

## MEMORANDUM

Date: April 18, 2016

To: Supervisor Candice Andersen  
Supervisor John Gioia  
Supervisor Federal Glover  
Supervisor Karen Mitchoff  
Supervisor Mary Piepho

CC: Anna Roth RN, CEO Contra Costa Regional Medical Center/HC/Detention Health  
Cynthia Belon LCSW, Director Contra Costa Behavioral Health Services  
Matthew Luu LCSW, Deputy Director Contra Costa Behavioral Health Services  
Warren Hayes, MHA Program Director, Contra Costa Behavioral Health Services

From: Concerned Community Advocates (listed below)

RE: Conversion of CCRMC Unit 4-D to a Child and Adolescent In-Patient Psychiatric Unit

There has been a growing concern on the part of members of several community groups, including Contra Costa NAMI, Contra Costa Mental Health Commission, Contra Costa Consolidated Planning Advisory Workgroup and others, about the length of time children and adolescents are spending on the Psych Emergency Services unit at CCRMC. This is the result of a severe lack of in-patient beds for children and adolescents in and around the greater Bay Area. A proposal to convert the vacant Unit 4-D into an 18-20 combined children and adolescent unit was presented to Finance last year and we were very hopeful that it would lead to a new unit serving our children and adolescents experiencing a mental health crisis. All of these interested groups postponed taking any official action on this subject in anticipation of the proposal's acceptance by Finance. Unfortunately the proposal was recently rejected by Finance. We believe that not enough consideration was given to the following facts:

1. In 2015 175 children and teens were held beyond 23 hours with one child staying as long as 77 days. The average length of stay for children staying longer than 23 hours was 5-7 days.
  - a. Stays beyond 23 hours are not reimbursed so all costs for services are borne by Contra Costa. Last year that figure was approximately \$650,000 or \$2,050 per day per child.
    - i. There are also the additional costs for serving children placed out of the county such as travel and "down time" for staff to visit and supervise children up to several hundred miles away. That cost is approximately \$150,000 per year.
    - ii. Some of those youngsters require additional supportive services while at PES. Last year those services totaled about \$75,000.
  - b. Stays beyond 23 hours violate children's civil rights and are against the law, putting the County at risk for fines and lawsuits
2. There is no "separate" section or programming for children at PES. They stay in a small section large enough for 2 children (although there are times when there have been 4 children on the unit), with no privacy for them or their families and little security to protect them from adults in crisis or from jail inmates who might need to come to PES.
3. In fiscal year 2014-15 1,765 children and teens passed through PES. That's an average of 34 children every week.

4. Currently an average of 135-150 children and teens are processed through PES every month, 49% of them are from East County.
5. Several neighboring counties are having similar problems placing children and adolescents in the very few in-patient units available. Most, including Contra Costa are having the most trouble placing their youngest patients, those who are 5-12 years old.
6. With an 83% occupancy rate a child and adolescent unit would break even. Although surrounding counties are as unlikely as we are to purchase “dedicated” beds, with the right configuration—such as 8 beds for children 5-12—it is probable that an inpatient unit could maintain an 83% occupancy rate. Some counties may even purchase dedicated beds for their 5-12 population.
7. Factoring in the current un-reimbursed costs for providing services to children staying beyond 23 hours converting 4-D to a mixed children and adolescent unit becomes very cost-effective.

Then there are the hidden human and emotional costs:

1. PES is neither child-friendly nor welcoming. It is noisy and chaotic even for adults, imagine what it is like if you are 5 years old. Imagine what it is like for parents to see their children in such a place. Then think about how you would react in their situation, especially if you have to stay more than 23 hours. Many never come back or seek services again, even when their child is again in crisis. The end result is that those children become more troubled. Many “self-medicate” and become part of our Alcohol and Other Drug programs, or worse yet become part of our foster care or juvenile justice systems.
2. They do not have actual beds for sleeping, instead “sleeper” chairs that recline are used at night.
3. For those families whose children are placed in programs hours away there is little or no family counseling to ensure that the family dynamics are different when the child does return home. Often the cycle just repeats itself, resulting in greater costs to “the system” and to the family and child.

We are asking you to carefully consider the conversion of 4-D to a child and adolescent in-patient unit. The renovation costs could be funded by the Mental Health Services Act. The on-going program costs could be funded by a mix of MediCal, private insurance, and placements from other counties. Unoccupied beds could be used by other counties. We would be able to recoup our costs for children staying longer than 23 hours or placed far away. We would be avoiding potential fines or settlements for children staying beyond the 23 hour limit. Most importantly we would be providing the most appropriate and effective care to our most vulnerable citizens and their families.

Thank you,

Kathi McLaughlin, Community Advocate, School Board Member, CPAW Member  
Janet Marshall Wilson JD, Retired Director of Patients’ Rights, CCC/Napa Counties  
Rev. Will McGarvey, Executive Director Interfaith Council of Contra Costa County, CPAW Member  
Lisa Laiolo-Bruce  
Connie Steers, Patients’ Rights Advocate (retired)  
Pamela Mirabella  
Deidre Seguenza JD, school board member  
Jonathan Wright, school board member  
Bobbi Horack, school board member

## **CPAW AGENDA ITEM READINESS WORKSHEET**

**CPAW Meeting Date:** July 7th

**Name of Committee/ Individual:** Children, Teen and Young Adult Committee

**1. Agenda Item Name:** CCRMC 4D

**2. Desired Outcome** The body of CPAW to draft a letter of support, or approve a letter that has been written to express support behind the proposal of utilizing CCRMC's 4D as in patient Children's unit.

**3. Brief Summary:** The Children, Teen and Young Adult Committee is requesting the body of CPAW to support the concept and implementation of CCRMC's 4D to be utilized for a children's inpatient unit. Currently, the only placement available to children in CCC is John Muir. However, John Muir also contract with other entities, therefore, when John Muir is full the county must place children in "out of county" placements, which are often too far for family and treatment providers to travel and visit or work on a discharge plan. Additionally, the hospitals that the county contracts with can refuse to take a child based on their application therefore hindering the child's right to access appropriate services and stabilize to return to a permanent home in a timely manner. This can adversely affect education and socialization with peers and connection with family.

**4. Background:** This issue has been discussed all the way up to CCC Finance and has not gotten traction. A stronger advocacy needs to be voiced on this issue.

**5. Specific Recommendation:** The Children, Teen and Young Adult Committee would like a letter of support for 4D to be supported and sent by CPAW to selected individuals, such as Cynthia Belon, Dr. Walker, Anna Roth, County Administrator, and Board of Supervisors.

**6. CPAW Role:** For discussion and decision to draft a letter of support

**7. Anticipated Time Needed on Agenda:** 25 min

**8. Who will report on this item?** Kathi McLaughlin

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Bobbi Horack, school board member



# CPAW AGENDA ITEM

## READINESS WORKSHEET

**CPAW Meeting Date:** July 7, 2016

**Name of Committee:** Steering

1. **Agenda Item Name:** Housing and Homeless Issues
2. **Desired Outcome:** Update CPAW membership regarding the Special Needs Housing Program (SNHP), and the No Place Like Home (NPLH) Initiative.
3. **Brief Summary:** The California Housing Finance Authority (CalHFA)'s State administered MHSA Housing Program is sun setting and transitioning to the SNHP. The State is offering Counties the option of opting in or out of this new program. If Contra Costa opts out, then \$1.7 million is available for locally administered housing programs. If Contra Costa opts in then this money will remain state administered for use in Contra Costa for housing programs.

The NPLH initiative is a newly proposed state administered housing program that will re-direct, when fully operational, approximately \$2.7 million annually from MHSA County funds for mental health services in order for the state to implement a \$2 billion bond for construction and renovation of structures that provide housing for the mentally ill.

**Background:** Attached are materials explaining both the SNHP and NPLH. For the SNHP, Counties are requested to determine whether they wish to opt in or out by September 30. For the NPLH initiative, the State legislature has until August 30 to provide a two-third majority vote to amend the MHSA to include language that implements this State run housing program.

**Specific Recommendation:** Input and recommendations are requested, either singly or as a group, from CPAW membership and guests regarding the SNHP and the NPLH initiative.

4. **Anticipated Time Needed on Agenda:** 30 minutes
5. **Who will report on this item?** Warren Hayes and CPAW members



Contra  
Costa  
County

To: Board of Supervisors  
From: David Twa, County Administrator  
Date: June 7, 2016

Subject: No Place Like Home Bond

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**RECOMMENDATION(S):**

ADOPT a "Support in concept" the "No Place Like Home" proposal developed in the Senate to redirect a portion of Mental Health Services Act (MHSA, or Proposition 63) funding from counties to help securitize up to \$2 billion in affordable housing bonds to address the persistent issue of homelessness through the State, as recommended by the County Administrator.

**FISCAL IMPACT:**

- \$1.8 billion in a competitive grant program which is available to counties who apply jointly with a developer (MHSA Bond funds).
- \$200,000,000 in a non-competitive program open to all 58 counties and funds will be prioritized to counties based on the homeless population (MHSA bond funds).
- \$6.2 million from MHSA to provide technical assistance to counties.
- Up to 4% of the competitive grant program for a default reserve program at HCD which protects against any defaults under the various loans.
- Alternative process for competitive grant program for those with at least 5% of the

APPROVE

OTHER

RECOMMENDATION OF CNTY  
ADMINISTRATOR

RECOMMENDATION OF BOARD  
COMMITTEE

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Action of Board On: **06/07/2016**  APPROVED AS RECOMMENDED  OTHER

Clerks Notes:

**VOTE OF SUPERVISORS**

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: June 7, 2016

Contact: L. DeLaney,  
925-335-1097

David J. Twa, County Administrator and Clerk of the Board of  
Supervisors

By: , Deputy

cc:



homeless population.

## BACKGROUND:

In January, Senate leaders released their “No Place Like Home” proposal. Senate President pro Tempore Kevin de León and former Senator Darrell Steinberg crafted the plan to redirect a portion of Mental Health Services Act (MHSA, or Proposition 63) funding from counties to help securitize up to \$2 billion in affordable housing bonds. The trailer bill language establishing the program was released on June 1, 2016.

