

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

**F A C T   S H E E T**

**APPROVAL TO ENTER INTO AGREEMENTS  
FOR SUPPORTIVE SERVICES  
FOR FISCAL YEARS 2008-09 THROUGH 2012-13  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request approval to execute Supportive Services Agreements with 12 agencies to provide supportive services for individuals with psychiatric disabilities who reside in new permanent supportive housing projects through the implementation of the Mental Health Services Act Community Services and Supports Plan's Housing Trust Fund.

**REQUEST**

Approve and instruct the Director of Mental Health, or his designee, to prepare, sign, and execute Department of Mental Health (DMH) Supportive Services Agreements (Agreement), with five new DMH contractors, and seven existing DMH contractors to provide supportive services under the Mental Health Services Act (MHSA) Community Services and Supports (CSS) Plan's Housing Trust Fund. The funding that will total \$7,294,425 will be fully funded by MHSA CSS funds. The Agreements will be effective upon Board approval for five years.

Delegate authority to the Director of Mental Health, or his designee, to execute Agreements for the remaining \$3,205,575 for supportive services and/or operating subsidies for future permanent supportive housing projects in the 4<sup>th</sup> Supervisorial District in the amount of \$1,105,575 and in the 5<sup>th</sup> Supervisorial District in the amount of \$2,100,000.

Delegate authority to the Director of Mental Health, or his designee, to extend the original term of the Agreements for up to seven one-year extensions if the allocated funds are not expended within the original term

Delegate authority to the Director of Mental Health, or his designee, to prepare, sign, and execute future amendments to these Agreements and establish as a new Total Agreement Amount (TAA) the aggregate of the original Agreement and all amendments, provided that: 1) the County's total payments to a contractor under each Agreement for each fiscal year shall not exceed a change of twenty percent increase from the applicable Board approved TAA; 2) any such increase shall be used to provide

additional services or to reflect program and/or policy changes; 3) your Board has appropriated sufficient funds for all changes; and 4) approval by County Counsel and the Chief Executive Officer (CEO), or their designee, is obtained prior to any such amendment; 5) County and contractor may, by written amendment, mutually agree to reduce programs or services and revise the applicable TAA, provided that any amendments which reduce programs or services will be consistent with the principles agreed to in DMH stakeholders' process; and 6) the Director of Mental Health notifies the Board of Supervisors of Agreement changes in writing within 30 days after execution of each amendment.

### **PURPOSE/JUSTIFICATION**

Approval of the recommended actions will allow DMH to enter into Agreements with 12 contractors to provide supportive services for new permanent supportive housing for individuals with psychiatric disabilities. Supportive services are essential for achieving and maintaining independent living and community reintegration and are provided to clients at their residence. Services include case management, service coordination with the primary mental health provider, and linkage to other community-based services such as health care, child care, alcohol and other substance abuse treatment, education and/or employment services, and self-help groups. Funding these services is intended to provide leverage for other local, State and federal financial resources for projects that will increase the number of permanent supportive housing units dedicated to individuals with mental illness and their families. Long-term commitments for supportive services and project-based vouchers or other types of operating subsidies are necessary for special needs housing developers to obtain long-term financing for the capital costs of new projects. In recent years, there has been a dramatic decrease in the availability of these commitments' yet ever-increasing need for affordable housing. The MHSA CSS Plan's Housing Trust Fund was developed to help fill this crucial gap.

Approval of the request for delegated authority to execute Agreements for supportive services and/or subsidies for future supportive housing projects in the Fourth and Fifth Supervisorial Districts, for which a limited number of eligible Request for Proposal (RFP) responses were received, will allow DMH to evaluate additional proposals from these Supervisorial Districts, in recognition that homelessness is a Countywide issue. All eligible housing projects will be accepted on a flow basis, but priority will be given to projects receiving capital development funds through the MHSA Housing Program. Each proposal will be reviewed to ensure that the minimum requirements indicated in the Housing Trust Fund RFP are met.

