



## **No Place Like Home Program**

An outline of program highlights from the recently enacted legislation

On June 30, 2016 Governor Jerry Brown signed AB 1618, establishing the No Place Like Home Program (NPLH). NPLH is a \$2 billion bond project to fund capital costs for the development of supportive housing for people who are chronically homeless or at risk of chronic homelessness and have a mental illness. The bond will be repaid overtime using 7% of the revenue generated by the Mental Health Services Act/Proposition 63. The MHSA is funded through a 1% tax on incomes of people earning over \$1 million a year and is anticipated to grow over time by at least 7% per year. Anticipated annual bond debt payments from MHSA revenue are \$137 million. Assembly Bill 1618 sets forth the framework for the program, defines the target population, and grants authority to the Department of Housing and Community Development to establish guidelines further implementing the statute.

On August 24, 2016, the Assembly sent AB 1628 to Governor Brown's desk for his signature. Assembly Bill 1628 authorizes the bond financing for No Place Like Home. The governor's signature is anticipated, after which, the bill will be subject to a validating judgment. The validating judgment will be entered by a California court and will determine that the use of MHSA tax revenue to service the No Place Like Home bond debt is a use of revenue that falls within the intent of the MHSA.

The following is a summary of the program:

### **Topic Headings**

- 1. Program Oversight**
- 2. Who will the No Place Like Home program help?**
- 3. Will funding for the program be competitive? Who will administer the funding?**
  - a. Competitive program administered by the state**
  - b. Alternative program: county administered**
  - c. Non-competitive program**
- 4. Technical Assistance Funding**
- 5. Reporting Requirements and Research**

### **1. Program Oversight**

- An advisory committee on No Place Like Home will be established to:
  - Advise on implementation and guideline development
  - Review progress in distributing funding
  - Provide advice and guidance more broadly on statewide homelessness issues
- Membership shall consist of:
  - Director, Department of Housing and Community Development
  - Director, Department of Healthcare Services
  - Secretary of Veterans Affairs
  - Director of Social Services
  - Treasurer
  - Chair of Mental Health Oversight and Accountability Commissions

- Chief Administration Office of a small county or a member of a county board of supervisors of a small county
- Chief Administration Office of a large county or a member of a county board of supervisors of a small county
- A director of a county behavior health department
- An administrative office of a city
- A representative of an affordable housing organizations
- A resident of supportive housing
- A representative of a community mental health organization
- A representative of a local or regional continuum of care organization that coordinates homelessness funding

**2. Who will the No Place Like Home program help?**

- The program’s target population considers both housing status and mental health status.
  - Housing status: the target population must include people who are homeless, chronically homeless, or at risk of chronic homelessness:
    - Homeless: same meaning as [Section 578.3 of Title 24 of the Code of Federal Regulations](#)
    - Chronically homeless: same meaning as [Section 578.3 of Title 24 of the Code of Federal Regulations](#)
    - At risk of chronic homelessness: persons who are at high risk of long-term or intermittent homelessness, including persons with mental illness exiting institutionalized settings, including, but not limited to, jail and mental health facilities, who were homeless prior to admission, transition age youth experiencing homelessness or with significant barriers to housing stability, and others, as defined in program guidelines.
  - Mental health status: the target population must include people who qualify under Section 5600.3 of the Welfare and Institutions Code who are homeless, chronically homeless, or at risk of chronic homelessness.
    - [Section 5600.3](#) defines “serious mental illness” and “severe emotional disturbance.” People served by NPLH, must meet the definition of “serious mental illness” or “severe emotional disturbance” as defined in Section 5600.3.

**3. Will funding for the program be competitive? Who will administer the funding?**

There are three funding strategies included in No Place Like Home: (a.) a traditional state-administered competitive program where counties compete in population based groupings; (b.) an alternative program that allows certain counties to administer funds locally; and (c.) a non-competitive allocation of a small amount of the bond funds. Each is described below.