There are a few provisions that are missing from the trailer bill language, including the provisions related to how the bonds work which will be in the next version of the anticipated trailer bill. Major provisions are as follows:

- \$1.8 billion in a competitive grant program which is available to counties who apply jointly with a developer (MHSA Bond funds).
- \$200 million in a non-competitive program open to all 58 counties and funds will be prioritized to counties based on the homeless population (MHSA bond funds).
- \$6.2 million from MHSA to provide technical assistance to counties.
- Up to 4% of the competitive grant program for a default reserve program at HCD which protects against any defaults under the various loans.
- Alternative process for competitive grant program for those with at least 5% of the homeless population.

The Governor has endorsed the "No Place Like Home" proposal. However, his Department of Finance has worked with the Senate to reduce the proportion of the \$2 billion in bonds that would be distributed on a competitive basis. The Governor has asked for up to \$500 million in noncompetitive funding for counties to use for rental subsidies and other innovative housing efforts. Of that \$500 million, a portion would also be available for technical assistance to counties. Lastly, the Governor agreed that leveraging MHSA funding is the best route to kick-starting construction or rehabilitation at the local level.

It should be noted that the Senate’s original proposal also included an increase in the state’s Supplemental Security Income/State Supplementary Payment (SSI/SSP) rates, which provide monthly funding to those who are aged, blind, or disabled. Further, it would have supported the existing Housing Support Program, which is administered by counties within the CalWORKs program, and a new “Bringing Families Home” program to provide family housing. None of these proposals are in the current Senate-Governor "No Place Like Home" concept.

CSAC does not have a position on the proposals at this time and is in the process of developing strategy and positions. A joint Health and Human Services Policy Committee and Housing, Land Use, and Transportation Policy Committee meeting was held on June 1, 2016, with County staff participating in the call.

County staff notes the following: "As proposed, all counties have to pay a portion of the bond debt service even if they’re not awarded any MHSA Grant Funds. The debt service

should be covered by the counties proportionate to the amount of funds received.

In addition, there is not a source of operating subsidy, which is critical to long term viability of the developments. As proposed, \$2 billion will be provided through a bond issue, which means funds will be restricted for capital costs. The biggest impediment to serving the proposed population is operating costs. There aren't enough federal subsidies (Section 8) to subsidize the number of clients that the Initiative intends to house."

Staff recommends that the Board of Supervisors support the "No Place Like Home" proposal, in concept. The issues identified by staff related to the debt service and operating subsidies should be addressed before an unqualified "support" position is offered.

Attachments include the proposal language (Attachment A), as well as Background material and attachments to the CSAC joint committee meeting (Attachment B).

Given the timing of State Budget discussions and negotiations, it is not possible to schedule this item for Board committee consideration.

### **No Place Like Home Trailer Bill** **UCC Summary – June 1, 2016**

#### **Mental Health Services Act**

Adds permanent supportive housing to the list of uses for the Mental Health Services Act (MHSA).

#### **No Place Like Home Advisory Committee**

This proposal creates the No Place Like Home Advisory Committee. The committee will assist and advise the HCD on the implementation of the program, review and approve the department's guidelines, review HCD's progress in distributing funds, and provide advice and guidance more broadly on statewide homelessness issues.

Membership on the committee is as follows:

- The Director of HCD.
- The Director of DHCS.
- The Secretary of Veterans Affairs.
- The Treasurer.
- A member of the Mental Health Services Oversight and Accountability Commission
- A chief administrative officer of a county or a member of a county board of supervisors, to be appointed by the Governor.
- A director of a county behavioral health department, to be appointed by the Governor.
- An administrative officer of a city, to be appointed by the Governor.
- A representative of an affordable housing organization, to be appointed by the Speaker of the Assembly.

- A representative of a community mental health organization, to be appointed by the Senate Rules Committee.
- A representative of a continuum of care organization, to be appointed by the Governor.

### **Competitive Program - \$1.8 billion**

This proposal provides that HCD shall administer a competitive grant program and distribution program awarding funding among counties and developers to finance the construction, rehabilitation or preservation of permanent supportive housing for individuals with mental health supportive needs who are homeless or at risk of homelessness.

\$1.8 billion is provided to the competitive program.

Requirements are as follows:

- A county and developer shall apply as co-applicants.
- Funded developments shall integrate the target population with the general public.
- Funded developments shall utilize low barrier tenant selection practices that prioritize vulnerable populations and offer flexible, voluntary, and individualized supportive services.

HCD will provide guidelines for the operation of the program which may provide for alternative housing models, such as shared housing models of fewer than five units. The guidelines must include establishing income and rent standards.

### **Application requirements**

In considering applications, HCD shall restrict eligibility to applicants that meet the following:

- The county commits to provide mental health supportive services inside the supportive housing development for at least 20 years.
- The county has developed a county plan to combat homelessness, which includes a description of homelessness countywide, any special challenges or barriers to serving this population, county resources applied to the issue, community-based resources, an outline of partners and collaborations and proposed solutions.
- The county commits to provide mental health supportive services and other services, including drug treatment services from any other available funding sources including, but not limited to MHSA, Drug Medi-Cal Treatment Program, realignment funds, funds received from private nonprofit organizations, and other county funds.
- Meet other threshold requirements including, but not limited to, developer capacity to develop, own, and operate a permanent supportive housing development for the target population, and the application proposes a financially feasible development with reasonable development costs.

### **Evaluation of Applications**

HCD shall evaluate applications using, at a minimum, the following criteria:

- The extent to which assisted units are restricted to persons who are chronically homeless or at risk of chronic homelessness within the target population.
- The extent to which non-state funds are leveraged for capital costs.
- The extent to which projects achieve deeper affordability through the use of non-state project based rental assistance, operating subsidies, or other funding.
- Project readiness.
- The extent to which applicants offer a range of on and off-site supportive services to tenants, including mental health services, behavioral health services, primary health, employment and other tenancy support services.

### **Alternative Process**

This proposal allows HCD to establish an alternative process for allocating funds as grants directly to counties with at least five percent of the state's homeless population and that demonstrates the capacity to directly administer loan funds for permanent supportive housing serving the target population. HCD must adopt guidelines establishing the parameters of the process and requirements for local administration of funds. Funds not committed to projects within two years following award to counties shall be returned to the state for the competitive program.

HCD shall consider the following when selecting participating counties:

- Demonstrated ability to finance permanent supportive housing with local and federal funds, and monitor requirements for the life of the loan.
- Past history of delivering supportive services to the target population.
- Past history of committing project-based vouchers to supportive housing.
- Ability to prioritize the most vulnerable within the target population through coordinated entry system.

HCD must award grants in at least four grant rounds for approximately 4 years. This proposal would also provide that HCD may establish maximum loan-to-value requirements for some or all of the types of projects that are eligible for funding under this section. HCD must also establish per-unit and per-project loan limits for all project types.

### **Non-Competitive Program**

In addition to the competitive grant program, HCD shall distribute two hundred million from the fund on a first come-first served basis. Funds to be awarded shall be available to all counties within the state proportionate to the number of homeless persons within each county. Funds not committed within 18 months following the first allocation shall be used in the competitive grant program

This proposal also provides that moneys shall be distributed either in accordance with the procedures for awarding funds to local agencies established by the existing MHSA housing program administered by DHCS and CalHFA or alternative procedures developed by HCD for distributing these moneys that enhance the efficiency and goals of the distribution program.

## **Technical Assistance Funds**

This proposal would allocate \$6.2 million from the Mental Health Services Fund to HCD to provide technical and grant preparation assistance to counties. Eligible uses of technical and grant preparation assistance shall include, but is not limited to, assistance in performing one or more of the following activities:

- Applying for program funds.
- Implementing activities funded by moneys distributed under this part, including the development of supportive housing for the target population.
- Coordinating funded activities with local homelessness systems.
- Delivering a range of supportive services to tenants.
- Collecting data, evaluation program activities, and sharing data among multiple systems, such as MHSA.

HCD shall provide grant funds to a county upon application as follows:

- To a large county and to Los Angeles County, HCD shall provide \$150,000.
- To a medium county, HCD shall provide \$100,000.
- To a small county, HCD shall provide \$75,000.

## **Default Reserve Funds**

This proposal provides that HCD may designate up to four percent of the funds allocated for the competitive grant program, in order to cure or avert a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize HCD's security in the rental housing development assisted under this proposal.

HCD may also use default reserve funds to repair or maintain any rental housing development assistance to protect HCD's security interest.

The payment or advance of funds by HCD under this subdivision are exclusively within HCD's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds.

**Subject:** RE: No Place Like Home Update (AB 1618)

**From:** DeAnn Baker [<mailto:dbaker@counties.org>]  
**Sent:** Wednesday, June 15, 2016 9:05 AM  
**To:** DeAnn Baker  
**Subject:** No Place Like Home Update (AB 1618)

**TO:** County Administrative Officers  
Legislative Coordinators  
County Caucus

**RE:** No Place Like Home Trailer Bill—AB 1618

As you know CSAC has been working with the urban counties (UCC), the rural counties (RCRC), and the mental health directors (CBHDA) to address concerns over the No Place Like Home (NPLH) budget trailer bill proposal ([AB 1618](#)). This proposal would utilize Mental Health Services Act (Prop 63) funding to pay for debt service on up to \$2 billion in bonds made available to counties for the construction or refurbishment of permanent supportive housing. This proposal was introduced by Senate pro Tem de León, sponsored by former pro Tem Steinberg, and endorsed by Governor Brown in his May Revision budget.

Late last night we concluded intense negotiations with the Department of Finance, Senate Staff, and the Department of Housing and Community Development(HCD), and they have agreed to accept numerous requested amendments. **In turn, they have requested that CSAC support the No Place Like Home proposal (AB 1618) in Senate Budget Committee at 10 a.m. today.**

With these last amendments committed to by the Senate and Administration, we have reached a point where the proposal is equitable and fair to all counties and most importantly ensures that CSAC will be at the table as the implementing guidelines are developed by HCD. A detailed outline of our requests and amendments over the last 5 days are as follows:

CSAC Directly Involved in Developing Guidelines: One of our last requests was to add CSAC into the development of the implementing guidelines with HCD. We were successful in securing language to ensure HCD develops the guidelines in consultation with CSAC.

County Tiers: We asked, and received, groupings to ensure like counties compete against each other in the \$1.8 billion competitive pot. They are grouped by total population as follows: LA (always in their own tier since beginning of proposal), Large 750,000+, Medium 200,001+, Small -200,000. This ensures that counties with similar resources are competing with one another.

