

AUTHORIZES BONDS TO FUND EXISTING HOUSING PROGRAM FOR INDIVIDUALS WITH MENTAL ILLNESS. LEGISLATIVE STATUTE.

OFFICIAL TITLE AND SUMMARY

PREPARED BY THE ATTORNEY GENERAL

The text of this measure can be found on the Secretary of State's website at <http://voterguide.sos.ca.gov>.

- Ratifies existing law establishing the No Place Like Home Program, which finances permanent housing for individuals with mental illness who are homeless or at risk for chronic homelessness, as being consistent with the Mental Health Services Act approved by the electorate.
- Ratifies issuance of up to \$2 billion in previously authorized bonds to finance the No Place Like Home Program.
- Amends the Mental Health Services Act to authorize transfers of up to \$140 million annually from the

existing Mental Health Services Fund to the No Place Like Home Program, with no increase in taxes.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT:

- Allows the state to use up to \$140 million per year of county mental health funds to repay up to \$2 billion in bonds. These bonds would fund housing for those with mental illness who are homeless.

FINAL VOTES CAST BY THE LEGISLATURE ON AB 1827 (PROPOSITION 2) (CHAPTER 41, STATUTES OF 2018)

Senate:	Ayes 35	Noes 0
Assembly:	Ayes 72	Noes 1

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

Counties Provide Mental Health Services.

Counties are primarily responsible for providing mental health care for persons who lack private coverage. Counties provide psychiatric treatment, counseling, hospitalization, and other mental health services. Some counties also arrange other types of help for those with mental illness—such as housing, substance abuse treatment, and employment services.

Mental Health Services Act. In 2004, California voters approved Proposition 63,

also known as the Mental Health Services Act. The act provides funding for various county mental health services by increasing the income tax paid by those with income above \$1 million. This income tax increase raises \$1.5 billion to \$2.5 billion per year.

No Place Like Home Program. In 2016, the Legislature created the No Place Like Home Program to build and rehabilitate housing for those with mental illness who are homeless or at-risk of becoming homeless. The state plans to pay for this housing by borrowing up to \$2 billion.

ANALYSIS BY THE LEGISLATIVE ANALYST

CONTINUED

The state would borrow this money by selling bonds, which would be repaid with interest over about 30 years using revenues from the Mental Health Services Act. This means less funding would be available for other county mental health services. No more than \$140 million of Mental Health Services Act funds could be used for No Place Like Home in any year. The bond payments would be around \$120 million in a typical year.

Court Approval Needed for No Place Like Home. Before these bonds can be sold, the state must ask the courts to approve the state’s plan to pay for No Place Like Home. The courts must decide two main issues:

- Whether using Mental Health Services Act dollars to pay for No Place Like Home goes along with what the voters wanted when they approved the Mental Health Services Act.
- Whether voters need to approve the No Place Like Home bonds. (The State Constitution requires voters to approve certain kinds of state borrowing.)

This court decision is pending.

PROPOSAL

The measure allows the state to carry out No Place Like Home. In particular, the measure:

- **Approves the Use of Mental Health Services Act Funds for No Place Like Home.** The measure says that Mental Health Services Act funds can be used for No Place Like Home. No more than \$140 million of Mental Health Services

Act funds could be used for No Place Like Home in any year.

- **Authorizes \$2 Billion in Borrowing.** The measure allows the state to sell up to \$2 billion in bonds to pay for No Place Like Home. The bonds would be repaid over many years with Mental Health Services Act funds.

With this measure, the state would no longer need court approval on the issues discussed above to carry out No Place Like Home.

FISCAL EFFECTS

Fiscal Effect Depends on the Court Decision.

The fiscal effect of the measure depends on whether or not the courts would have approved the state’s plan to pay for No Place Like Home. If the courts would have approved the state’s plan, the measure would have little effect. This is because the state would have gone forward with No Place Like Home in any case. If the courts would have rejected the state’s plan, the state would not have been able to move forward with No Place Like Home. This measure would allow the state to do so.

Visit <http://www.sos.ca.gov/campaign-lobbying/cal-access-resources/measure-contributions/2018-ballot-measure-contribution-totals/> for a list of committees primarily formed to support or oppose this measure. Visit <http://www.fppc.ca.gov/transparency/top-contributors/nov-18-gen.html> to access the committee’s top 10 contributors.

If you desire a copy of the full text of the state measure, please call the Secretary of State at (800) 345-VOTE (8683) or you can email vigfeedback@sos.ca.gov and a copy will be mailed at no cost to you.

