

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

**F A C T   S H E E T**

**APPROVAL OF A SERVICE AGREEMENT  
FOR PROJECT-BASED OPERATING SUBSIDIES  
FOR TRANSITION AGE YOUTH SUPPORTIVE HOUSING  
FOR FISCAL YEARS 2008-09 AND 2009-10  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request approval of a services-agreement with Step Up on Second Street, Inc. for project-based operating subsidies for permanent housing units for seriously emotionally disturbed and/or severe and persistently mentally ill Transition Age Youth.

**REQUEST**

1. Approve and authorize the Director of Mental Health, or his designee, to prepare, sign, and execute an Agreement, substantially similar to the Attachment, with Step Up on Second Street, Inc. (Step Up), for supportive housing project-based operating subsidies for seven permanent single housing units (Daniel's Village), located at 2624 Santa Monica Blvd., Santa Monica, CA 90401, for Transition Age Youth (TAY) ages 18-25 under the Mental Health Services Act (MHSA) – Community Services and Supports (CSS) Plan. The cost for Fiscal Year (FY) 2008-09 is \$4,722 per month and \$56,666 for FY 2009-10, fully funded by MHSA CSS funds. The Agreement will be effective upon Board approval through June 30, 2009, with one one-year automatic renewal period.
2. Delegate authority to the Director of Mental Health, or his designee, to prepare, sign, and execute future amendments to the Agreement and establish as a new Total Contract Amount (TCA) the aggregate of the original Agreement and all amendments provided that: 1) the County's total payments to the contractor under this Agreement for each fiscal year do not exceed an increase of 20 percent from the applicable Board-approved TCA; 2) any such increase will be used to provide additional services; 3) the Board of Supervisors has appropriated sufficient funds for all changes; 4) approval of County Counsel and the Chief Executive Officer (CEO), or their designee, is obtained prior to any such Amendment; 5) the parties may, by written Amendment, mutually agree to reduce programs or services, without reference to the 20 percent limitation; and 6) the Director of Mental Health notifies the Board of Agreement changes within 30 days after execution of each Amendment.

## **PURPOSE/JUSTIFICATION**

Housing provides a fundamental level of stability in helping TAY achieve goals of wellness, recovery, and eventual self-sufficiency. The lack of safe and affordable housing options, including immediate, transitional, and permanent options, is often a profound barrier for seriously emotionally disturbed (SED) and/or severe and persistently mentally ill (SPMI) TAY in need of services and support.

As noted in the MHSA-CSS Plan approved by your Board on October 11, 2005, supportive housing operating subsidies are one way to address the long-term housing needs of TAY, some of whom have previously resided in structured or institutional settings and now face homelessness. Board approval for this Agreement for project-based operating subsidies for Daniel's Village will increase the County's new permanent housing stock needed to serve SED and/or SPMI TAY throughout Los Angeles County and will allow TAY who are homeless or at risk of homelessness to move into stable, permanent, and affordable housing.

Generally, supportive housing operating subsidies cover the difference between what the tenant can afford to pay – typically no more than 30 percent of available income – and the rent the sponsor (landlord) could charge under market-rate conditions. Operating subsidies may also be calculated as the difference between what the tenant pays and the actual cost of maintaining the property. Project-based subsidies are operating subsidies that are “attached” to particular housing units – in this case, Daniel's Village. The sponsor (landlord) that owns or leases the housing – in this case, Step Up - receives an amount of funds for each subsidized unit that is equal to the difference between the tenant rent and the contract rent; the contract rent must be equal to or less than the fair market rent.

Additionally, supportive housing services ensure clients have access to voluntary flexible services designed primarily to help the tenant maintain housing. Supportive services available may include mental health services, case management, substance use management and recovery support, job training, literacy and education, and money management. Step Up will ensure that the tenant has access to supportive services through alternative funding sources and through collaborative partnerships with other community-based organizations that provide such services. The supportive services are not funded through the operating subsidy.

In conclusion, these project-based operating subsidies for Step Up's Daniel's Village are critical for meeting and maintaining long-term affordable housing needs for TAY who, with sufficient support, can live independently in the community. The advantage of

these long-term investments is that when a unit is vacated by a TAY, the unit remains available for occupancy by other TAY with similar mental health needs. The operating subsidy stays with the unit, instead of with the individual, and thereby ensures a permanent supply of affordable housing for this hard-to-place population.

## **BACKGROUND**

The focus of the State-approved MHSA CSS Plan is on recovery-oriented services for people who are diagnosed with severe and persistent mental illness. For TAY, the priority population are those with SED or SPMI who are homeless or currently at risk of homelessness; those aging out of the child welfare, child mental health, and juvenile justice systems; those leaving long-term institutional care; those who have experienced their first psychotic break; and those with co-occurring substance abuse disorders. In order to support the work of the Full Service Partnerships, and other DMH programs that deliver services and supports to the TAY population, and to provide options for clients who are homeless or at risk of being homeless, the County's CSS Plan also included funding for TAY housing. Since the submission and approval of the County's CSS plan, it has become increasingly evident that affordable permanent housing is critical to support clients as they advance in their wellness, recovery, and self sufficiency.

Eligible TAY who will benefit from these MHSA-funded units will include those who are higher functioning SED/SPMI individuals and who are more likely to be working and/or going to school. This includes TAY leaving existing transitional housing programs and who lack a permanent, affordable housing alternative as well as TAY who can otherwise live independently in the community with services and support.

The Agreement format has been approved as to form by County Counsel. The CEO has reviewed the proposed actions. DMH will continue to administer and supervise the TAY operating subsidies program, evaluate the program to ensure that a safe and stable housing environment is being provided to clients, and ensure that agreement provisions and DMH policies are being followed and that performance outcomes are being achieved.

## **CONTRACTING PROCESS**

On July 17, 2007, the Community Development Commission (CDC) of the County of Los Angeles issued a Los Angeles County Homeless and Housing Program Fund Request for Proposals (RFP) No. CDC07-053. Notifications were made via letters and newspaper advertisements, with the RFP being posted on the CDC and County web

sites. This RFP included Capital Development project funds, Service Only project funds, and MHSA funds for operating subsidies for SED/SPMI TAY. Over 400 individuals attended five mandatory proposal conferences held on July 31, 2007, August 1, 2007 and August 2, 2007, throughout the County, one in each Supervisorial District. The CDC received one MHSA TAY operating subsidies proposal by the submittal deadline of October 15, 2007.

During November 2007, the CDC conducted technical and threshold reviews to ensure that the proposal met minimum mandatory requirements for funding consideration. Step Up met all requirements and passed these reviews.

During December 2007, the Department began soliciting volunteer reviewers for the operating subsidies proposal. In January 2008, three ethnically diverse individuals with familiarity and/or expertise in the local mental health system (e.g., family member/consumer, city housing, and/or other County departments) evaluated the proposal. The review panel assessed and scored the proposal individually and then met to discuss their recommendations for awarding funding for the program. Simultaneously, review of program budgets and reference contacts were conducted by DMH staff. The total score was then reviewed by DMH's executive management team, which finalized the recommendation of the award for the TAY operating subsidies program.

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