## **BACKGROUND**

The DMH MHSA CSS Plan approved by your Board and the State Department of Mental Health included \$10,500,000 of one-time funds to help capitalize a Housing Trust Fund to support the development of new permanent supportive housing for individuals of all ages with psychiatric disabilities, particularly individuals who are homeless or at risk of homelessness including those exiting institutions such as jails, Institutions for Mental Disease, and acute psychiatric hospitals. The target population includes individuals with multiple barriers to obtaining permanent housing such as those with co-occurring mental health and substance abuse disorders and those with histories of poor credit or evictions and/or criminal records.

The competitive solicitation made funding available to projects placed into service on or after February 1, 2006. Contractors will provide supportive services in accordance with a Statement of Work included in the Agreement. For the term of the Agreement and any subsequent extensions, contractors will submit monthly invoices in arrears, which will commence upon execution of the Agreements or at the time the Department receives the certificate of occupancy indicating the project is completed and ready to be placed into service for 4 of the 12 projects still under development. The Agreements for projects under development are contingent upon the contractor securing all necessary resources. DMH will reserve the right to terminate these Agreements if the contractor is not able to secure the other necessary resources and/or does not make reasonable progress as determined by DMH on the approved project timeline. DMH will consider requests made by the contractor to extend the timeline stated in the proposal given the impact of the current financial crisis in the country on the ability of these projects to secure other loans. If an extension is granted, DMH will continue to monitor the progress of the projects. If an extension is not granted, the Agreement will be terminated and DMH will consider another qualified proposal.

Although the Housing Trust Funds could be utilized for supportive services and/or operating subsidies, the RFP stipulated that priority would be given to funding supportive services. With over \$36 million of requests for supportive services in eligible proposals, DMH is recommending all of the funds be awarded for supportive services.

## **CONTRACTING PROCESS**

As recommended by stakeholders and specified in the MHSA CSS Plan, the DMH Director appointed a Housing Trust Fund Advisory Board (HTFAB) which serves as an official advisory body to DMH on all MHSA housing initiatives. The HTFAB is composed of stakeholders, including consumers, family members, City and County housing

departments, other County departments and housing advocates. The HTFAB developed principals, priorities, and recommendations for the Housing Trust Fund that were used by DMH to develop the Housing Trust Fund RFP.

The Housing Trust Fund RFP was released on January 22, 2008, and proposals were due by March 10, 2008. DMH received 33 proposals, 28 of which met minimum qualifications and were considered for funding. The 28 eligible proposals included over \$36 million of requests for supportive services and over \$3.5 million for operating subsidies. Evaluation panels were composed of consumers, family members, and staff from DMH, other County and City of Los Angeles departments and non-profit agencies. Based on the evaluation panel scores and a commitment to distribute the funds regionally in recognition that homelessness is a countywide issue, DMH reviewed and finalized the recommendations for funding 12 agencies.

After notification of the RFP results, DMH received 13 requests for debriefings. One of the 13 agencies that requested a debriefing also requested a Proposed Contractor Selection Review. The Protest Review Committee found no evidence to support the grounds stated by the agency in its request for review. The agency did not request further review by a County Review Panel. Therefore, no appeals are pending.

As part of the selection process, DMH determined there were a limited number of eligible proposals for Supervisorial Districts 4 and 5 and, therefore, proposes to fund all eligible proposals and set aside \$3,205,575 in DMH's Special Fund for future new permanent supportive housing projects in these Supervisorial Districts. DMH proposes the following process for receiving proposals for these Supervisorial Districts. Eligible projects for the remaining funds are only for new permanent supportive housing projects that are located in the Fourth and Fifth Supervisorial Districts and that are committed to serving the target population as set forth in the RFP. All eligible projects will be considered, but priority will be given to those projects that have capital development and/or operating funds committed through the MHSA Housing Program. Eligible projects that need supportive services funds will be required to complete the request for funds as indicated in the Housing Trust Fund RFP, and they will be evaluated on a flow basis to ensure each supportive services project meets the minimum requirements set forth in the RFP. DMH will accept proposals for the remaining funds until they are all allocated.

**DMH Contact:**

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