★ ARGUMENT IN FAVOR OF PROPOSITION 2 ★

YES on Prop. 2 delivers the proven solution to help the most vulnerable people experiencing homelessness in California. Prop. 2 builds housing and keeps mental health services in reach for people—the key to alleviating homelessness complicated by mental illness.

More than 134,000 people are languishing on our streets, huddled on sidewalks, sleeping under freeways and along riverbanks. As many as a third of the people living in these unsafe conditions are living with an untreated mental illness.

Each year, hundreds of people living with a serious mental illness die in pain and isolation. These deaths are preventable.

Prop. 2 tackles this public health crisis that is straining our neighborhoods, our businesses, our firefighters and emergency services. It renews our sense of community and focuses on helping save the lives of the most vulnerable among us.

NO PLACE LIKE HOME

YES on Prop. 2 means building 20,000 permanent supportive housing units under the “No Place Like Home” Program. This allows coordinated care of mental health and substance use services, medical care, case managers, education and job training to help people get the treatment and housing stability they need.

Decades of research shows providing people with a stable place to live along with mental health services promotes healthy, stable lives. This combination is known as permanent supportive housing. Studies show supportive housing significantly reduces public health costs and reduces blight.

STRENGTHENING PARTNERSHIPS TO HELP PEOPLE IN NEED

YES on 2 will help establish and strengthen partnerships between doctors, law enforcement, mental health and homeless service providers to help ensure care is coordinated and tailored to meet the needs of each person

suffering from mental health illness and homelessness, or who is at great risk of becoming homeless.

Without the foundation of a stable home connected to mental healthcare, people suffering from serious mental illness are unable to make it to doctors’ appointments and specialized counseling services, often showing up in emergency rooms as a last resort.

“Mental illness does not have to be a life sentence of despair and dysfunction. Supportive housing provides the stability people need as they recover from untreated serious mental illness. It helps them stay off the street and live with dignity.”—*Darrell Steinberg, Author, Mental Health Services Act.*

PROP. 2 IS NOT A TAX

Prop. 2 brings NO COST TO TAXPAYERS—we simply need voter approval to cut through red tape and focus on building supportive housing for people who are homeless and need mental health services. This state funding has long been earmarked for these specialized types of mental health and housing services.

Helping people suffering from serious mental illness and homelessness is not easy. But together, we can help prevent more deaths on our streets and provide critical intervention by building supportive housing connected to mental health treatment and services.

Join doctors, mental health experts, public safety officials, community and homeless advocates and many others in voting YES on Prop. 2.

ZIMA CREASON, President
Mental Health America of California (MHAC)

CHIEF DAVID SWING, President
California Police Chiefs Association

DR. SERGIO AGUILAR-GAXIOLA, Former Member
National Advisory Mental Health Council of the National Institute of Mental Health

★ REBUTTAL TO ARGUMENT IN FAVOR OF PROPOSITION 2 ★

Family members, in partnership with faith communities, actually live the tragedies described by the proponents. We struggle to find treatment and housing supports for loved ones who are targeted by this Proposition.

We support exploring well thought out housing options to end homelessness but Oppose Proposition 2 because it takes Billions away from our loved ones and rewards developers, bond-holders, and bureaucrats. As of 2017, a portion of Proposition 63 money, as determined by each county with community input, MUST fund supportive housing for those suffering *severe mental illnesses*. We OPPOSE cruel and senseless skimming up to \$5.6 Billion of sorely needed treatment funds for bonds (\$140 million yearly, for forty years) and giving \$100 Million to state housing bureaucrats who don’t understand the challenges of those living with *severe mental illness*.

The federal government threatens treatment funding cutbacks. Therefore, we cannot afford to sacrifice any MHSA funds to solve a problem better addressed at the county level. Reducing MHSA funds needed for treatment

would be a costly mistake and contribute to:

Neglect and missing treatment resources.

Causing more individuals with *severe and persistent mental illness* to lose housing and result in even more of them being incarcerated and living on the street.

Through stakeholder engagement, counties already know where to best acquire housing for access to critical services. Prop. 2 cuts off local input and predetermines the balance between treatment and housing needs.

Treatment prevents homelessness. Vote “No” on Proposition 2 to avoid a costly and inhumane mistake!