Access for All Counties: Awards in the \$1.8 billion competitive pot for the alternative process available to the four counties with the highest percentage of homeless may choose between competing for the \$1.8 billion or may apply for funds based on their proportional homeless share, but cannot compete in both. Awards in the competitive pot for other counties are not restricted to a county's homeless count. \_\_

Rural Set Aside: There is a Rural Set-Aside within the \$1.8 billion competitive pot of 8% of all funds for the 30 counties with a population of less than 200,000.

\$200 Million "Over the Counter" Pot: All counties may compete in the \$200 million "Over the Counter" pot based on their proportional homeless count with a \$500,000 minimum available. Any monies not awarded in the first 18 months will revert to the overall competitive pot.

Advisory Committee: Added another county rep and a mental health consumer to the committee at our request. We made the case for representation from small and large counties, which they agreed to.

Development Sponsor: Language originally required a county to apply with a developer, and the funds would actually go to the developer. We made a strong case that the county is the sole applicant, because this is Prop. 63 money dedicated to counties for mental health services. The new language allows the county to apply, and offer them the option of partnering with a developer. We were also successful early on in ensuring that only counties – not cities – could access the funding, since it is a county funding source.

Homeless Count: The new language attempts to address our concerns over simply using the HUD 2015 homeless count by including a nod to "other factors" to be developed by HCD. This is better, especially since CSAC will assist in developing the guidelines and allow the use of more recent and accurate data.

20 Years of Services: This requirement was originally for 55 years – the life of the loan – but has been reduced to 20 years at our request. They also accepted our request to not limit those services to onsite services, as that would be very difficult for all but the largest counties.

Homeless Plan: We were successful in developing language that allows each county flexibility in the creation of a plan to combat homelessness. A county would only have to develop a plan if they wish to seek the funding. Many of our members already have such plans in place.

#### **Basic Summary of NPLH – As of Tuesday, June 14**

- Diverts MHSA funding off the top of revenues to finance loans to counties to build permanent supportive housing for those who are mentally ill and chronically homeless.
- Includes three pots of funding in four rounds:
  - Noncompetitive Pot: \$200 million in "over the counter" funding for counties to start development process and capitalize operating reserves. Counties eligible for funding based on their homeless count, includes potential \$500,000 minimum award for counties with low homeless counts.



- Competitive Pot: Up to \$1.8 billion in funds to counties, with counties grouped into tiers: LA, Large Counties with more than 750,000 residents, Medium Counties with between 200,001 and 749,999, and Small with less than 200,000 residents)
- Alternative Process: Allows 4 counties with largest homeless count (Los Angeles, San Francisco, Santa Clara, and San Diego) to access funding directly but limits them in proportion to their homeless count.
  - Includes \$2 million for Technical Assistance to counties based on size
  - Uses up to 5% for state administrative costs; 4% of competitive pot is set aside for a default reserve in case a local project has issues.
  - Requires counties to commit to providing supportive services for 20 years
  - Allows these supportive housing units to be occupied by those coming from corrections and transitioning from the foster care system.

We wanted to update you on this rapidly-evolving situation and also make ourselves available for any questions. You may reach me at 916.803.4753 and Farrah McDaid-Ting at 916.650.8110.

Thank you in advance.

Matt, DeAnn and Farrah

**DeAnn Baker**

Deputy Executive Director of Legislative Affairs

California State Association of Counties

1100 K Street, Suite 101

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(916) 650-8104

(916) 441-5507 - Fax

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[www.csac.counties.org](http://www.csac.counties.org)

**CBHDA: Estimated Impact of MHSAs Housing Bond Proposal (As of TBL RN#16 18675)**

Fund Estimates	2016-17			2017-18			2018-19			2019-20			2020-21			2021-22			2022-23			2023-24			
	No Bond	With Bond	Difference	No Bond	With Bond	Difference	No Bond	With Bond	Difference	No Bond	With Bond	Difference	No Bond	With Bond	Difference	No Bond	With Bond	Difference	No Bond	With Bond	Difference	No Bond	With Bond	Difference	
Total MHSAs Revenue Projections (Cash basis)	\$ 1,864.70	\$ 1,864.70		\$ 1,945.60	\$ 1,945.60		\$ 1,898.60	\$ 1,898.60		\$ 1,936.57	\$ 1,936.57		\$ 1,975.30	\$ 1,975.30		\$ 2,014.81	\$ 2,014.81		\$ 2,055.11	\$ 2,055.11		\$ 2,096.21	\$ 2,096.21		
Bond Debt Service Payment	\$ -	\$ -		\$ -	\$ 16.00		\$ -	\$ 36.00		\$ -	\$ 62.00		\$ -	\$ 88.00		\$ -	\$ 114.00		\$ -	\$ 130.00		\$ -	\$ 130.00		\$ -
5% State Administration	\$ 93.24	\$ 93.24		\$ 97.28	\$ 96.48		\$ 94.93	\$ 93.13		\$ 96.83	\$ 93.73		\$ 98.77	\$ 94.37		\$ 100.74	\$ 95.04		\$ 102.76	\$ 96.26		\$ 104.81	\$ 98.31		\$ -
County MHSAs Allocation Funds	\$ 1,957.94	\$ 1,957.94	\$ -	\$ 1,848.32	\$ 1,833.12	\$ (15.20)	\$ 1,803.67	\$ 1,769.47	\$ (34.20)	\$ 1,839.74	\$ 1,780.84	\$ (58.90)	\$ 1,876.54	\$ 1,792.94	\$ (83.60)	\$ 1,914.07	\$ 1,805.77	\$ (108.30)	\$ 1,952.35	\$ 1,828.85	\$ (123.50)	\$ 1,991.40	\$ 1,867.90	\$ (123.50)	\$ -

