

# Review of the Mental Health Services Act Housing Program

by the Senate Office of Oversight and Outcomes

*Presentation to the Mental Health Services Oversight and Accountability Commission*

November 17, 2011

1

## Who We Are

- The Senate Office of Oversight and Outcomes was created in November 2008 by Senate President pro Tem Darrell Steinberg to bolster the Senate's ability to scrutinize government programs.
- We apply journalistic techniques – interviewing people, gathering facts – and publish reports.

2

## Genesis of the Report

Senate President pro Tem Darrell Steinberg – a co-author of Proposition 63 -- requested an assessment of the \$400 million program.

3

## Methodology

- The Senate oversight office called or e-mailed the mental health departments in each of the 50 counties populous enough to receive a share of the housing program's \$400 million.
- We asked about county experiences with the program.
- We tracked the status of county housing projects with data from the California Housing Finance Agency (CalHFA) and the Department of Mental Health (DMH).

4

# Housing the Mentally Ill and Chronically Homeless: An Effective Solution, but Counties Need Greater Flexibility

A report prepared for the California Senate Rules Committee

August 11, 2011



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## Findings

Status of Housing Projects (in Units) Under the Mental Health Services Act Housing Program As of April 2011

County	Total MHSA Housing Funds	Total Units in Active Application Stage or Beyond	Total MHSA Funds Committed	Percentage of Funds Intended for Projects in Application Stage or Beyond
Alameda	\$143,19,200	91	\$11,740,000	94%
Alpine	opt-out			
Amador	\$20,800	0	\$0	0%
Butte	\$1,179,000	0	\$0	0%
Calaveras	\$439,500	0	\$0	0%
Colusa	\$10,200	0	\$0	0%
Contra Costa	\$4,100,000	22	\$4,000,000	10%
Del Norte	\$430,700	0	\$0	0%
El Dorado	\$2,276,500	5	\$1,000,000	47%
Fresno	\$6,240,000	44	\$4,615,000	77%
Glenn	\$400,000	0	\$0	0%
Humboldt	\$1,900,000	0	\$0	0%
Inyo	\$2,600,000	0	\$0	0%
Keene	opt-out			
Kern	\$7,932,200	40	\$7,187,500	91%
Kings	\$2,200,000	0	\$0	0%
Lake	\$40,000	0	\$0	0%
Lassen	\$410,000	0	\$0	0%
Los Angeles	\$11,527,200	571	\$9,472,146	79%
Madison	\$2,100,000	18	\$4,000,000	190%
Marin	\$1,100,000	5	\$720,000	65%
Mariposa	opt-out			
Merced	\$1,200,000	0	\$0	0%
Mineral	\$2,610,000	10	\$2,340,000	90%
Monterey	opt-out			
Mono	\$410,000	10	\$1,707,500	41%
Napa	\$1,827,000	19	\$1,827,000	100%
Nevada*	\$1,307,000	7	\$1,400,000	107%
Orange	\$3,100,000	40	\$4,000,000	129%
Placer	\$2,800,000	5	\$0	0%

\*County not internet enabled

Status of Housing Projects (in Units) Under the Mental Health Services Act Housing Program As of April 2011

County	Total MHSA Housing Funds	Total Units in Active Application Stage or Beyond	Total MHSA Funds Committed	Percentage of Funds Intended for Projects in Application Stage or Beyond
Plumas	opt-out			
Riverside	\$10,077,000	60	\$11,122,400	110%
Sacramento	\$12,200,000	81	\$10,900,000	90%
San Benito	\$670,000	0	\$0	0%
San Bernardino	\$20,170,000	0	\$0	0%
San Diego	\$70,000,000	104	\$10,300,000	15%
San Francisco	\$7,714,000	30	\$6,000,000	80%
San Joaquin	\$4,300,000	0	\$0	0%
San Luis Obispo	\$2,200,000	0	\$0	0%
San Mateo	\$4,700,000	20	\$2,687,300	57%
Santa Barbara	\$4,837,000	30	\$2,400,000	50%
Santa Clara	\$10,240,000	55	\$10,000,000	98%
Santa Cruz	\$2,900,000	3	\$800,000	27%
Shasta	\$2,000,000	0	\$0	0%
Siskiyou	opt-out			
Siskiyou	\$100,000	0	\$0	0%
Solano	\$3,300,000	35	\$2,800,000	85%
Sonoma*	\$4,500,000	25	\$4,000,000	89%
Stanislaus	\$4,807,000	48	\$1,170,000	24%
Sutter-Yuba	\$2,300,000	0	\$0	0%
Tahama	\$800,000	0	\$0	0%
Tehama	opt-out			
Tulare	\$4,400,000	22	\$1,800,000	41%
Tulare	\$70,000	4	\$70,000	100%
Yuba	\$4,200,000	14	\$7,800,000	186%
Yuba	\$1,814,000	0	\$0	0%
City of Berkeley Mental Health	\$1,200,000	5	\$100,000	8%
City of Mental Health Center	\$2,000,000	0	\$0	0%
<b>TOTAL</b>	<b>\$180,700,000</b>	<b>1,400</b>	<b>\$220,400,000</b>	

\*County not internet enabled

- As of April 2011, counties had created or were on track to create 1,480 units of housing at a cost of \$229.5 million, which includes money to subsidize rent and cover maintenance for at least 15 years.
- At this rate of investment, the \$400 million will ultimately house 2,500 people. For comparison's sake, there are an estimated 33,800 chronically homeless Californians.

7

- Urban, populous counties moved most quickly to build or renovate housing. (Los Angeles County is home to 571 of the 1,480 units finished or under way.)
- As of April 2011, 32 of 50 counties had at least applied to CalHFA to use their MHSA housing funds for a specific project.
- Of the 18 counties yet to apply, most are small (fewer than 100,000 residents).

8

## County Perspectives

- Many county mental health officials praise the housing program as a rare source of badly-needed funds for both housing construction and rental subsidies.
- Many mental health officials in rural counties said they struggle to find non-profit developer partners, master the nuances of housing development and prepare a CalHFA project application.

9

- County officials split on whether CalHFA involvement helps or hinders housing development.
- At least seven counties have built permanent supportive housing on their own with MHSA funds, outside the housing program overseen by CalHFA and DMH.

10

## Folsom Oaks Apartments -- 5 of 19 units for MHSA clients



11

## Common Complaints

Complaints heard from many county officials:

- The rule that counties must spend no more than one-third of their allocation on operating subsidies is too restrictive.
- Mental health officials lack the training and expertise to spearhead housing development.
- It is difficult to invest in housing development in the face of shrinking budgets and high demand for services.

12

## Recommendations

The SOOO recommends:

- Give the 11 counties that each got less than \$1 million under the MHSAs housing program the *option* – not the mandate– to work with CalHFA. Require the counties to use their funds to house homeless clients, but allow counties to pay rent long-term rather than build or renovate.

13

- CalHFA and the DMH should continue to grant waivers on a case-by-case basis from the rule that no more than one-third of a county's housing funds be spent on operating subsidies.
- CalHFA and DMH should inform all counties that such waivers are possible.
- The state should consider waiving the rule for counties that have spent at least 80 percent of their funds.

14

## Conclusion

- Individual counties may choose to work with CalHFA to build more housing. But the California Mental Health Directors Association is unlikely to agree to continue the housing program as structured.
- Ideally, relationships forged among developers and county housing and mental health officials will foster construction of more permanent supportive housing.

15

## Folsom Oaks Tenants Kenny and Judi



16

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