

**REPORT OF THE  
CHIEF LEGISLATIVE ANALYST**

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DATE: January 12, 2016

TO: Honorable Members of the Rules, Elections, Intergovernmental Relations and  
Neighborhoods Committee

FROM: Sharon M. Tso   
Chief Legislative Analyst

Council File No: 15-0002-S116  
Assignment No: 16-01-0018

SUBJECT: Resolution (O'Farrell – Wesson – Harris-Dawson – Huizar) in support of funding for  
permanent supportive housing, including the use of Mental Health Services Act  
(MHSA) funds.

CLA RECOMMENDATION: Adopt the attached revised Resolution to include in the City's 2015-2016 State Legislative Program SUPPORT/SPONSORSHIP of any legislation and/or administrative action to provide additional funds for permanent supportive housing, including the No Place Like Home Initiative (De León) which would re-purpose Proposition 63 (MHSA) bond money for housing, income support and outreach to prevent and address homelessness.

SUMMARY

On December 16, 2015, Resolution (O'Farrell – Wesson – Harris-Dawson - Huizar) was introduced to support/sponsor any legislation that would provide additional funds for permanent supportive housing, including the potential to use Mental Health Services Act (MHSA) funds.

The Resolution states that the need for affordable and permanent supportive housing for the homeless is dire in the City of Los Angeles and statewide. The Resolution indicates that the 2015 Los Angeles Homeless Services Authority (LAHSA) Homeless Count revealed that there are 25,686 homeless individuals living in the City of Los Angeles. The Resolution adds that the Homeless Count also reports that 8,163 individuals (approximately 32 percent of the homeless population) suffer a form of mental illness and 6,255 individuals (approximately 24 percent of the homeless population) suffer from substance abuse issues. The Resolution adds that with the dissolution of the California redevelopment agencies, the City's available resources to fund affordable housing projects has decreased by approximately \$50 million annually.

The Resolution affirms that any solution to the homeless crisis must involve the creation of permanent supportive housing. The Resolution notes that the County of Los Angeles approved a Motion (Kuehl-Ridley-Thomas) which requested the exploration of leveraging MHSA funds and other sources to incrementally fund up to \$100 million by FY 2020-21 in an Affordable Housing Programs Fund. The Resolution adds that in November 2004 California voters passed Proposition 63 (MHSA), authored by former California Senator President Pro Tem Darrell Steinberg, which provides a permanent revenue stream for mental health services and permanent supportive housing by placing one percent tax on the adjusted gross income of Californians earning \$1 million or more. The Resolution states that the MHSA may be amended by two-thirds of the California State Legislature to further the intent of the act.

The Resolution further states that the State should explore all fiscal options to enhance the use of MHSA funds for permanent supportive housing including, but not limited to, issuing State bonds or general fund allocations.

The Resolution concludes by recommending that the City include in its 2015-2016 State Legislative Program SUPPORT/SPONSORSHIP of any legislation to provide additional funds for permanent supportive Housing, including the potential to use MHSA funds.

### BACKGROUND

According to LAHSA, in Los Angeles the homeless population has increased from 22,993 to 25,686 (12 percent) since 2013. In addition, Los Angeles is last out of 20 major metropolitan regions in the country in producing housing. The Council is currently considering the Comprehensive Homeless Strategy report, C.F. 15-1138-S1, which recommends that additional funding for housing be identified. The No Place Like Home Initiative is a State Senate legislative package to prevent and address homelessness in local communities by re-purposing Proposition 63 (MHSA) bond funds for housing, income support and outreach for the homeless.

### The No Place Like Home Initiative

Subsequent to the introduction of Resolution (O'Farrell – Wesson – Harris-Dawson - Huizar), the California State Senate President Pro Tempore and a bipartisan coalition of members from the California State Senate introduced a budget proposal, the No Place Like Home Initiative, which would assist local communities in preventing and addressing homelessness. The proposed initiative sets forth a policy framework to empower local governments with additional resources and flexibility to better serve homeless individuals and families, increase access to affordable housing, address the effects of income inequality, and extend proven programs for homeless who are either disabled or in need of mental-health assistance.

According to the State Senate President Pro Tempore, the Senate proposal is supportive of a "Housing First" strategy which is consistent with homeless advocates and social service experts whom prefer this approach. Housing First consists of providing and securing housing with wrap-around services for the homeless which has been used successful in other states. The State Senate President Pro Tempore indicates that California has the nation's largest homeless population with 114,000 total homeless people of which this makes up 22 percent of the nation's homeless population. Los Angeles County leads the country with 42,000 homeless residents.

The No Place Like Home Initiative would re-purpose Proposition 63 bond funds and leverage billions of additional dollars from other local, state, and federal funding sources. Proposition 63 (MHSA), approved by voters in 2004, imposes a one percent tax on residents making more than \$1 million dollars per year. These monies are allocated to provide services to Californians living with debilitating mental illnesses. The No Place Like Home Initiative is a State Senate legislative package to prevent and address homelessness with the goal of providing additional housing, income support and outreach. Additional details below:

### Housing

- \$2 billion bond to construct permanent supportive housing for chronically homeless persons with mental illness.
- \$200 million, over 4 years, to provide supportive housing in the shorter-term, rent subsidies, while the permanent housing is constructed or rehabilitated.
- Support for two special housing programs that will assist families:

- The “Bringing Families Home” pilot project, a county matching grant program to reduce homelessness among families that are part of the child welfare system; and
- The CalWORKs Housing Support Program, which provides housing and support services for CalWORKs families in danger of homelessness.