Proportional Impact of Bond Debt Service Payment on County MHSAs Allocation Funds	MHSAs Allocation Percentages	2016-17 Impact	2017-18 Impact	2018-19 Impact	2019-20 Impact	2020-21 Impact	2021-22 Impact	2022-23 Impact	2023-24 Impact	Total First 8 FYs
Alameda	3.58%	\$ -	\$ (0.54)	\$ (1.22)	\$ (2.11)	\$ (2.99)	\$ (3.88)	\$ (4.42)	\$ (4.42)	\$ (19.55)
Alpine	0.10%	\$ -	\$ (0.02)	\$ (0.06)	\$ (0.06)	\$ (0.09)	\$ (0.11)	\$ (0.13)	\$ (0.13)	\$ (0.56)
Amador	0.18%	\$ -	\$ (0.03)	\$ (0.06)	\$ (0.10)	\$ (0.15)	\$ (0.19)	\$ (0.22)	\$ (0.22)	\$ (0.97)
Berkeley City	0.30%	\$ -	\$ (0.05)	\$ (0.10)	\$ (0.18)	\$ (0.25)	\$ (0.33)	\$ (0.37)	\$ (0.37)	\$ (1.66)
Butte	0.59%	\$ -	\$ (0.09)	\$ (0.20)	\$ (0.35)	\$ (0.49)	\$ (0.64)	\$ (0.72)	\$ (0.72)	\$ (3.20)
Calaveras	0.19%	\$ -	\$ (0.03)	\$ (0.06)	\$ (0.11)	\$ (0.16)	\$ (0.21)	\$ (0.23)	\$ (0.23)	\$ (1.03)
Calaveras	0.16%	\$ -	\$ (0.02)	\$ (0.06)	\$ (0.10)	\$ (0.14)	\$ (0.18)	\$ (0.20)	\$ (0.20)	\$ (0.88)
Contra Costa	2.26%	\$ -	\$ (0.34)	\$ (0.77)	\$ (1.33)	\$ (1.89)	\$ (2.45)	\$ (2.79)	\$ (2.79)	\$ (12.36)
Del Norte	0.17%	\$ -	\$ (0.03)	\$ (0.06)	\$ (0.10)	\$ (0.14)	\$ (0.18)	\$ (0.21)	\$ (0.21)	\$ (0.92)
El Dorado	0.41%	\$ -	\$ (0.06)	\$ (0.14)	\$ (0.24)	\$ (0.35)	\$ (0.45)	\$ (0.51)	\$ (0.51)	\$ (2.26)
Fresno	2.41%	\$ -	\$ (0.37)	\$ (0.82)	\$ (1.42)	\$ (2.02)	\$ (2.61)	\$ (2.98)	\$ (2.98)	\$ (13.17)
Glenn	0.17%	\$ -	\$ (0.03)	\$ (0.06)	\$ (0.10)	\$ (0.14)	\$ (0.18)	\$ (0.21)	\$ (0.21)	\$ (0.92)
Humboldt	0.36%	\$ -	\$ (0.06)	\$ (0.12)	\$ (0.21)	\$ (0.30)	\$ (0.39)	\$ (0.45)	\$ (0.45)	\$ (1.98)
Imperial	0.50%	\$ -	\$ (0.08)	\$ (0.17)	\$ (0.29)	\$ (0.42)	\$ (0.54)	\$ (0.62)	\$ (0.62)	\$ (2.74)
Inyo	0.12%	\$ -	\$ (0.02)	\$ (0.04)	\$ (0.07)	\$ (0.10)	\$ (0.12)	\$ (0.14)	\$ (0.14)	\$ (0.63)
Kern	2.09%	\$ -	\$ (0.32)	\$ (0.72)	\$ (1.23)	\$ (1.75)	\$ (2.27)	\$ (2.59)	\$ (2.59)	\$ (11.44)
Kings	0.42%	\$ -	\$ (0.06)	\$ (0.14)	\$ (0.25)	\$ (0.35)	\$ (0.46)	\$ (0.52)	\$ (0.52)	\$ (2.31)
Lake	0.21%	\$ -	\$ (0.03)	\$ (0.07)	\$ (0.12)	\$ (0.18)	\$ (0.23)	\$ (0.26)	\$ (0.26)	\$ (1.15)
Lassen	0.17%	\$ -	\$ (0.03)	\$ (0.06)	\$ (0.10)	\$ (0.14)	\$ (0.18)	\$ (0.21)	\$ (0.21)	\$ (0.93)
Los Angeles	28.55%	\$ -	\$ (4.34)	\$ (9.76)	\$ (16.81)	\$ (23.86)	\$ (30.92)	\$ (35.25)	\$ (35.25)	\$ (155.92)
Madera	0.44%	\$ -	\$ (0.07)	\$ (0.15)	\$ (0.26)	\$ (0.37)	\$ (0.48)	\$ (0.54)	\$ (0.54)	\$ (2.41)
Marin	0.57%	\$ -	\$ (0.09)	\$ (0.19)	\$ (0.33)	\$ (0.47)	\$ (0.62)	\$ (0.70)	\$ (0.70)	\$ (3.10)
Mariposa	0.12%	\$ -	\$ (0.02)	\$ (0.04)	\$ (0.07)	\$ (0.10)	\$ (0.13)	\$ (0.14)	\$ (0.14)	\$ (0.64)
Mendocino	0.26%	\$ -	\$ (0.04)	\$ (0.09)	\$ (0.15)	\$ (0.21)	\$ (0.28)	\$ (0.32)	\$ (0.32)	\$ (1.40)
Merced	0.73%	\$ -	\$ (0.11)	\$ (0.25)	\$ (0.43)	\$ (0.61)	\$ (0.79)	\$ (0.91)	\$ (0.91)	\$ (4.01)
Modoc	0.11%	\$ -	\$ (0.02)	\$ (0.04)	\$ (0.06)	\$ (0.09)	\$ (0.12)	\$ (0.14)	\$ (0.14)	\$ (0.60)
Monro	0.11%	\$ -	\$ (0.02)	\$ (0.04)	\$ (0.07)	\$ (0.09)	\$ (0.12)	\$ (0.14)	\$ (0.14)	\$ (0.62)
Monterey	1.18%	\$ -	\$ (0.18)	\$ (0.40)	\$ (0.69)	\$ (0.98)	\$ (1.28)	\$ (1.46)	\$ (1.46)	\$ (6.44)
Napa	0.34%	\$ -	\$ (0.05)	\$ (0.12)	\$ (0.20)	\$ (0.29)	\$ (0.37)	\$ (0.42)	\$ (0.42)	\$ (1.88)
Nevada	0.29%	\$ -	\$ (0.04)	\$ (0.10)	\$ (0.17)	\$ (0.24)	\$ (0.31)	\$ (0.35)	\$ (0.35)	\$ (1.56)
Orange	8.11%	\$ -	\$ (1.23)	\$ (2.77)	\$ (4.78)	\$ (6.78)	\$ (8.78)	\$ (10.02)	\$ (10.02)	\$ (44.30)
Placer	0.67%	\$ -	\$ (0.10)	\$ (0.23)	\$ (0.40)	\$ (0.56)	\$ (0.73)	\$ (0.83)	\$ (0.83)	\$ (3.68)
Plumas	0.16%	\$ -	\$ (0.02)	\$ (0.05)	\$ (0.09)	\$ (0.13)	\$ (0.17)	\$ (0.19)	\$ (0.19)	\$ (0.86)
Riverside	5.12%	\$ -	\$ (0.78)	\$ (1.75)	\$ (3.02)	\$ (4.28)	\$ (5.54)	\$ (6.32)	\$ (6.32)	\$ (27.97)
Sacramento	3.17%	\$ -	\$ (0.48)	\$ (1.08)	\$ (1.87)	\$ (2.65)	\$ (3.43)	\$ (3.91)	\$ (3.91)	\$ (17.30)
San Benito	0.21%	\$ -	\$ (0.03)	\$ (0.07)	\$ (0.12)	\$ (0.17)	\$ (0.23)	\$ (0.26)	\$ (0.26)	\$ (1.14)
San Bernardino	5.24%	\$ -	\$ (0.80)	\$ (1.79)	\$ (3.09)	\$ (4.38)	\$ (5.68)	\$ (6.47)	\$ (6.47)	\$ (28.63)
San Diego	8.20%	\$ -	\$ (1.25)	\$ (2.81)	\$ (4.83)	\$ (6.86)	\$ (8.88)	\$ (10.13)	\$ (10.13)	\$ (44.81)
San Francisco	1.84%	\$ -	\$ (0.28)	\$ (0.63)	\$ (1.09)	\$ (1.54)	\$ (2.00)	\$ (2.28)	\$ (2.28)	\$ (10.06)
San Joaquin	1.67%	\$ -	\$ (0.25)	\$ (0.57)	\$ (0.99)	\$ (1.40)	\$ (1.81)	\$ (2.07)	\$ (2.07)	\$ (9.14)
San Luis Obispo	0.69%	\$ -	\$ (0.10)	\$ (0.23)	\$ (0.40)	\$ (0.57)	\$ (0.74)	\$ (0.85)	\$ (0.85)	\$ (3.75)
San Mateo	1.63%	\$ -	\$ (0.25)	\$ (0.56)	\$ (0.96)	\$ (1.36)	\$ (1.77)	\$ (2.01)	\$ (2.01)	\$ (8.91)
Santa Barbara	1.16%	\$ -	\$ (0.18)	\$ (0.40)	\$ (0.69)	\$ (0.97)	\$ (1.26)	\$ (1.44)	\$ (1.44)	\$ (6.36)
Santa Clara	4.64%	\$ -	\$ (0.71)	\$ (1.59)	\$ (2.74)	\$ (3.88)	\$ (5.03)	\$ (5.74)	\$ (5.74)	\$ (25.37)
Santa Cruz	0.74%	\$ -	\$ (0.11)	\$ (0.25)	\$ (0.44)	\$ (0.62)	\$ (0.81)	\$ (0.92)	\$ (0.92)	\$ (4.07)
Shasta	0.49%	\$ -	\$ (0.07)	\$ (0.17)	\$ (0.29)	\$ (0.41)	\$ (0.53)	\$ (0.61)	\$ (0.61)	\$ (2.68)
Sierra	0.10%	\$ -	\$ (0.02)	\$ (0.04)	\$ (0.06)	\$ (0.09)	\$ (0.11)	\$ (0.13)	\$ (0.13)	\$ (0.57)
Siskiyou	0.18%	\$ -	\$ (0.03)	\$ (0.06)	\$ (0.11)	\$ (0.15)	\$ (0.20)	\$ (0.22)	\$ (0.22)	\$ (0.99)
Solano	1.02%	\$ -	\$ (0.16)	\$ (0.35)	\$ (0.60)	\$ (0.86)	\$ (1.11)	\$ (1.26)	\$ (1.26)	\$ (5.59)
Sonoma	1.14%	\$ -	\$ (0.17)	\$ (0.39)	\$ (0.67)	\$ (0.96)	\$ (1.24)	\$ (1.41)	\$ (1.41)	\$ (6.24)
Stanislaus	1.28%	\$ -	\$ (0.19)	\$ (0.44)	\$ (0.75)	\$ (1.07)	\$ (1.38)	\$ (1.58)	\$ (1.58)	\$ (6.98)
Sutter/Yuba	0.49%	\$ -	\$ (0.07)	\$ (0.17)	\$ (0.29)	\$ (0.41)	\$ (0.53)	\$ (0.60)	\$ (0.60)	\$ (2.67)
Tahama	0.21%	\$ -	\$ (0.03)	\$ (0.07)	\$ (0.12)	\$ (0.17)	\$ (0.22)	\$ (0.25)	\$ (0.25)	\$ (1.12)
Trinity	0.56%	\$ -	\$ (0.08)	\$ (0.19)	\$ (0.33)	\$ (0.46)	\$ (0.60)	\$ (0.69)	\$ (0.69)	\$ (3.03)
Trinity	0.11%	\$ -	\$ (0.02)	\$ (0.04)	\$ (0.07)	\$ (0.09)	\$ (0.12)	\$ (0.14)	\$ (0.14)	\$ (0.62)
Tulare	1.21%	\$ -	\$ (0.18)	\$ (0.41)	\$ (0.71)	\$ (1.01)	\$ (1.31)	\$ (1.50)	\$ (1.50)	\$ (6.62)
Tuolumne	0.20%	\$ -	\$ (0.03)	\$ (0.07)	\$ (0.12)	\$ (0.17)	\$ (0.22)	\$ (0.25)	\$ (0.25)	\$ (1.10)
Ventura	2.10%	\$ -	\$ (0.32)	\$ (0.72)	\$ (1.24)	\$ (1.76)	\$ (2.28)	\$ (2.60)	\$ (2.60)	\$ (11.49)
Yolo	0.54%	\$ -	\$ (0.08)	\$ (0.18)	\$ (0.32)	\$ (0.45)	\$ (0.58)	\$ (0.66)	\$ (0.66)	\$ (2.94)
<b>Totals</b>	<b>100.00%</b>	<b>\$ -</b>	<b>\$ (15.20)</b>	<b>\$ (34.20)</b>	<b>\$ (58.90)</b>	<b>\$ (83.60)</b>	<b>\$ (108.30)</b>	<b>\$ (123.50)</b>	<b>\$ (123.50)</b>	<b>\$ (546.20)</b>

Note: These figures include only the first 8 fiscal years, for estimation purposes. The annual bond debt service payments could carry forward each year through FY 2051-52 to fully repay the \$2 billion in debt service, plus interest.

Notes:  
Geiss Consulting (May 2016) is the source for MHSAs Revenue Projections in FYs 2016-17 through 2018-19.  
Senate Handout "Potential Debt Service Costs (5/17/16)" is the source for MHSAs Revenue Projections (including an assumption of 2% annual growth) in FYs 2019-20 forward, and for the estimated annual bond debt service payments.

