Enriched Residential Care facilities, would need significant modifications to qualify.

Transitional Rent

- ▶ Transitional Rent is a new benefit through CalAIM that will fund rent/temporary housing as a Medi-Cal benefit for up to 6 months for members who are experiencing or at risk of homelessness and meet eligibility requirements.
 - ▶ Although initially proposed to be delivered by the behavioral health departments and the Managed Care Plans (MCPs), now it is recommended that it only be delivered through the MCPs.
 - ▶ Optional for MCPs beginning January 1, 2025 and mandatory for MCPs beginning January 1, 2026
 - ▶ Must be utilized by qualified clients prior to being eligible for housing resources through BHSA
 - ▶ Not a permanent subsidy but rather intended to assist clients to establish self-sufficiency or transition to a permanent housing resource
 - ▶ Does not have to be 6 months of consecutive rental assistance
 - ▶ State has suggested using a Flexible Housing Subsidy Pool to manage the funds

Transitional Rent (Cont.)

Eligibility Criteria:

- ▶ Experiencing or at risk of homelessness and meeting one or more of the following:
 - ▶ Qualifying for Specialty Mental Health Services or Drug Medi-Cal Organized Delivery System services
 - ▶ Having one or more serious chronic physical health conditions (individuals who are pregnant or postpartum up to 12 months will be considered to have met this definition) or physical, intellectual or developmental disabilities
 - ▶ Transitioning out of an institution such as the child welfare system, hospital or jail
 - ▶ Transitioning out of interim housing or rapid re-housing
 - ▶ FSP eligible

Transitional Rent Proposed Covered Settings

Apartments

Single Room
Occupancy
(SRO) units

Single-family
homes & multi-
family homes

Units in mobile
home
communities

Accessory
Dwelling Units
(ADUs)

Tiny homes

Shared housing
– where two or
more people live
in one rental unit

Permanent
Supportive
Housing

Recovery Housing
– at the choice of
the member

Interim Housing
settings
(e.g., motel,
non-congregate
interim models)

Adult Residential
Facilities -
including
assisted board
and care

Residential Care
Facilities for the
Elderly

Unlicensed Board
and Cares

Peer Respite

What's Next

- ▶ Clarity is needed from Department of Health Care Services (DHCS) for established guidelines.
- ▶ Stay up to date with DHCS Webinars:
<https://www.dhcs.ca.gov/BHT/Pages/Stakeholder-Engagement.aspx>
- ▶ DMH will provide updates as available until Planning Sessions begin.
- ▶ BHSA Community Planning Sessions kick off in early 2025.
- ▶ First sessions will be orientation to BHSA and the Needs Assessment.