

**COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH**

**FACT SHEET**

**APPROVAL OF PARTICIPATION IN THE MENTAL HEALTH SERVICES ACT  
HOUSING PROGRAM AND AUTHORIZATION TO ENTER INTO AN  
ASSIGNMENT AGREEMENT UNDER THE MENTAL HEALTH SERVICES ACT  
COMMUNITY SERVICES AND SUPPORTS PLAN  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Requests Board approval for the Department of Mental Health to enter into an agreement with the California Department of Mental Health to transfer funding to the California Housing and Finance Agency, and to enter into Memoranda of Understanding with project partners and submit project proposals to the California Housing and Finance Agency for the development of permanent supportive housing for individuals with mental illness and their families within Los Angeles County.

**REQUEST**

Approve a Mental Health Services Act (MHSA) Housing Program Plan and Assignment Agreement under the MHSA Community Services and Supports (CSS) Plan for submission to the California Department of Mental Health (CDMH) and authorize the Director of Mental Health, or his designee, to make minor modifications to the plan in response to comments from CDMH.

Authorize the Director of Mental Health, or his designee, to sign two copies of the MHSA Assignment Agreement and forward both originals to the State.

Authorize \$115,571,200 specified for the MHSA Housing Program to be transferred by CDMH on behalf of the Department of Mental Health (DMH) to the California Housing and Finance Agency (CalHFA).

Authorize the Director of Mental Health to enter into negotiations with project sponsors to develop units of permanent supportive housing for individuals with mental illness and their families; to enter into a Memorandum of Understanding with each of the project partners, including, but not limited to, the borrower, primary service provider, and property management agency, delineating the roles and responsibilities of each party; and to submit the project application to CalHFA for funding.

## **PURPOSE/JUSTIFICATION**

The recommended actions will allow DMH to submit the proposed MHSA Housing Program Plan and Assignment Agreement to CDMH, thereby allowing DMH to participate in the MHSA Housing Program jointly administered by CDMH and CalHFA. Through this statewide program, funds can be used for capital expenses associated with development, acquisition, construction and/or rehabilitation of existing facilities to develop new permanent supportive housing for individuals with mental illness and their families. Up to one-third of the funds can also be used for capitalized operating subsidies. Los Angeles County has been allocated \$115,571,200 for this program. Upon the transfer of funds, CalHFA will invest them in an interest bearing account for DMH. All interest earned will be reinvested in the housing program for Los Angeles County.

## **BACKGROUND**

The MHSA Housing Program was launched by the CDMH in collaboration with CalHFA and the County Mental Health Directors Association on August 6, 2007. On August 23, 2007, DMH held an information meeting for the public to notify the public about the program and the application requirements and process. On November 19, 2007, DMH released an Expression of Interest seeking eligible developers/borrowers as defined in the MHSA Housing Program guidelines to develop permanent, affordable rental-housing units including shared housing with supportive services for individuals with a mental illness and their families in a non-competitive solicitation. To date, DMH has received 25 Letters of Interest for the funding.

Project sponsors interested in building permanent supportive housing with MHSA Housing Program funds are required to partner with DMH. DMH must support and commit to providing supportive services for all projects submitted for funding. Under the program, the DMH MHSA Housing Advisory Board, comprised of DMH stakeholders, will review each project and make a recommendation to DMH on whether a project should be pursued based on the MHSA Housing Program Funding Principles. DMH will collaborate with the project sponsor to ensure the project meets its needs and will work to partner service providers with the housing developer to provide supportive services to individuals who have a mental illness and their families who will reside in the housing. DMH will, as appropriate, align decisions with the Homeless Prevention Initiative (HPI), and ensure collaboration with existing HPI partners, as well as the Community Development Commission, the City and County Housing Authorities, and the City of Los Angeles Housing Department. DMH proposes to notify your Board

through a memorandum of the projects proposed to be supported by DMH, contact the Board office responsible for the area in which the project is located and to present the proposed project at the monthly meeting of your deputies who represent your Board on homeless issues. Following this notification and discussion, DMH will post the project for public comment for 30 days prior to submitting the project to CalHFA.

CalHFA will be responsible for the review and approval of housing program applications for all aspects related to purchase, renovation and/or construction of housing development and will underwrite the loan to the project sponsor. CDMH will be responsible for review of the service related aspects of the application and for monitoring of the project to assure that appropriate supportive mental health services continue to be provided. Once the housing units are complete, DMH will certify that applicants for the units meet the MHSA Housing Program target population and ensure that services are provided to the tenants and all required outcome data is collected for the program. The capital funding will be distributed in the form of a loan through a contractual agreement between CalHFA and the eligible borrower. The operating subsidies will be distributed as a grant.

In accordance with the State's guidelines for the funds, on March 12, 2008, DMH posted the proposed MHSA Housing Program and Assignment letter for the required 30 days public comment period. No comments were received during the public comment period.

### **CONTRACTING PROCESS**

On February 4, 2008 CDMH notified DMH that its MHSA Agreement allows CDMH to assign funding reserved for counties for specific MHSA activities including the state-administered MHSA Housing Program for the purpose of providing permanent supportive housing for clients. CDMH has indicated that counties can only access the MHSA Housing Program funds if they are assigned to CalHFA. If Los Angeles County chooses not to assign these funds to CalHFA through the Assignment Agreement, the funds will revert back to the CDMH for redistribution after three years. Assignment of the MHSA Housing Program funds to CalHFA constitutes an expenditure of funds and therefore protects them from the three year reversion provision in the MHSA (Section 5892 (h)).

On May 6, 2008, your Board approved DMH's MHSA Agreement with CDMH. This approval allows for the execution of this Assignment Agreement with CDMH.

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**DMH Contact:**

Kathleen Daly, M.D.  
Telephone Number: (213) 738-3079  
Email Address: [kdaly@dmh.lacounty.gov](mailto:kdaly@dmh.lacounty.gov)