



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Behavioral Wellness
Department No.: 043
For Agenda Of: November 8, 2016
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Alice Gleghorn, Ph.D., Director
Director(s) Department of Behavioral Wellness 681-5220
Contact Info: Refujio Rodriguez, Mental Health Service Act Division Chief
Department of Behavioral Wellness 681-4505
SUBJECT: Mental Health Services Act Plan Housing Fund Disbursement Request

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence:

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- A. Approve and authorize the Director of the Department of Behavioral Wellness to request the California Department of Health Care Services (DHCS) and California Housing Finance Agency (CalHFA) to release unencumbered Mental Health Service Act Plan (MHSA) Housing Program funds to Behavioral Wellness in the amount of \$2,380,938, pursuant to the Mental Health & Substance Use Disorder Services (MHSUDS) Information Notice No. 16-025, to be used to provide housing assistance in accordance with Welfare and Institutions (W&I) Code Sections 5600.3, and 5892.5.
- B. Determine that these activities are exempt from California Environmental Quality Act review per CEQA Guidelines Section 15378(b)(4). The recommended actions are government fiscal activities which do not involve commitment to any specific project that may result in a potentially significant physical impact on the environment.

Summary Text:

This item is on the agenda to request the approval of the Board of Supervisors, to request the release of MHSA unencumbered housing funds for local use from the California Department of Health Care Services (DHCS), pursuant to Information Notice No. 16-025 dated June 9, 2016.

Approval of the recommended action will allow Behavioral Wellness to request approximately \$2,380,938 of the County's remaining MHSA Housing Program funding be released directly to the County. The release of the funds directly to the County would also result in a onetime savings of a 5% administrative fee paid to the Local Government Special Housing Program (SNHP), who will replace the existing MHSA Housing Program.

Background:

The Department of Behavioral Wellness provides specialty mental health services to Medi-Cal beneficiaries with specialty mental health needs, and to the extent resources allow, uninsured children with Serious Emotional Disturbance (SED) and adults with Serious Mental Illness (SMI). The Mental Health Services Act (MHSA), passed by California voters in 2004, levied a 1% tax on annual incomes over \$1.0 million to increase funding for mental health services.

MHSA funding components are divided into five categories: Community Services and Supports (CSS), Prevention and Early Intervention (PEI) Workforce Education and Training (WET), Innovation (INN), and Capital Facilities and Technological Needs (CF/TN). Additionally, MHSA housing funds were also allocated to each county under CSS. These funds were intended to be one-time funds for long-term supportive housing construction or building a rehabilitation facility for persons with serious mental illness or serious emotional disturbance and who are homeless or at risk of homelessness (W&I Code Section 5892.5(a)(2)). Santa Barbara originally received \$4,577,900.

Behavioral Wellness was recently informed by DHCS of changes to the MHSA Housing Program. DHCS and the California Housing Finance Agency (CalHFA), jointly administered the MHSA Housing Program through an interagency agreement that expired on May 30, 2016. Because the MHSA Housing Program has expired, CalHFA must release any remaining unencumbered MHSA funds to counties by November 30, 2016. Behavioral Wellness has \$2,380,938 in unencumbered funds remaining with CalHFA. Behavioral Wellness will request the release of the funds.

Counties must spend released MHSA funds to provide "housing assistance" to the target population identified in W&I Section Code 5600.3 and in accordance with W&I Code Section 5892.5. "Housing assistance" is defined by statute, to include: rental assistance or capitalized operating subsidies; security deposits, utility deposits, or other move-in cost assistance; utility payments; moving cost assistance; or capital funding to build or rehabilitate housing for homeless, mentally ill persons or mentally ill persons who are at risk of being homeless. (W&I Code Section 5892.5(a)(2).)

Behavioral Wellness, has been working closely with the Housing Authority of the County of Santa Barbara (HACSB), to explore ways to utilize the MHSA housing funds that would assist HACSB to leverage additional funding to support the development of a greatly needed construction of a proposed affordable rental housing development, known as the Residences at Depot Street (The Residences), in the City of Santa Maria. HACSB would be the project sponsor and developer. The estimated cost for the HACSB's project is \$29,119,963. HACSB would request \$2,380,845 in MHSA funds from Behavioral Wellness to support the project. The project is consistent with the Behavioral Wellness three (3) year plan and will provide new permanent housing for the MHSA target population, who are currently clients seen by Behavioral Wellness in our intensive treatment program, which is consistent with the Community Services and Supports (CSS) Plan. The expected start date for the HACSB project is January, 2017 with an expected completion in April, 2018. The project will result in approximately 80 units. Of the 80 units, approximately 35 will be dedicated as Behavioral Wellness MHSA units.

Originally, Behavioral Wellness posted the project for public comment in February, 2016 with the intent that CalHFA would be the funding administrator. However, since CalHFA’s interagency agreement has expired, we have opted to request the release of funds to Behavioral Wellness due to the onetime 5% administrative savings. Once funding has been received, Behavioral Wellness will return to the Board for approval to pass through the MHSAs funds to HACSB, in return for dedicated units, in compliance with MHSAs requirements W&I Code Section 5892.5 (b) and the stakeholder process W&I Code Section 5848. The housing funds to be used for the collaborative project with HACSB are consistent with the needs identified in the Capitals Facilities board letter presented to the Board on August 23, 2016.

Fiscal and Facilities Impacts:

Budgeted: There are no current budget impacts and there are no future anticipated operating costs associated with the one time use of these funds.

Fiscal Analysis:

| <u>Funding Sources</u> | <u>Current FY Cost:</u> | <u>Annualized On-going Cost:</u> | <u>Total One-Time Project Cost</u> |
|-------------------------------|--------------------------------|---|---|
| General Fund | \$ - | \$ - | \$ - |
| State | \$ 2,380,938.00 | | \$ - |
| Federal | | | \$ - |
| Total | \$ 2,380,938.00 | | \$ - |
| | | | |

Narrative: The MHSAs Housing Funds that will be released to Behavior Wellness are unencumbered funds on deposit with CalHFA. The funds are one time funds from the State to be used to provide housing assistance to the MHSAs target population.

There will be no net impact to the Behavioral Wellness FY 16-17 operating budget. An Agency Fund will be set up for the MHSAs Housing funds to be received. A Budget Revision Request for the Agency funds will be filed at a later date.

Special Instructions:

Please return one (1) Minute Order to dmorales@co.santa-barbara.ca.us.

Attachments:

- Attachment A: MHSAs Housing Loan Program Fund Release Form
- Attachment B: MHSAs Proposed Housing Program Residences at Depot, FY 16-17

Authored by:

Refujio Rodriguez/Denise Morales