AMENDED IN SENATE JUNE 13, 2016

AMENDED IN ASSEMBLY APRIL 14, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1618**

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**Introduced by Committee on Budget (Assembly Members Ting (Chair), Travis Allen, Bigelow, Bloom, Bonta, Campos, Chávez, Chiu, Cooper, Gordon, Grove, Harper, Holden, Irwin, Kim, Lackey, McCarty, Melendez, Mullin, Nazarian, Obernolte, O'Donnell, Patterson, Rodriguez, Thurmond, Wilk, and Williams)**

January 7, 2016

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~~An act relating to the Budget Act of 2016.~~ *An act to amend Sections 5830 and 5847 of, and to add Part 3.9 (commencing with Section 5849.1) to Division 5 of, the Welfare and Institutions Code, relating to housing, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1618, as amended, Committee on Budget. ~~Budget Act of 2016.~~ *No Place Like Home Program: establishment.*

*(1) The Mental Health Services Act (MHSA), an initiative measure enacted by the voters as Proposition 63 at the November 2, 2004, statewide general election, imposes a 1% tax on that portion of a taxpayer's taxable income that exceeds \$1,000,000 and requires that the revenue from that tax be deposited in the Mental Health Services Fund to fund various county mental health programs. The MHSA authorizes the Legislature to amend its provisions by a  $\frac{2}{3}$  vote, provided that the amendment is consistent with and furthers the intent of the act.*

*This bill would establish the No Place Like Home Program, to be administered by the Department of Housing and Community*

*Development. The bill would require the department to award \$2,000,000,000 through a competitive program among counties to finance capital costs, including, but not limited to, acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves, of permanent supportive housing for the target population, as specified. The bill would further require the department to allocate \$1,800,000 to a competitive program, as specified, and would require that applicants meet specified requirements to be eligible to apply for funding and would require the department to evaluate applications using specified criteria. The bill would require the department to award moneys in four rounds, as provided. The bill would require the department to allocate \$200,000,000 among all counties within this state based on a calculation that includes, among other considerations, the numbers of homeless persons residing in each county. The bill would establish, and continuously appropriate, the No Place Like Home Fund for these purposes. The bill would also appropriate \$6,200,000 from the Mental Health Services Fund to the department to provide technical and application preparation assistance to counties. The bill would require counties to annually report to the department on activities funded under these provisions, as provided.*

*This bill would establish the No Place Like Home Program Advisory Committee, as specified, and require the committee to assist and advise the department in the implementation of the program, review and make recommendations on the department's guidelines, review the department's progress in distributing moneys pursuant to the program, and provide advise and guidance on statewide homelessness issues. The bill would also require the department to submit a report on the program to the Legislature by December 31 of each year, as specified, and, upon an appropriation for that purpose, to contract with a public or private research university in this state to evaluate the program, as provided.*

*(2) The MHSA, among other things, requires county health programs to develop plans for innovative programs, to be funded as provided, and requires that the innovative program have specified purposes, including increasing access to services. Existing law requires that the projects included in the innovative program portion of a county health plan meet specified requirements, including increasing access to underserved groups and increasing access to services.*

*This bill would specify that the services required to be provided through these programs, among other things, may include the provision of permanent supportive housing.*

*(3) This bill would declare that its provisions further the intent of the MHSA.*

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2016.~~

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 5830 of the Welfare and Institutions Code  
2     is amended to read:

3     5830. County mental health programs shall develop plans for  
4     innovative programs to be funded pursuant to paragraph (6) of  
5     subdivision (a) of Section 5892.

6     (a) The innovative programs shall have the following purposes:

7         (1) To increase access to underserved groups.

8         (2) To increase the quality of services, including better  
9     outcomes.

10        (3) To promote interagency collaboration.

11        (4) To increase access to ~~services~~ *services, including, but not*  
12 *limited to, services provided through permanent supportive*  
13 *housing.*

14     (b) All projects included in the innovative program portion of  
15     the county plan shall meet the following requirements:

16        (1) Address one of the following purposes as its primary  
17     purpose:

18           (A) Increase access to underserved ~~groups~~ *groups, which may*  
19 *include providing access through the provision of permanent*  
20 *supportive housing.*

21           (B) Increase the quality of services, including measurable  
22     outcomes.

23           (C) Promote interagency and community collaboration.

24           (D) Increase access to ~~services~~ *services, which may include*  
25 *providing access through the provision of permanent supportive*  
26 *housing.*

27        (2) Support innovative approaches by doing one of the  
28     following:

1 (A) Introducing new mental health practices or approaches,  
2 including, but not limited to, prevention and early intervention.

3 (B) Making a change to an existing mental health practice or  
4 approach, including, but not limited to, adaptation for a new setting  
5 or community.

6 (C) Introducing a new application to the mental health system  
7 of a promising community-driven practice or an approach that has  
8 been successful in nonmental health contexts or settings.

9 (D) *Participating in a housing program designed to stabilize a*  
10 *person's living situation while also providing supportive services*  
11 *on site.*

12 (c) An innovative project may affect virtually any aspect of  
13 mental health practices or assess a new or changed application of  
14 a promising approach to solving persistent, seemingly intractable  
15 mental health challenges, including, but not limited to, any of the  
16 following:

17 (1) Administrative, governance, and organizational practices,  
18 processes, or procedures.

19 (2) Advocacy.

20 (3) Education and training for service providers, including  
21 nontraditional mental health practitioners.

22 (4) Outreach, capacity building, and community development.

23 (5) System development.

24 (6) Public education efforts.

25 (7) Research.

26 (8) Services and interventions, including prevention, early  
27 intervention, and treatment.

28 (9) *Permanent supportive housing development.*

29 (d) If an innovative project has proven to be successful and a  
30 county chooses to continue it, the project workplan shall transition  
31 to another category of funding as appropriate.

32 (e) County mental health programs shall expend funds for their  
33 innovation programs upon approval by the Mental Health Services  
34 Oversight and Accountability Commission.

35 *SEC. 2. Section 5847 of the Welfare and Institutions Code is*  
36 *amended to read:*

37 5847. Integrated Plans for Prevention, Innovation, and System  
38 of Care Services.

39 (a) Each county mental health program shall prepare and submit  
40 a three-year program and expenditure plan, and annual updates,

1 adopted by the county board of supervisors, to the Mental Health  
2 Services Oversight and Accountability Commission within 30 days  
3 after adoption.

4 (b) The three-year program and expenditure plan shall be based  
5 on available unspent funds and estimated revenue allocations  
6 provided by the state and in accordance with established  
7 stakeholder engagement and planning requirements as required in  
8 Section 5848. The three-year program and expenditure plan and  
9 annual updates shall include all of the following:

10 (1) A program for prevention and early intervention in  
11 accordance with Part 3.6 (commencing with Section 5840).

12 (2) A program for services to children in accordance with Part  
13 4 (commencing with Section 5850), to include a program pursuant  
14 to Chapter 4 (commencing with Section 18250) of Part 6 of  
15 Division 9 or provide substantial evidence that it is not feasible to  
16 establish a wraparound program in that county.

17 (3) A program for services to adults and seniors in accordance  
18 with Part 3 (commencing with Section 5800).

19 (4) A program for innovations in accordance with Part 3.2  
20 (commencing with Section 5830).

21 (5) A program for technological needs and capital facilities  
22 needed to provide services pursuant to Part 3 (commencing with  
23 Section 5800), Part 3.6 (commencing with Section 5840), and Part  
24 4 (commencing with Section 5850). All plans for proposed facilities  
25 with restrictive settings shall demonstrate that the needs of the  
26 people to be served cannot be met in a less restrictive or more  
27 integrated ~~setting~~ *setting, such as permanent supportive housing*.

28 (6) Identification of shortages in personnel to provide services  
29 pursuant to the above programs and the additional assistance  
30 needed from the education and training programs established  
31 pursuant to Part 3.1 (commencing with Section 5820).

32 (7) Establishment and maintenance of a prudent reserve to  
33 ensure the county program will continue to be able to serve  
34 children, adults, and seniors that it is currently serving pursuant  
35 to Part 3 (commencing with Section 5800), the Adult and Older  
36 Adult Mental Health System of Care Act, Part 3.6 (commencing  
37 with Section 5840), Prevention and Early Intervention Programs,  
38 and Part 4 (commencing with Section 5850), the Children’s Mental  
39 Health Services Act, during years in which revenues for the Mental  
40 Health Services Fund are below recent averages adjusted by

1 changes in the state population and the California Consumer Price  
2 Index.

3 (8) Certification by the county behavioral health director, which  
4 ensures that the county has complied with all pertinent regulations,  
5 laws, and statutes of the Mental Health Services Act, including  
6 stakeholder participation and nonsupplantation requirements.

7 (9) Certification by the county behavioral health director and  
8 by the county auditor-controller that the county has complied with  
9 any fiscal accountability requirements as directed by the State  
10 Department of Health Care Services, and that all expenditures are  
11 consistent with the requirements of the Mental Health Services  
12 Act.

13 (c) The programs established pursuant to paragraphs (2) and  
14 (3) of subdivision (b) shall include services to address the needs  
15 of transition age youth 16 to 25 years of age. In implementing this  
16 subdivision, county mental health programs shall consider the  
17 needs of transition age foster youth.

18 (d) Each year, the State Department of Health Care Services  
19 shall inform the County Behavioral Health Directors Association  
20 of California and the Mental Health Services Oversight and  
21 Accountability Commission of the methodology used for revenue  
22 allocation to the counties.

23 (e) Each county mental health program shall prepare expenditure  
24 plans pursuant to Part 3 (commencing with Section 5800) for adults  
25 and seniors, Part 3.2 (commencing with Section 5830) for  
26 innovative programs, Part 3.6 (commencing with Section 5840)  
27 for prevention and early intervention programs, and Part 4  
28 (commencing with Section 5850) for services for children, and  
29 updates to the plans developed pursuant to this section. Each  
30 expenditure update shall indicate the number of children, adults,  
31 and seniors to be served pursuant to Part 3 (commencing with  
32 Section 5800), and Part 4 (commencing with Section 5850), and  
33 the cost per person. The expenditure update shall include utilization  
34 of unspent funds allocated in the previous year and the proposed  
35 expenditure for the same purpose.

36 (f) A county mental health program shall include an allocation  
37 of funds from a reserve established pursuant to paragraph (7) of  
38 subdivision (b) for services pursuant to paragraphs (2) and (3) of  
39 subdivision (b) in years in which the allocation of funds for services  
40 pursuant to subdivision (e) are not adequate to continue to serve



1 the same number of individuals as the county had been serving in  
2 the previous fiscal year.