(a) Competitive program administered by the state

- Competitive Groupings:
  - Counties will compete for funding in groups based on population. The program will distribute funding among the groupings based on a calculation that includes the number of homeless persons residing in each county and considers minimum funding levels needed for a permanent supportive housing development. Other factors may be included at the Department’s discretion.
  - Counties in each grouping will compete against one another for funding, meaning that large counties will only compete against other large counties, etc.
  - Competitive Groupings:

- Los Angeles
  - Large counties (population greater than 750k)
  - Medium counties (population between 200-750k)
  - Small counties (population less than 200k)
    - Eight percent of funds each round will be set aside for small counties.
- County as Applicant
  - County may apply as the sole applicant if it is the development sponsor or jointly with a separate entity as the sponsor.
- Eligible Applicants
  - Counties that commit to provide mental health supportive services, and to coordinate the provision of other services, to the tenants for at least 20 years.
  - Provide services onsite at the housing development or at a location otherwise easily accessible.
  - County must have a county plan to combat homelessness
  - Other threshold requirements:
    - Developer has the capacity to develop, own, and operate permanent housing for the target population
- Funding for Capital: \$1.8 billion for a competitive program
  - Permitted activities with bond funds include: acquisition, design, construction, rehabilitation, preservation, and capitalized operating reserves.
  - Funded developments shall integrate the target population with the general public.
  - Funded developments shall use low barrier tenant selection practices prioritizing vulnerable populations and offer flexible, voluntary, and individualized supportive services.
  - The guidelines may provide for alternative housing models: shared housing of fewer than 5 units.
  - Department will adopt guidelines for income and rent standards.
- Application Scoring Criteria
  - Extent to which units assisted by the program are restricted to persons who are chronically homeless or at risk of chronic homelessness within the target population.
  - The extent to which funds are leveraged for capital costs
  - The extent to which projects achieve deeper affordability through use of non-state project-based rental assistance, operating subsidies, or other funding.
  - Project readiness
  - The range of supportive services
  - Past history of implementing programs using evidence-based practices that have led to the reduction of the number of chronic homeless or at risk of chronic homelessness individuals within the target population.
- Funding for Services: no bond funds are available for service funding
  - Counties may use, but are not restricted to using, the following:
    - Local Mental Health Services Fund
    - Mental Health Account within the Local Health Welfare Trust Fund
    - Behavioral Health Subaccount within the County Local Revenue Fund
    - Funds received from private or public entities
    - Other county funds

(b) Alternative program: county administered

- The Department may create an alternative funding process, allocating funds directly to counties to administer. To participate in the alternative funding process, counties must have at least 5% of the state’s homeless population and the capacity to administer loan funds.
  - The counties that are likely to meet the criteria for alternate funding include Los Angeles, San Francisco, San Diego and Santa Clara.
- Counties participating in the alternative process are not eligible for the competitive process and will be limited to funds in proportion to their share of the percentage of the statewide homeless population.
- Funds not committed to supportive housing developments within two years will return to the state and be put back into the competitive program.
- Selection criteria for eligible counties for the alternative program:
  - Demonstrated ability to finance permanent supportive housing with local and federal funds
  - History of delivering supportive services to the target population in housing
  - History of committing project-based vouchers to supportive housing
  - Ability to prioritize the most vulnerable within the target population through coordinated entry system.

(c) Non-competitive program

- \$200,000,000 of the \$2 billion will be distributed “over the counter” to build permanent supportive housing according to program guidelines.
- Funds will be awarded to all counties proportionate to the number of homeless residing in each county. Funds not awarded in 18 months of first allocation go back to the competitive program.
- Follows guidelines of MHSA housing program under CalHFA or alternative procedures developed by the Department.

**4. Technical Assistance Funding**

- \$6.3 million in MHSA revenue is directed to the Department to provide technical assistance and application assistance. The Department will contract with providers to work with counties.
- Eligible uses of the technical assistance funds:
  - Applying for program funds
  - Implementing activities funded by the program, i.e. developing supportive housing
  - Coordinating development with local homelessness systems, including coordinated access systems.
  - Delivering supportive services to tenants.
  - Collecting data, evaluating program activities, and sharing data.
- Funding amounts:
  - Los Angeles and large counties: \$150,000
  - Medium counties: \$100,000
  - Small counties: \$75,000
- If the money is not spent by June 30, 2020, the funds will be used to expand the department’s contracts for expert technical assistance and application preparation assistance.

**5. Reporting Requirements & Research**

- Annual reporting from counties to the Department is required on:
  - Location of projects
  - Number of units assisted
  - Occupancy restrictions

- Number of individuals and households served
- Related income levels
- Homeless state
- Veteran status
- Mental health status
  - The Department must contract with a University in California to evaluate the program.

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