CHARLES MADISON, President
NAMI Contra Costa

GIGI R. CROWDER, L.E., Executive Director
NAMI Contra Costa

DOUGLAS W. DUNN, Chair
Legislative Committee, NAMI Contra Costa

★ ARGUMENT AGAINST PROPOSITION 2 ★

Please vote “No” on the “No Place Like Home Act,” which should have been called the “Bureaucrat and Developer Enrichment Act,” because that is who we feel will most benefit at the expense of those suffering with the most severe mental illnesses.

NAMI Contra Costa members are mostly family members with “skin in the game,” so therefore are strong advocates for people living with serious and persistent mental illnesses who oppose this bill. Particularly given looming federal cutbacks, NPLH is *counterproductive* because it spends *billions* in treatment funds that Voter Proposition 63 dedicated to the severely mentally ill fourteen years ago. If passed, we strongly feel NPLH will cause more homelessness by forcing more mentally ill people into severe symptoms that could increase the numbers living on the streets.

Proposition 2 is:

- *Costly—up to \$5.6 Billion* (\$140 million x 40, for 40-year bonds) to raise \$2 billion for housing projects. It won’t all go to housing, because housing bureaucrats have already guaranteed themselves \$100 million (5% of the \$2 Billion), admittedly far more than needed to run the program, and have also agreed between themselves to take the entire \$140 million yearly as “administrative expenses,” whether or not they need that amount to pay off the bonds. Developer subsidies (low interest deferred loans that developers will use to build and purchase \$2 Billion in valuable California housing, plus up to 50% operating subsidies) effectively cost the public even more.
- *Unnecessary*, because the Legislature authorized counties to pay for housing for their severely mentally

ill Prop. 63 clients in 2017, in AB 727. Counties, which can accumulate Mental Health Services Act capital funds for up to ten years, can now do “pay as you go” both to build housing and to pay rent subsidies for these clients. Counties do not need to pay out *billions* in interest on bonds, unnecessary state administrative expenses, and developer subsidies to do so. Counties know their mentally ill clients’ treatment and other needs as well as what housing is already available. Only they can determine whether their MHSA funds are best used to pay for treatment or to build housing in their localities.

- *Does nothing* to address systemic legal barriers, like limited state protection against restrictive local zoning, that make it very difficult to build supportive housing for groups like the severely mentally ill. Neighborhoods often fight hard to keep them out. It is senseless to pay out billions in interest and expenses to borrow money that may sit unspent because of local opposition to supportive housing projects with severely mentally ill tenants.

The Voters dedicated Proposition 63 money to treatment, which *prevents* homelessness, in 2004. That is where it should go.

CHARLES MADISON, President
 NAMI Contra Costa

GIGI R. CROWDER, L.E., Executive Director
 NAMI Contra Costa

DOUGLAS W. DUNN, Chair
 Legislative Committee, NAMI Contra Costa

★ REBUTTAL TO ARGUMENT AGAINST PROPOSITION 2 ★

Mental illness tragically affects many families. When left untreated, it can also seriously challenge California communities, in the form of chronic homelessness.

Homelessness aggravates mental illness, making treatment even more difficult for those with the greatest needs.

People living on our streets, in doorways, and parks need help NOW. That’s why Prop. 2 is so important.

YES on Prop. 2 will help solve homelessness—and save money

Prop. 2 creates safe, secure housing, connected to mental health and addiction treatment.

Prop. 2 strengthens partnerships between doctors, law enforcement, and homeless service providers who face the challenge of providing effective care to people suffering from mental illness and substance abuse.

Prop. 2 brings NO COST TO TAXPAYERS. Instead, it cuts through red tape so communities can use existing funds to address the urgent problem of homelessness NOW.

Studies show Prop. 2 will help chronically homeless individuals living with a serious mental illness stay off the streets.

A 2018 RAND study found the Prop. 2 approach is beginning to succeed in Los Angeles County, after only one year:

- *3,500 homeless people* off the streets
- *96%* of study participants *stayed in program* at least one year
- *Taxpayers saved more than \$6.5 million* in one year alone
- *Participants visited the ER 70% less*, saving healthcare costs and easing the burden on emergency responders

Learn more: Visit CAYesonProp2.org.

Vote YES on Prop. 2: provide safe, secure supportive housing and services for the chronically homeless—proven to help people living with mental illness stay off the streets.

DR. AIMEE MOULIN, President
 California Chapter of American College of Emergency Physicians

BRIAN K. RICE, President
 California Professional Firefighters

JANLEE WONG, MSW, Executive Director
 National Association of Social Workers—California Chapter