3 *SEC. 3. Part 3.9 (commencing with Section 5849.1) is added*  
4 *to Division 5 of the Welfare and Institutions Code, to read:*

5

6 *PART 3.9. THE NO PLACE LIKE HOME PROGRAM*

7

8 *5849.1. (a) The Legislature finds and declares that this part*  
9 *is consistent with and furthers the purposes of the Mental Health*  
10 *Services Act, enacted by Proposition 63 at the November 2, 2004,*  
11 *statewide general election, within the meaning of Section 18 of*  
12 *that measure.*

13 *(b) The Legislature further finds and declares all of the*  
14 *following:*

15 *(1) Housing is a key factor for stabilization and recovery to*  
16 *occur and results in improved outcomes for individuals living with*  
17 *a mental illness.*

18 *(2) Untreated mental illness can increase the risk of*  
19 *homelessness, especially for single adults.*

20 *(3) California has the nation's largest homeless population that*  
21 *is disproportionately comprised of women with children, veterans,*  
22 *and the chronically homeless.*

23 *(4) California has the largest number of homeless veterans in*  
24 *the United States at 24 percent of the total population in our nation.*  
25 *Fifty percent of California's veterans live with serious mental*  
26 *illness and 70 percent have a substance use disorder.*

27 *(5) Fifty percent of mothers experiencing homelessness have*  
28 *experienced a major depressive episode since becoming homeless*  
29 *and 36 percent of these mothers live with post-traumatic stress*  
30 *disorder and 41 percent have a substance use disorder.*

31 *(6) Ninety-three percent of supportive housing tenants who live*  
32 *with mental illness and substance use disorders voluntarily*  
33 *participated in the services offered.*

34 *(7) Adults who receive 2 years of "whatever-it-takes," or Full*  
35 *Service Partnership services, experience a 68 percent reduction*  
36 *in homelessness.*

37 *(8) For every dollar of bond funds invested in permanent*  
38 *supportive housing, the state and local governments can leverage*  
39 *a significant amount of additional dollars through tax credits,*

1 *Medicaid health services funding, and other housing development*  
2 *funds.*

3 *(9) Tenants of permanent supportive housing reduced their visits*  
4 *to the emergency department by 56 percent, and their hospital*  
5 *admissions by 45 percent.*

6 *(10) The cost in public services for a chronically homeless*  
7 *Californian ranges from \$60,000 to \$100,000 annually. When*  
8 *housed, these costs are cut in half and some reports show*  
9 *reductions in cost of more than 70 percent, including potentially*  
10 *less involvement with the health and criminal justice systems.*

11 *(11) Californians have identified homelessness as their top tier*  
12 *priority; this measure seeks to address the needs of the most*  
13 *vulnerable people within this population.*

14 *(12) Having counties provide mental health programming and*  
15 *services is a benefit to the state.*

16 *5849.2. As used in this part, the following definitions shall*  
17 *apply:*

18 *(a) "At risk of chronic homelessness" includes, but is not limited*  
19 *to, persons who are at high risk of long-term or intermittent*  
20 *homelessness, including persons with mental illness exiting*  
21 *institutionalized settings, including, but not limited to, jail and*  
22 *mental health facilities, who were homeless prior to admission,*  
23 *transition age youth experiencing homelessness or with significant*  
24 *barriers to housing stability, and others, as defined in program*  
25 *guidelines.*

26 *(b) "Chronically homeless" has the same meaning as defined*  
27 *in Section 578.3 of Title 24 of the Code of Federal Regulations,*  
28 *as that section read on May 1, 2016.*

29 *(c) "Committee" means the No Place Like Home Program*  
30 *Advisory Committee established pursuant to Section 5849.3.*

31 *(d) "County" includes, but is not limited to, a city and county.*

32 *(e) "Department" means the Department of Housing and*  
33 *Community Development.*

34 *(f) "Development sponsor" has the same meaning as "sponsor"*  
35 *as defined in Section 50675.2 of the Health and Safety Code.*

36 *(g) "Fund" means the No Place Like Home Fund established*  
37 *pursuant to Section 5849.4.*

38 *(h) "Homeless" has the same meaning as defined in Section*  
39 *578.3 of Title 24 of the Code of Federal Regulations, as that section*  
40 *read on May 1, 2016.*

1 (i) “Permanent supportive housing” has the same meaning as  
2 “supportive housing,” as defined in Section 50675.14 of the Health  
3 and Safety Code, except that “permanent supportive housing”  
4 shall include associated facilities if used to provide services to  
5 housing residents.

6 (j) “Program” means the process for awarding funds and  
7 distributing moneys to applicants established in Sections 5849.7,  
8 5849.8, and 5849.9.

9 (1) “Competitive program” means that portion of the program  
10 established by Section 5849.8.

11 (2) “Distribution program” means that portion of the program  
12 described in Section 5849.9.

13 (k) “Target population” means individuals or households as  
14 provided in Section 5600.3 who are homeless, chronically  
15 homeless, or at risk of chronic homelessness.

16 5849.3. (a) There is hereby established the No Place Like  
17 Home Program Advisory Committee. Membership on the committee  
18 shall be as follows:

19 (1) The Director of Housing and Community Development, or  
20 his or her designee, who shall serve as the chairperson of the  
21 committee.

22 (2) The Director of Health Care Services, or his or her designee,  
23 and an additional representative.

24 (3) The Secretary of Veterans Affairs, or his or her designee.

25 (4) The Director of Social Services, or his or her designee.

26 (5) The Treasurer, or his or her designee.

27 (6) The chair of the Mental Health Services Oversight and  
28 Accountability Commission, or his or her designee.

29 (7) A chief administrative officer of a small county or a member  
30 of a county board of supervisors of a small county, as provided by  
31 subdivision (d) of Section 5489.6, to be appointed by the Governor.

32 (8) A chief administrative officer of a large county or a member  
33 of a county board of supervisors of a large county, as provided by  
34 subdivision (b) of Section 5489.6, to be appointed by the Governor.

35 (9) A director of a county behavioral health department, to be  
36 appointed by the Governor.

37 (10) An administrative officer of a city, to be appointed by the  
38 Governor.

39 (11) A representative of an affordable housing organization, to  
40 be appointed by the Speaker of the Assembly.

1 (12) A resident of supportive housing, to be appointed by the  
2 Governor.

3 (13) A representative of a community mental health  
4 organization, to be appointed by the Senate Rules Committee.

5 (14) A representative of a local or regional continuum of care  
6 organization that coordinates homelessness funding, to be  
7 appointed by the Governor.

8 (b) The committee shall do all of the following:

9 (1) Assist and advise the department in the implementation of  
10 the program.

11 (2) Review and make recommendations on the department's  
12 guidelines.

13 (3) Review the department's progress in distributing moneys  
14 pursuant to this part.

15 (4) Provide advice and guidance more broadly on statewide  
16 homelessness issues.

17 5849.4. (a) The No Place Like Home Fund is hereby created  
18 within the State Treasury and, notwithstanding Section 13340 of  
19 the Government Code, continuously appropriated to the department  
20 for the purposes of this part. The department may use up to five  
21 percent of the amount deposited in the fund for administrative  
22 expenses in implementing this part.

23 (b) There shall be paid into the fund the following:

24 (1) Any proceeds from the issuance of bonds by the Treasurer  
25 for the purpose of implementing the program.

26 (2) Any other federal or state grant, or from any private  
27 donation or grant, for the purposes of this part.

28 (3) Any interest payment, loan repayments, or other return of  
29 funds.

30 5849.5. (a) The department may adopt guidelines or  
31 regulations as necessary to exercise the powers and perform the  
32 duties conferred or imposed on it by this part. Any guideline or  
33 regulation adopted pursuant to this section shall not be subject to  
34 the requirements of the Administrative Procedure Act (Chapter  
35 3.5 (commencing with Section 11340) of Part 1 of Division 3 of  
36 Title 2 of the Government Code). The department shall consult  
37 with key stakeholders, including, but not limited to, counties.

38 (b) The department may adopt emergency regulations in order  
39 to expedite the award of moneys pursuant to this part.

1 5849.6. For the purpose of administering this part, the  
2 department shall organize counties into the following competitive  
3 groupings based on population:

4 (a) The County of Los Angeles.

5 (b) Large counties with a population greater than 750,000.

6 (c) Medium counties with a population between 200,000 to  
7 750,000.

8 (d) Small counties with a population less than 200,000.

9 The competitive program shall distribute funding among the  
10 groupings based on a calculation made by the department that  
11 shall include the number of homeless persons residing within each  
12 county, as determined by the department, and considers minimum  
13 funding levels necessary for a permanent supportive housing  
14 development. The department, at its discretion, may consider other  
15 factors in the calculation if it supports the objectives of this part.

16 5849.7. (a) The department shall administer a competitive  
17 program, pursuant to Section 5849.8, and distribution program,  
18 pursuant to Section 5849.9, for awarding a total of two billion  
19 dollars (\$2,000,000,000) among counties to finance capital costs  
20 including, but not limited to, acquisition, design, construction,  
21 rehabilitation, or preservation, and to capitalize operating  
22 reserves, of permanent supportive housing for the target  
23 population.

24 (b) For the competitive program established by Section 5849.8,  
25 the following shall apply:

26 (1) A county may apply as the sole applicant if it is the  
27 development sponsor or jointly with a separate entity as  
28 development sponsor.

29 (2) Funded developments shall integrate the target population  
30 with the general public.

31 (3) Funded developments shall utilize low barrier tenant  
32 selection practices that prioritize vulnerable populations and offer  
33 flexible, voluntary, and individualized supportive services.

34 (4) The guidelines may provide for alternative housing models,  
35 such as shared housing models of fewer than five units. Integration  
36 requirements may be modified in shared housing.

37 (5) Funds shall be offered as deferred payment loans to finance  
38 capital costs including acquisition, design, construction,  
39 rehabilitation, or preservation, and to capitalize operating reserves  
40 of, permanent supportive housing for the target population.

1     (6) *The department shall adopt guidelines establishing income*  
2 *and rent standards.*  
3     5849.8. (a) *One billion eight hundred million dollars*  
4 *(\$1,800,000,000) shall be allocated from the fund for the purposes*  
5 *of the competitive program. The department shall develop a*  
6 *competitive application process for the purpose of awarding*  
7 *moneys pursuant to this section. In considering applications, the*  
8 *department shall do all of the following:*  
9     (1) *Restrict eligibility to applicants that meet the following*  
10 *minimum criteria:*  
11     (A) *The county commits to provide mental health supportive*  
12 *services and to coordinate the provision of or referral to other*  
13 *services, including, but not limited to, substance use treatment*  
14 *services, to the tenants of the supportive housing development for*  
15 *at least 20 years. Services shall be provided onsite at the supportive*  
16 *housing development or in a location otherwise easily accessible*  
17 *to tenants. The county may use, but is not restricted to using, any*  
18 *of the following available funding sources as allowed by state and*  
19 *federal law:*  
20     (i) *The Local Mental Health Services Fund established pursuant*  
21 *to subdivision (f) of Section 5892.*  
22     (ii) *The Mental Health Account within the Local Health Welfare*  
23 *Trust Fund established pursuant to Section 17600.10.*  
24     (iii) *The Behavioral Health Subaccount within the County Local*  
25 *Revenue Fund 2011 established pursuant to paragraph (4) of*  
26 *subdivision (f) of Section 30025 of the Government Code.*  
27     (iv) *Funds received from other private or public entities.*  
28     (v) *Other county funds.*  
29     (B) *The county has developed a county plan to combat*  
30 *homelessness, which includes a description of homelessness*  
31 *countywide, any special challenges or barriers to serving the target*  
32 *population, county resources applied to address the issue, available*  
33 *community-based resources, an outline of partners and*  
34 *collaborations, and proposed solutions.*  
35     (C) *Meet other threshold requirements including, but not limited*  
36 *to, developer capacity to develop, own, and operate a permanent*  
37 *supportive housing development for the target population,*  
38 *application proposes a financially feasible development with*  
39 *reasonable development costs.*

