



Mental Health Services Act

(MHSA)

Housing Program

Semi-Annual Update

April 2012

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Executive Summary

This statutorily required update, entitled Mental Health Services Act (MHSA) Housing Program: Semi-Annual Update, April 2012, was prepared by the Department of Mental Health (DMH) in compliance with Assembly Bill 1183 (Committee on Budget, Chapter 758, Statutes of 2008). This update reflects financial activity in the MHSA Housing Program from October 1, 2011, through March 30, 2012, including fiscal information regarding both approved and pending MHSA Housing Program applications.

Executive Order S-07-06 (the Order), signed by Governor Schwarzenegger on May 12, 2006, mandated that DMH, in collaboration with the California Housing Finance Agency, develop the MHSA Housing Program and established the goal of creating 10,000 additional units of permanent supportive housing for individuals with mental illness and their families who are homeless or at risk of homelessness.

Since the implementation of the MHSA Housing Program in August 2007, nearly \$400 million in MHSA funds have been made available to county mental health departments to meet the supportive housing needs of the local mental health community identified in each county's MHSA Three-Year Program and Expenditure Plan (Three Year Plan). The MHSA Housing Program provides both capital and operating subsidy funding for the development of permanent supportive housing for individuals who experience mental illness and who are homeless or at risk of homelessness. Affordable housing with necessary supports has proven effective in assisting individuals in their recovery from chronic mental illness.

Since the program's inception in 2007, 147 applications have been received from 36 counties. 125 of those applications have received loan approval. These approved applications will create more than 1,750 units of supportive housing for the homeless, mentally ill. During this report period, seven new housing applications were submitted, 21 applications received approval, 19 loans closed, and six developments or 173 MHSA units became ready for occupancy. This information is depicted in Attachments A – E.

Statement of Need

Assembly Bill 1183 (Committee on Budget, Chapter 758, Statutes of 2008) mandates semi-annual updates on the MHSA Housing Program to be provided to the fiscal and policy committees of the Legislature regarding key program results and funding.

Background

Pursuant to the Order, DMH, in partnership with the California Housing Finance Agency (CalHFA) and the County Mental Health Directors Association (CMHDA), established a new program: the MHSA Housing Program. Four hundred million dollars (\$400,000,000) in MHSA funds have been made available to finance the capital and operating costs associated with development, acquisition, construction and/or rehabilitation of permanent supportive housing for individuals with mental illness and their families who are homeless or at risk of homelessness.

The program is jointly administered by DMH and CalHFA. CalHFA underwrites requests for capital funds and capitalized operating subsidies, while DMH evaluates each applicant's proposed target population and supportive services plan. Once funds are awarded, CalHFA oversees all development and financial aspects of the project and DMH oversees the provision of services, including continuing assessment as to whether the MHSA Housing Program continues to meet the needs of the target population.

Objectives

DMH is dedicated to transforming the mental health system by creating a state-of-the-art, culturally competent system that promotes recovery/wellness for adults and older adults with severe mental illness, and resiliency for children with serious emotional disorders and their families. Under MHSA, DMH looks beyond "business as usual" to help build a system where access is easier, services are more effective, out-of-home and institutional care are reduced and stigma toward those with severe mental illness or serious emotional disturbance no longer exists.

The single objective of the MHSA Housing Program is to create as many affordable housing units as possible across California by providing both capital and operating subsidy funding for the development of permanent supportive housing for individuals who experience mental illness and who are homeless or at risk of homelessness. Affordable housing, with necessary supportive services, has proven effective in assisting individuals in their recovery from chronic mental illness. The goal of 10,000 units will take several years to achieve, and as long as funding remains available under MHSA, counties will continue to partner with experienced developers, property management and service providers to develop needed housing for the target population.

The 21 applications that received approval during the report period will create 229 new housing units for the target population (See Attachment B). During the same period, CalHFA achieved loan closure on 19 applications making available 265 new MHSA units (See Attachment C).

Study Methodology

This report contains updated financial data for the MHSA Housing Program drawn from the application tracking and fiscal data maintained by CalHFA.

Findings/Conclusions

This semi-annual update reflects financial activity in the MHSA Housing Program from October 1, 2011 through March 31, 2012, including fiscal information regarding both approved and pending MHSA Housing Program applications. During this period the following occurred:

- New applications received: 7
- Applications approved: 21
- Loans closed: 19
- Housing developments ready for occupancy: 6
- MHSA Housing units approved: 229
- MHSA Housing units ready for occupancy: 173

While the State of California continues to experience an economic crisis which has negatively impacted California’s housing industry, the reduction in availability of other affordable housing resources and the increased availability of lower-priced property has resulted in augmented activity, interest and participation in the MHSA Housing Program.

Recommendations

Due to the success of this program in increasing the number of housing units being developed for homeless persons with mental illness, DMH recommends continuing the MHSA Housing Program.

Implementation Plan/Strategy

Not applicable.

Program/Fiscal Impact

Not applicable.