**Income Support and Outreach**

- An increase in Supplemental Security Income/State Supplementary Payment (SSI/SSP) program grants which provide income support for the aged, blind, and disabled poor who cannot work. Per the State Senate proposal, rates of homelessness are higher for persons with disabilities who cannot work; SSI/SSP is intended to help them make ends meet, and a large portion of grants usually go toward rent. These increases will assist about 1.3 million low-income Californians (72% with disabilities and 28 percent who are elderly).
- A one-time investment to incentivize local governments to boost outreach efforts and advocacy to get more eligible poor people enrolled in the SSI/SSP program. According to the State Senate proposal, the federal government covers 72 percent of the total costs of the SSI/SSP program, so state and local benefits are multiplied significantly for each newly eligible recipient.

Under the proposed No Place Like Home Initiative over \$2 billion will be leveraged to address homeless in a multi-pronged approach that involves collaboration among the local, state, and federal government levels. The proposed initiative will make significant efforts at increasing affordable housing stock for the chronically homeless. According to the State Senate President Pro Tempore, nearly 85 percent of the 28,200 chronically homeless are unsheltered and estimates indicate that this group absorbs approximately \$100,000 annually per person in public costs for emergency room visits, hospital stays, law enforcement and other social services.

Additionally, the State Senate President Pro Tempore notes that local programs such as Project 25 in San Diego have successfully housed, treated, and transitioned chronically homeless individuals into society. Project 25 is a three-year pilot project that uses the Housing First Model as a means of intensive case management and delivery of psychiatric and medical care to clients. In two years, the annual public costs associated with Project 25 participants has decreased by nearly 63 percent. Under the proposed initiative, monies will be able to be used in such fashion.

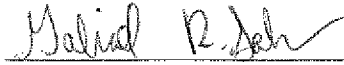
The Housing and Investment Community Department supports the No Place Like Home Initiative. The department recommends that the State conduct periodic audits and report on how funds are to be allocated and include efforts to promote a geographic balanced distribution of funds based on the percentage of homeless among the population. Supporters of the initiative include the Shelter Partnership, Corporation for Supportive Housing, and the South LA Homeless Alliance.

Support for the No Place Like Home Initiative is consistent with current Council actions to support legislation and/or action that supports funding for both affordable and permanent supportive housing.

**DEPARTMENTS NOTIFIED**

Housing and Community Investment  
 Los Angeles Homeless Services Authority

We recommend that the Council adopt the revised resolution which incorporates support for the No Place Like Home Initiative, which was announced after the Resolution was introduced.



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Gabriel R. Salazar  
Analyst

SMT:IS:JW

Attachment: 1. Revised Resolution

## RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the need for affordable and permanent supportive housing for the homeless is dire in the City of Los Angeles as well as statewide; and

WHEREAS, according to the 2015 Los Angeles Homeless Services Authority (LAHSA) Homeless Count, there are 25,686 homeless individuals living in the City of Los Angeles; and

WHEREAS, the 2015 LAHSA Homeless Count notes that 8,163 individuals or almost 32 percent of the homeless population suffers a form of mental illness; and

WHEREAS, the 2015 LAHSA Homeless Count also notes that 6,255 individuals or 24 percent of the homeless population suffers from substance abuse issues; and

WHEREAS, since the dissolution of the California redevelopment agencies, the City's available resources to fund affordable housing projects have decreased by approximately \$50 million; and

WHEREAS, any solution to the homelessness crisis must involve the creation of permanent supportive housing; and

WHEREAS, both the City and County have recently committed to identifying a significant amount of funding to house the homeless population; and

WHEREAS, the Los Angeles County Board of Supervisors approved a Motion (Kuehl-Ridley-Thomas) to explore leveraging Mental Health Services Act (MHSA) funds and other sources to incrementally fund up to \$100 million by FY 2020-21 in an Affordable Housing Programs fund; and

WHEREAS, in November 2004, California voters passed Proposition 63, the MHSA, which provides a permanent revenue stream for mental health services and permanent supportive housing by placing a one percent tax on the adjusted gross income of Californians earning one million dollars or more; and

WHEREAS, the California Department of Health Care Services is mandated by MHSA to continually revise program elements in order to reflect what is learned about the most effective prevention and intervention program for children, adults, and seniors; and

WHEREAS, all provisions of the MHSA may be amended by two-thirds of the California State Legislature to further the intent of the Act; and

WHEREAS, the State should explore all fiscal options to enhance the use of MHSA funds for permanent supportive housing including, but not limited to, issuance of bonds or general fund allocations; and

WHEREAS, the California State Senator Pro Tempore has proposed a legislative package the No Place Like Home Initiative (De León) which would re-purpose Proposition 63 (MHSA) bond money for housing, income support and outreach for the homeless;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-2016 State Legislative Program SUPPORT/SPONSORSHIP of any legislation and/or administrative action to provide additional funds for permanent supportive housing, including the No Place Like Home Initiative (De León) which would re-purpose Proposition 63 (MHSA) bond money for housing, income support and outreach to prevent and address homelessness.