1 (2) *The department shall evaluate applications using, at*  
2 *minimum, the following criteria:*

3 (A) *The extent to which units assisted by the program are*  
4 *restricted to persons who are chronically homeless or at risk of*  
5 *chronic homelessness within the target population.*

6 (B) *The extent to which funds are leveraged for capital costs.*

7 (C) *The extent to which projects achieve deeper affordability*  
8 *through the use of non-state project-based rental assistance,*  
9 *operating subsidies, or other funding.*

10 (D) *Project readiness.*

11 (E) *The extent to which applicants offer a range of on and*  
12 *off-site supportive services to tenants, including mental health*  
13 *services, behavioral health services, primary health, employment,*  
14 *and other tenancy support services.*

15 (b) *The department may establish an alternative process for*  
16 *allocating funds directly to counties, as calculated in Section*  
17 *5849.6, with at least five percent of the state's homeless population*  
18 *and that demonstrate the capacity to directly administer loan funds*  
19 *for permanent supportive housing serving the target population*  
20 *and the ability to prioritize individuals with mental health*  
21 *supportive needs who are homeless or at risk of chronic*  
22 *homelessness, consistent with this part and as determined by the*  
23 *department. The department shall adopt guidelines establishing*  
24 *the parameters of an alternative process, if any, and requirements*  
25 *for local administration of funds, including, but not limited to,*  
26 *project selection process, eligible use of funds, loan terms, rent*  
27 *and occupancy restrictions, provision of services, and reporting*  
28 *and monitoring requirements. Counties participating in the*  
29 *alternative process shall not be eligible for the competitive process*  
30 *and shall be limited to the amount calculated in Section 5849.6.*  
31 *Funds not committed to supportive housing developments within*  
32 *two years following award of funds to counties shall be returned*  
33 *to the state for the purposes of the competitive program. The*  
34 *department shall consider the following when selecting*  
35 *participating counties:*

36 (1) *Demonstrated ability to finance permanent supportive*  
37 *housing with local and federal funds, and monitor requirements*  
38 *for the life of the loan.*

39 (2) *Past history of delivering supportive services to the target*  
40 *population in housing.*

1 (3) Past history of committing project-based vouchers to  
2 supportive housing.

3 (4) Ability to prioritize the most vulnerable within the target  
4 population through coordinated entry system.

5 (c) The department shall set aside 8 percent of funds offered in  
6 Rounds 1 through 4, inclusive, for small counties as provided in  
7 subdivision (d) of Section 5849.6.

8 (d) The department shall award funds in at least four rounds  
9 as follows:

10 (1) The department shall issue its first request for proposal for  
11 the competitive program no later than 180 days after any deadline  
12 for appeals as set forth in Section 870 of the Code of Civil  
13 Procedure.

14 (2) The second round shall be completed no later than one year  
15 after the completion of the first round.

16 (3) The third round shall be completed no later than one year  
17 after the completion of the second round.

18 (4) The fourth round shall be completed no later than one year  
19 after the completion of the third round.

20 (5) Subsequent rounds shall occur annually thereafter in order  
21 to fully exhaust remaining funds and the department may  
22 discontinue the use of the competitive groupings in Section 5849.6,  
23 the alternative process in subdivision (b) for any funds not awarded  
24 by the county, and the rural set aside funds as set forth in  
25 subdivision (c).

26 (e) (1) Any loans made by the department pursuant to this  
27 section shall be in the form of secured deferred payment loans to  
28 pay for the eligible costs of development. Principal and  
29 accumulated interest is due and payable upon completion of the  
30 term of the loan, which shall be established through program  
31 guidelines adopted pursuant to Section 5849.5. The loan shall  
32 bear simple interest at a rate of three percent per annum on the  
33 unpaid principal balance. The department shall require annual  
34 loan payments in the minimum amount necessary to cover the costs  
35 of project monitoring. For the first 15 years of the loan term, the  
36 amount of the required loan payments shall not exceed forty-two  
37 hundredths of 1 percent per annum.

38 (2) The department may establish maximum loan-to-value  
39 requirements for some or all of the types of projects that are



1 eligible for funding under this part, which shall be established  
2 through program guidelines adopted pursuant to Section 5849.5.

3 (3) The department shall establish per-unit and per-project loan  
4 limits for all project types.

5 (f) (1) The department may designate an amount not to exceed  
6 four percent of funds allocated for the competitive program, not  
7 including funding allocated pursuant to subdivision (b), in order  
8 to cure or avert a default on the terms of any loan or other  
9 obligation by the recipient of financial assistance, or bidding at  
10 any foreclosure sale where the default or foreclosure sale would  
11 jeopardize the department's security in the rental housing  
12 development assisted pursuant to this part. The funds so designated  
13 shall be known as the "default reserve."

14 (2) The department may use default reserve funds made  
15 available pursuant to this section to repair or maintain any rental  
16 housing development assistance pursuant to this part to protect  
17 the department's security interest.

18 (3) The payment or advance of funds by the department pursuant  
19 to this subdivision shall be exclusively within the department's  
20 discretion, and no person shall be deemed to have any entitlement  
21 to the payment or advance of those funds. The amount of any funds  
22 expended by the department for the purposes of curing or averting  
23 a default shall be added to the loan amount secured by the rental  
24 housing development and shall be payable to the department upon  
25 demand.

26 (g) (1) Prior to disbursement of any funds for loans made  
27 pursuant this section, the department shall enter into a regulatory  
28 agreement with the developer that provides for all of the following:

29 (A) Sets standards for tenant selection to ensure occupancy of  
30 assisted units by eligible households of very low and low income  
31 for the term of the agreement.

32 (B) Governs the terms of occupancy agreements.

33 (C) Contains provisions to maintain affordable rent levels to  
34 serve eligible households.

35 (D) Provides for periodic inspections and review of year-end  
36 fiscal audits and related reports by the department.

37 (E) Permits a developer to distribute earnings in an amount  
38 established by the department and based on the number of units  
39 in the rental housing development.

40 (F) Has a term for not less than the original term of the loan.

1 (G) Contains any other provisions necessary to carry out the  
2 purposes of this part.

3 (2) The agreement shall be binding upon the developer and  
4 successors in interest upon sale or transfer of the rental housing  
5 development regardless of any prepayment of the loan.

6 (3) The agreement shall be recorded in the office of the county  
7 recorder in the county in which the real property subject to the  
8 agreement is located.

9 5849.9. (a) In addition to the competitive program established  
10 by Section 5849.8, the department shall distribute two hundred  
11 million dollars (\$200,000,000) from the fund on an  
12 “over-the-counter” basis to finance the construction,  
13 rehabilitation, or preservation, and to capitalize operating  
14 reserves, of permanent supportive housing for individuals in the  
15 target population with a priority for those with mental health  
16 supportive needs who are homeless or at risk of chronic  
17 homelessness. Funds to be awarded pursuant to this section shall  
18 be available to all counties within the state proportionate to the  
19 number of homeless persons residing within each county as  
20 calculated in Section 5849.6.

21 (b) Funds not awarded within 18 months following the first  
22 allocation of moneys in accordance with subdivision (d) shall be  
23 used for the purposes of the competitive program.

24 (c) The moneys described in subdivision (a) shall be  
25 administered either in accordance with the procedures for  
26 awarding funds to local agencies established by the existing Mental  
27 Health Services Act housing program administered by the  
28 Department of Health Care Services and the California Housing  
29 Finance Agency or alternative procedures developed by the  
30 department for distributing these moneys that enhance the  
31 efficiency and goals of the distribution program.

32 (d) The department shall make the first allocation of moneys  
33 pursuant to this section no later than 60 days after any deadline  
34 for appeals as set forth in Section 870 of the Code of Civil  
35 Procedure.

36 5849.10. (a) The sum of six million two hundred thousand  
37 dollars (\$6,200,000) is hereby appropriated from the Mental  
38 Health Services Fund to the department to provide technical and  
39 application preparation assistance to counties.

1 (b) Eligible use of technical and application preparation  
2 assistance shall include, but is not limited to, assistance in  
3 performing one or more of the following activities:

4 (1) Applying for program funds.

5 (2) Implementing activities funded by moneys distributed  
6 pursuant to this part, including the development of supportive  
7 housing for the target population.

8 (3) Coordinating funded activities with local homelessness  
9 systems, including coordinated access systems developed pursuant  
10 to Section 578.7(a)(8) of Title 24 of the Code of Federal  
11 Regulations, as that section read on May 1, 2016.

12 (4) Delivering a range of supportive services to tenants.

13 (5) Collecting data, evaluating program activities, and sharing  
14 data among multiple systems, such as the Mental Health Services  
15 Act, enacted by Proposition 63 at the November 2, 2004, statewide  
16 general election, the Medi-Cal Act (Chapter 7 (commencing with  
17 Section 14000) of Part 3 of Division 9) and implementing  
18 regulations, and homelessness systems.

19 (c) The department shall provide funds to a county upon  
20 application as follows:

21 (1) To a large county and to the County of Los Angeles, the  
22 department shall provide one hundred fifty thousand dollars  
23 (\$150,000).

24 (2) To a medium county, the department shall provide one  
25 hundred thousand dollars (\$100,000).

26 (3) To a small county, the department shall provide seventy-five  
27 thousand dollars (\$75,000).

28 (d) If a county does not expend the moneys allocated pursuant  
29 to subdivision (c) by June 30, 2020, those moneys shall be used to  
30 augment the funding pursuant to subdivision (e).

31 (e) The department may contract for expert technical assistance  
32 and application preparation assistance. The department shall  
33 deploy such assistance to counties based upon a process to be  
34 defined in guidelines.

35 (f) The department may establish a unit for the purpose of  
36 providing technical assistance to counties.

