



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 17-0228, **Version:** 1

Approve and authorize the Director of Health or Director of Behavioral Health to sign and submit the Mental Health Services Act (MHSA) Housing Loan Program “Ongoing Annual MHSA Fund Release Authorization for Future Unencumbered Funds” (Attachment A) and “Fund Release Authorization for Existing Unencumbered Funds” Form (Attachment B) to the Department of Health Care Services requesting the California Housing Finance Agency release the amount of \$1,600.83 plus accrued interest for FY 2016-17 and release and return all ongoing future unencumbered funds to Monterey County.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Approve and authorize the Director of Health or Director of Behavioral Health to sign and submit the Mental Health Services Act (MHSA) Housing Loan Program “Ongoing Annual MHSA Fund Release Authorization for Future Unencumbered Funds” (Attachment A) and “Fund Release Authorization for Existing Unencumbered Funds” Form (Attachment B) to the Department of Health Care Services requesting the California Housing Finance Agency release the amount of \$1,600.83 plus accrued interest for FY 2016-17 and release and return all ongoing future unencumbered funds to Monterey County.

SUMMARY/DISCUSSION:

The State Department of Health Care Services (DHCS) and the California Housing Finance Agency (CalHFA) jointly administered the Mental Health Services Act (MHSA) Housing Program through an interagency agreement that expired on May 30, 2016. CalHFA’s new Local Government Special Needs Housing Program (SNHP) has replaced the existing MHSA Housing Program.

Due to the expiration of the MHSA Housing Program, participating counties must take action and provide direction to DHCS and CalHFA regarding their remaining MHSA Housing Program funds. For efficiency, Monterey County selects the option to direct CalHFA to release and return all ongoing future unencumbered Funds (DHCS/CalHFA Attachment A) to Monterey County and to release and return the existing unencumbered funds (DHCS/CalHFA Attachment B) on deposit with CalHFA in the amount of \$1,600.83 plus accrued interest.

After MHSA expenditures for three Monterey County MHSA housing projects and payment of the CalHFA 1% administrative fee, the County MHSA Account continued to accrue quarterly interest over time. Additionally, in 2014, one of the MHSA Projects made a \$768.50 residual receipt loan payment, so the current County MHSA Account balance is \$1,600.83 (with interest accrued through December 31, 2016).

Residual Receipt loan payments are required to be paid by Projects when they show a profit. The Developer may retain 50% of the profit and the balance is sent to CalHFA as a residual receipt loan payment, and the funds are deposited into the Monterey County MHSA Account. It is doubtful that in the future any of the MHSA Projects will make annual residual receipt loan payments because currently each Project relies on supplemental Operating Subsidy funds to break even.

For as long as the CalHFA services the MHSA loans, CalHFA will annually disburse any residual receipt loan

payments and accrued interest, to Monterey County around May 1st of each year, and for as long as the Monterey County MHSA Account has a fund balance to accrue interest. Based on the current remaining balance, any future annual interest earnings will be nominal (less than \$5 per year). The accrued interest will stop when no further fund balance exists.

Monterey County has an existing MHSA Housing Program through Sunflower Gardens, LLC, an eighteen-residential unit development operated by Interim, Inc. The Fiscal Year 2016-17 funds will be used for two of the units in the Sunflower Gardens, LLC development that are MHSA transitional housing units and are occupied by MHSA eligible tenants, in which Sunflower Gardens, LLC meets the criteria to apply to Monterey County for MHSA Project Capitalized Operating Subsidy Reserves (COSRs).

Monterey County will use released Funds to provide 'housing assistance' to the target populations identified in W&I Section 5600.3 (W&I Section 5892.5 (a)(1)), in compliance with IRS rules and other applicable rules and regulations. 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 (W&I Section 5892.5 (a)(2)).

This work supports the Monterey County Health Department 2011-2015 strategic plan initiative 1) to empower the community to improve health through programs, policies, and activities. It also supports one or more of the ten essential public health services, specifically: 4) Mobilize community partnerships and action to identify and solve health problems.

OTHER AGENCY INVOLVEMENT:

There is no impact to the General Fund from approval of this action. Behavioral Health Bureau operations are budgeted and tracked in Fund 023, Appropriations Unit HEA012.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

☐ Economic Development:

* Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

☐ Administration:

* Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

☒ Health & Human Services:

* Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

☒ Infrastructure:

* Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

☐ Public Safety:

* Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Gloria Rodriguez, Management Analyst II, 8986

Approved by: Elsa Jimenez, Director of Health, 4743

Attachments:

DHCS/CalHFA Attachment A is on file with the Clerk of the Board.

DHCS/CalHFA Attachment B is on file with the Clerk of the Board.