

The Road to Recovery Leads Home

In 2004, Justin was homeless, addicted to crystal meth and weighed 115 pounds. He's now returning to school and is looking toward journalism as a career. Last year, Leslie was crying her eyes out at a bus stop in Santa Monica after having shut herself in her bedroom for three straight months. She's currently taking classes towards her certification as a massage therapist. What they have in common is that their road to recovery was funded by California's Proposition 63, or the Mental Health Services Act (MHSA).

BACKGROUND

The MHSA created many assistance networks for those with mental health problems. One of these networks, the MHSA Housing Program, is a unique partnership between the California Housing Finance Agency (CalHFA), the California Department of Mental Health (DMH) and 46 of the 58 California County Mental Health Departments. The Act was intended to transform the way California delivers mental health services to individuals with serious mental illness, with the goal of moving beyond the mental health clinic setting to offer a much wider and more creative array of services and support to the individual in community settings, enhancing their recovery efforts and their opportunities for independent living.

The MHSA Housing Program provides funding for the capital costs and operating subsidies to develop permanent supportive housing for persons with serious mental illness who are homeless, or at risk of homelessness. It is a unique collaboration among government agencies at the local and state level, targeting, transition age youth, adults, older adults and families where a child is often the qualifying member.

The Program embodies both the individual and systemic transformational goals of the Mental Health Services Act through the recognition of housing as an essential service component for mental health clients. A study conducted by Berkeley's Goldman School of Public Policy found that, 81% of tenants who reside in supportive housing remained housed for at least one year, and that they experienced over a 50% drop in both the number of emergency room visits and inpatient days, a huge savings for the hospital system.

The partners in this collaboration include CalHFA with their housing and financial expertise; DMH, with responsibility for overseeing the mental health system and ensuring that consumers have access to an appropriate array of services and support; and county mental health departments, which have ultimate responsibility for the design and delivery of mental health services and support at the local level throughout the State of California. Through this collaboration, the MHSA Housing Program offers safe, decent and affordable housing and the critical supportive services that will enable individuals to live more healthily and independently in their communities.

HOW IT WORKS

The California counties transferred approximately \$400 million (funded through the MHSA's 1% tax on incomes in excess of \$1 million) to CalHFA to provide residual receipts capital loans and operating subsidies to projects in each of the participating counties. The counties choose which projects will receive the funding allocated to them and act as a co-applicant with the project developer. The counties agree to direct clients to their developer partner and also to provide support services to the MHSA residents in that housing for the duration of the loan agreement.

CalHFA then underwrites requests for capital funds and capitalized operating subsidies, while DMH evaluates each applicant's proposed target population and supportive services plan. Flexibility has been designed into the program to allow for exceptions to program guidelines when necessary.

Capital funds (currently \$109,800 per MSHA unit) may be used for either Rental Housing Developments or Shared Housing Developments. For Rental Housing Developments, applicants are required to obtain capital funds from a range of programs administered by other agencies. However, for Shared Housing Developments—defined as one to four unit developments where all of the bedrooms are leased to MHSA eligible residents—funds may be used to cover all capital costs up to the funding limits specified in this application. Rental Housing refers to an apartment building with five or more units where a designated number of units are restricted to occupancy by at least one MHSA eligible resident. Operating Subsidy funds are available to subsidize MHSA tenant rents for 15 to 20 years.

Once funding is awarded, CalHFA issues the final commitments, closes both MHSA predevelopment and permanent loans, and executes and administers subsidy contracts. CalHFA is the note holder until the loan matures and provides asset management services for the term of the MHSA loan. DMH oversees provision of services, including continuing assessment as to whether the population served continues to meet MHSA Housing Program requirements.

In addition, the California Institute for Mental Health (CIMH) and the Corporation for Supportive Housing (CSH) together work under contract with the DMH to provide statewide training and technical assistance for the MHSA Housing Program. CSH brings housing expertise and relationships with housing entities, while CIMH has extensive knowledge of each county's mental health services and critical relationships with county mental health leadership.

Finally, CalHFA, DMH along with the counties and developers meet monthly to discuss policy issues. There are also ongoing monthly meetings with CalHFA, CIMH, CSH, DMH and the counties to address operational questions and concerns associated with the program.

RESULTS

While it may seem daunting to orchestrate collaboration between so many government agencies, CalHFA has put its administrative expertise to good use: despite being introduced into what is the worst economic environment since the Great Depression, the program has been wildly successful. In the first two years, the MHSA Housing Program has achieved the following milestones:

- Secured commitments for 82 Loans, 61 of them in 2009/2010
- Closed 25 Loans, 20 of them in 2009/2010
- Created over 1,350 MHSA units
- Received an additional 13 applications, with 27 more applications in progress at the county DMH level
- Of the 46 Counties with assigned funds, 63% (29 Counties) have submitted projects
- Total MHSA capital funding committed \$ 144,175,280
- Total MHSA operating subsidy funds committed \$ 73,262,516
- Total MHSA funding \$ 216,804,677
- Total development cost of all projects \$1,685,596,932

Most importantly, individuals like Justin and Leslie have a new start in life, residing in a safe, supportive, healthy environment while they piece their existences back together. CalHFA is proud to be part of such a large collaborative effort, and looks forward to helping many more people living with mental illness get back on the road to recovery.

Attachment A: Justin's Story

Attachment B: Leslie's Story

Attachment C: MHSA Housing Program Project Examples