37 5849.11. (a) The counties shall annually report to the  
38 department on activities funded under this part, including  
39 information on the funded supportive housing development.  
40 Reported information shall include location of projects, number

1 of units assisted, occupancy restrictions, number of individuals  
 2 and households served, related income levels, and homeless,  
 3 veteran, and mental health status

4 (b) The department shall submit a report on the program to the  
 5 Legislature by December 31 of each year, commencing with the  
 6 year after the first full year in which the program is in effect. The  
 7 report shall contain the following:

8 (1) The processes established for distributing funds.

9 (2) The distribution of funds among counties.

10 (3) Any recommendations as to modifications to the program  
 11 for the purpose of improving efficiency or furthering the goals of  
 12 the program.

13 (c) The report required to be submitted by subdivision (b) shall  
 14 be submitted in compliance with Section 9795 of the Government  
 15 Code.

16 5849.12. (a) Upon an appropriation of funds for the purpose  
 17 of this section, the department shall contract with a public or  
 18 private research university in this state to evaluate the program.  
 19 The department shall develop the research design and issue a  
 20 request for proposal for a contract for the evaluation, with the  
 21 assistance of the Legislative Analyst's Office and the Department  
 22 of Finance.

23 (b) The department shall submit the final research design and  
 24 request for proposal required by subdivision (a) to the Chairperson  
 25 of the Joint Legislative Budget Committee no more than 30 days  
 26 prior to executing a contract for the evaluation.

27 5849.13. An action to determine the legality of any action by  
 28 the department pursuant to this part may be brought pursuant to  
 29 Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of  
 30 the Code of Civil Procedure.

31 5849.14. The Department of Finance may authorize a loan  
 32 from the General Fund to the No Place Like Home Fund for  
 33 cashflow purposes in an amount not to exceed one million dollars  
 34 (\$1,000,000) subject to the following conditions:

35 (a) The loan is to allow the department to begin program  
 36 implementation activities, including, but not limited to, drafting  
 37 program guidelines and regulations.

38 (b) The loan is short term, and shall be repaid within 30 days  
 39 after the deposit of bond proceeds into the fund pursuant to  
 40 paragraph (1) of subdivision (b) of Section 5849.4.

1     (c) *Interest charges may be waived pursuant to subdivision (e)*  
2 *of Section 16314 of the Government Code.*

3     *SEC. 4. The Legislature finds and declares that this act furthers*  
4 *the intent of the Mental Health Services Act, enacted by Proposition*  
5 *63 at the November 2, 2004, statewide general election.*

6     *It is intent of the Legislature that the costs to service the debt*  
7 *for the bond authorized by this act shall not impede in any way*  
8 *the direct mental health services provided by counties, and that*  
9 *the counties shall maximize the use of all available state, federal,*  
10 *and local funding sources, including those listed in Section 5849.7*  
11 *of the Welfare and Institutions Code, to support direct local mental*  
12 *health services.*

13     ~~SECTION 1. It is the intent of the Legislature to enact statutory~~  
14 ~~changes relating to the 2016 Budget Act.~~



State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

DATE: June 9, 2016

MHSUDS INFORMATION NOTICE NO.: 16-025

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA  
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS  
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.  
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES

SUBJECT: MENTAL HEALTH SERVICES ACT: END OF PROGRAM-RELEASE OF UNENCUMBERED FUNDS DEDICATED TO THE MENTAL HEALTH SERVICES ACT HOUSING PROGRAM

The purpose of this Information Notice is to inform counties of upcoming changes to the Mental Health Services Act (MHSA) Housing Program and additional action required of the counties. DHCS and the California Housing Finance Agency (CalHFA) jointly administer the MHSA Housing Program through an interagency agreement that expired on May 30, 2016. After this date, no further MHSA Loans or Capitalized Operating Subsidy Reserves (COSRs) will be approved by CalHFA under the MHSA Housing Program. The Local Government Special Needs Housing Program (SNHP) will replace the existing MHSA Housing Program.

This Information Notice applies to any county that 1) has unencumbered MHSA Housing Program funds on deposit with CalHFA and/or 2) has existing MHSA Housing Program loans or COSRs. NOTE: MHSA funds are considered encumbered once CalHFA senior staff approve funds for a loan or COSR.

Because the MHSA Housing Program is expiring, CalHFA must release any remaining MHSA funds to counties by November 30, 2016. The forms that a county must complete depend on whether the county has 1) an existing MHSA Housing Program development and/or 2) unencumbered funds.

Counties that have financed a MHSA Housing Project

If a county has financed a MHSA Housing Project (see Attachment D, column 4) the county must complete the Ongoing Annual MHSA Fund Release Authorization for Future Unencumbered Funds (**Attachment A**). Attachment A is necessary because it advises CalHFA how to handle future funds that may be received by CalHFA on behalf of the county. These funds may include deposits of disencumbered MHSA Housing funds (i.e., COSR funds that are no longer required by a Project, or funds approved for a loan that is never funded), MHSA residual receipt loan payments, and accrued interest. Funds will be released annually by CalHFA by May 1<sup>st</sup> of each calendar year starting in 2017. County options for unencumbered or disencumbered funds are to release and return all funds to the City/County, or to release and assign all funds to the CalHFA administered SNHP for use in financing the development of permanent supportive housing and to provide capitalized operating subsidies (if applicable) for projects housing MHSA eligible tenants. If a county elects to authorize the continual assignment of future available MHSA funds to the SNHP, CalHFA will report the amount of funds assigned to the county on an annual basis.

If a county also has unencumbered funds on deposit with CalHFA as of May 31, 2016, (see Attachment D, column 3), the county must complete the MHSA Housing Loan Program Fund Release Authorization for Existing Unencumbered Funds form (**Attachment B**).

The county has three options for the use of the unencumbered funds:

- (1) Request CalHFA release and transfer a percentage of funds to specified MHSA Project COSRs administered by CalHFA. Counties choosing this option must complete the MHSA Fund Release and Transfer Authorization form (**Attachment C**); and/or
- (2) Request CalHFA release and return all or a specified amount of funds to the City/County; and/or
- (3) Release and assign the balance of funds to CalHFA's new Local Government SNHP for use in financing the development of permanent supportive housing and to provide capitalized operating subsidies (if applicable) for projects housing MHSA eligible residents.

Counties that have not financed a MHS A Housing Project as of May 31, 2016

If a county has not financed a MHS A Housing Project and has unencumbered funds on deposit with CalHFA as of May 31, 2016, (see Attachment D, column 3), the county must complete the MHS A Housing Loan Program Fund Release Authorization for Existing Unencumbered Funds form (**Attachment B**).

Instructions for Submission

Forms must be signed by the mental health director and approved by the Board of Supervisors.

Completed forms with evidence of Board of Supervisors approval must be sent to the address below:

California Department of Health Care Services  
Mental Health Services Division  
MHS A Program and Fiscal Oversight Section  
1500 Capitol Avenue, MS 2704  
Sacramento, CA 95899-7413

**Deadline for submitting forms is September 30, 2016.**

Upon receipt, the Department will sign and forward the completed forms to CalHFA. CalHFA will process the forms and, if applicable, release to the requesting county the requested unencumbered funds by check, including accrued interest. For questions about MHS A fund balances, please contact Jennifer Beardwood with CalHFA at [jbeardwood@calhfa.ca.gov](mailto:jbeardwood@calhfa.ca.gov) or (916) 326-8805.

Use of Funds: Counties must spend released Mental Health Services Funds monies to provide "housing assistance" to the target populations identified in Welfare and Institutions Code (W&I) Section 5600.3 (W&I Section 5892.5 (a)(1)). Housing assistance means rental assistance or capitalized operating subsidies; security deposits, utility deposits, or other move-in cost assistance; utility payments; moving cost assistance; and capital funding to build or rehabilitate housing for persons who are seriously mentally ill and homeless or at risk of homelessness (W&I Section 5892.5 (a)(2)).



Administration of Funds: A County's administration of released Mental Health Service Funds is subject to the requirements of the MHSA (W&I Section 5892.5 (b)) including, but not limited to, the following:

- The County must follow the stakeholder process identified in W&I Section 5848 when determining the use of those funds;
- The County must include the use of those funds in the County's Three-Year Program and Expenditure Plan or Annual Update, per W&I Section 5847;
- The County must account for the expenditure of those funds in the County's Annual Revenue and Expenditure Report (W&I Section 5899). Reporting will begin in the fiscal year when the MHSA Housing Program funds were released to the County by CalHFA; and
- The County must expend those funds within three years or the funds will be subject to reversion (W&I Section 5892 (h)).

If you have any questions, please contact Donna Ures at [donna.ures@dhcs.ca.gov](mailto:donna.ures@dhcs.ca.gov) or (916) 324-0401.

Sincerely,

Original signed by Brenda Grealish for

Karen Baylor, Ph.D., LMFT, Deputy Director  
Mental Health & Substance Use Disorder Services

Attachments

**Attachment A:** Ongoing Annual MHSA Fund Release Authorization for Future Unencumbered Funds

**Attachment B:** Fund Release Authorization for Existing Unencumbered Funds

**Attachment C:** Fund Release and Transfer Authorization

**Attachment D:** MHSA Housing Program Fund Balance

# Stakeholder Meeting Calendar

## July 2016

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5 <b>BH Housing</b> 1:00-3:00 PM 2425 Bisso Ln Concord, CA	6 <b>MH Commission:</b> 4:30—6:30 pm 550 Ellinwood Way Pleasant Hill	7 <b>CPAW:</b> 3-6pm 2425 Bisso Ln Concord	8	9
10	11	12	13 <b>Systems of Care:</b> 10am—12 pm 1340 Arnold Dr, Ste 200, Martinez	14 <b>Children's:</b> 11:00-1:00pm, 1340 Arnold Dr, Ste 200, Martinez <b>Social Inclusion:</b> 1-3 pm 2425 Bisso Ln, Concord	15	16
17	18 <b>Membership:</b> 3-4:30 pm 1340 Arnold Dr, Ste 200, Martinez	19	20	21 <b>MHSA Finance:</b> 1-3 pm TBA <b>Steering:</b> 3-5 pm 2425 Bisso Ln, Concord	22	23
24	25 <b>Innovation:</b> 1:30—4:30pm 1340 Arnold Dr, Ste 200, Martinez	26 <b>Adult:</b> 3:00—4:30pm 1340 Arnold Dr, Ste 200, Martinez	27 <b>Aging and Older Adult:</b> 2-3:30 pm 2425 Bisso Ln, Concord <b>AOD Advisory Board :</b> 4 —6:15pm 651 Pine St, Martinez	28	29	30
31						