

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY

DEPT: Behavioral Health and Recovery Services BOARD AGENDA #: *B-7
AGENDA DATE: June 27, 2017

SUBJECT:

Approval to Request the Return of Unencumbered Mental Health Services Act Housing Funds Held by the California Housing Finance Agency to Stanislaus County

BOARD ACTION AS FOLLOWS:

No. 2017-345

On motion of Supervisor Withrow , Seconded by Supervisor Olsen
and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, Monteith, DeMartini, and Chairman Chiesa

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:

ATTEST: Elizabeth A. King
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Behavioral Health and Recovery Services

BOARD AGENDA #: *B-7

Urgent

Routine



AGENDA DATE: June 27, 2017

CEO CONCURRENCE: *pht*

4/5 Vote Required: Yes No

SUBJECT:

Approval to Request the Return of Unencumbered Mental Health Services Act Housing Funds Held by the California Housing Finance Agency to Stanislaus County

STAFF RECOMMENDATIONS:

1. Authorize the Behavioral Health Director to request the release and return of current and ongoing future annual unencumbered Mental Health Service Act Housing Funds currently held by the California Housing Finance Agency.

DISCUSSION:

On April 26, 2016, the Board of Supervisors approved a master plan for permanent supportive housing that would align with Board of Supervisors priorities for the use of Mental Health Services Act (MHSA) funds. The Board also approved to request the return of unencumbered Mental Health Services Act (MHSA) Housing Funds held by California Housing Finance Agency (CHFA) to Behavioral Health and Recovery Services (BHRS). Subsequently, CHFA returned \$1,107,705, the balance of unencumbered funds as of May 30, 2016.

MHSA housing funds were originally assigned to the California Housing Finance Agency. These one-time housing funds were slated to be allocated to counties for the construction of supportive housing projects in local communities to assist persons with serious mental illness. Subsequently, in 2007, counties were asked to approve assigning these funds to the California Department of Mental Health (CDMH) and the CHFA who jointly administered the MHSA Housing Project through an interagency agreement which expired on May 30, 2016. CHFA returned remaining MHSA funds to the counties upon expiration of the interagency agreement.

The benefits of assigning the funds included, but were not limited to, access to CHFA expertise, asset management and regulatory compliance of development projects, development of loan documents and regulatory requirements, assistance and expertise with developers, and advocacy at a state and national level for additional resources for housing programs for individuals with mental illness who are homeless.

Unfortunately, the collaboration with CHFA had been far less efficient than initially expected. A major difficulty in securing appropriate housing options was the addition of many parts to the approval process that effectively discouraged potential sellers from considering working with

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BHRS. For instance, architectural renderings need to be reviewed and approved by CHFA prior to loan approval. Level 1 Environmental Site Assessment reviews must be no older than 180 days and certified, often resulting in multiple reviews and added costs. CHFA has very exacting requirements for loan subordination agreements resulting in difficult, lengthy negotiations. In addition, the project must be presented to a Senior Loan Committee that does not meet regularly. Meanwhile sellers have moved on to other buyers, especially when the housing options are in short supply.

After May 30, 2016, no further MHSA loans or Capitalized Operating Subsidy Reserves (COSRs) were approved under the MHSA Housing Program. Assembly Bill 102, signed into law on June 28, 2011, required the transfer of mental health services from CDMH to the Department of Health Care Services (DHCS). As a result, CDMH is no longer in existence. DHCS requires Counties that had financed a MHSA Housing Project when the interagency agreement was effective to complete the Ongoing Annual MHSA Fund Release Authorization (Attachment A) for future unencumbered funds. These funds may include deposits of disencumbered MHSA housing funds (COSR funds that are no longer required by a project or funds approved for a loan that is never funded) as well as MHSA residual loan payments, and accrued interest. Stanislaus County falls in this category and, therefore, a completed release form is required for the current and ongoing annual release of such additional funds to BHRS.

Following the County Master Plan for Mental Health Services Act Permanent Supportive Housing Funds, BHRS has been working diligently with affordable housing developers to secure permanent supportive housing for persons with serious mental illness.

POLICY ISSUE:

Behavioral Health and Recovery Services has financed MHSA housing projects through the California Housing Finance Agency. Board of Supervisors' approval is required by CHFA to request the annual return of current and future unencumbered funds such as MHSA residual receipt loan payments, accrued interest and/or disencumbered funds to BHRS.

The Master Plan for Mental Health Services Act Permanent Supportive Housing Funds ensures, to the extent possible, that MHSA funds set aside for housing are utilized in the most cost-effective manner with adequate consideration of tenant requirements. The Master Plan encourages the leveraging of funds through collaboration between public and private sectors. Requesting the funds held by CHFA provides needed local control and increased likelihood that housing projects will be accomplished more easily.

FISCAL IMPACT:

There are no costs associated with requesting and accepting the return of current and future annual unencumbered MHSA Housing Funds.

BOARD OF SUPERVISORS' PRIORITY:

This agenda item supports the Board of Supervisors' priorities of A Healthy Community, Effective Partnerships and Efficient Delivery of Public Services by endorsing Housing First, an

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evidence-based practice associated with better health outcomes and by encouraging public/private collaborations.

STAFFING IMPACT:

Existing BHRS staff will manage the use of returned funds following the Permanent Supportive Housing Master Plan.

CONTACT PERSON:

Rick DeGette, MA, MFT Behavioral Health Director Telephone: 525-6205

ATTACHMENT(S):

A. Ongoing Annual MHSA Fund Release Authorization for Future Unencumbered Funds

Attachment A

MHSA HOUSING LOAN PROGRAM
ONGOING ANNUAL MHSA FUND RELEASE AUTHORIZATION FOR FUTURE
UNEUNCUMBERED FUNDS

City/County: STANISLAUS COUNTY

Until otherwise directed by City/County, and pursuant to Welfare and Institutions Code (W&I) Section 5892.5, City/County hereby request the annual release of MHSA funds in City/County's CalHFA MHSA account ("Account"). Said Account may include deposits of unencumbered MHSA Housing funds, MHSA residual receipt loan payments, and accrued interest (collectively referred to as "Funds"). As of May 1st of each calendar year, please:

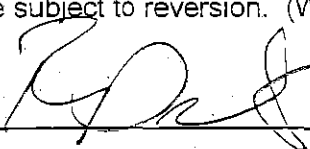
- Release and return all Funds to the City/County; OR
- Release and assign all Funds to the CalHFA administered Local Government Special Needs Housing Program.

On behalf of the City/County listed above, I hereby certify the following:

The City/County will use any released MHSA Funds returned to the City/County to provide housing assistance to the target populations identified in W&I Section 5600.3. 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 homeless, mentally ill persons or mentally ill persons who are at risk of being homeless; and

The City/County will administer released and returned MHSA Funds in compliance with the requirements of the MHSA including, but not limited to, the following:

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

By: 

Date: 4-27-17

Name: R. DeBate

Title: BHRS Director

MHSA HOUSING LOAN PROGRAM
ONGOING ANNUAL MHSA FUND RELEASE AUTHORIZATION FOR FUTURE
UNEUNCUMBERED FUNDS

Make check payable to (if applicable): _____

Address: _____

Must attach evidence of City/County Board of Supervisors Approval



State of California Use Only:

REVIEWED BY:

Department of Health Care Services
Agency _____

California Housing Finance

Signature Date

Signature Date

Name

Name

Title

Title