



CALIFORNIA HOUSING FINANCE AGENCY

MHSA Housing Program Overview

Housing Component of the
Mental Health Services Act

JULY, 2016



MHSA Housing Program Overview

The Mental Health Service Act Housing Program was developed in 2008 as a result of voter approved Proposition 63 and offers permanent financing and capitalized operating subsidies for the development of permanent supportive housing to serve persons with serious mental illness and their families who are homeless or at risk of homelessness. MHSA Housing Program funds are allocated for the development, acquisition, construction, and/or rehabilitation of permanent supportive housing.

Using a one-time MHSA appropriation of \$400 million shared by 51 participating mental health agencies, the participants assigned their MHSA funds to California Department of Mental Health (DMH), who assigned them to the California Housing Finance Agency (CalHFA) who, in turn, administered the funds on behalf of the mental health agencies (MHAs). MHAs generally solicited housing proposals through a local over-the-counter process or through a competitive request for housing proposals. The goal of each MHA was to award funds to those projects that best leveraged the limited MHSA resources, while still meeting the need to create permanent supportive housing opportunities across the state, while providing greater accessibility and integration of housing in communities.

Since the implementation of the MHSA Housing Program by DMH and CalHFA in May of 2008, over \$391 million of MHSA funds have been allocated to housing proposals financed by MHSA capital development loans and long-term capitalized operating subsidy reserves. MHSA units are typically located within larger affordable rental housing developments and restrict occupancy to MHSA clients that include individuals, families, seniors, and Transitional Aged Youth leaving the foster care system. Some MHSA units also allow for occupancy preferences for veterans. Local MHAs commit to provide MHSA residents with an individualized array of supportive services to assist with their recovery and increase the likelihood of them becoming fully functioning community members. The California Department of Health Care Services (DHCS) took over DMH responsibilities in 2012.

The MHSA Housing Program sunset on May 30, 2016 with the expiration of the 8-year Interagency Agreement between CalHFA and DHCS.

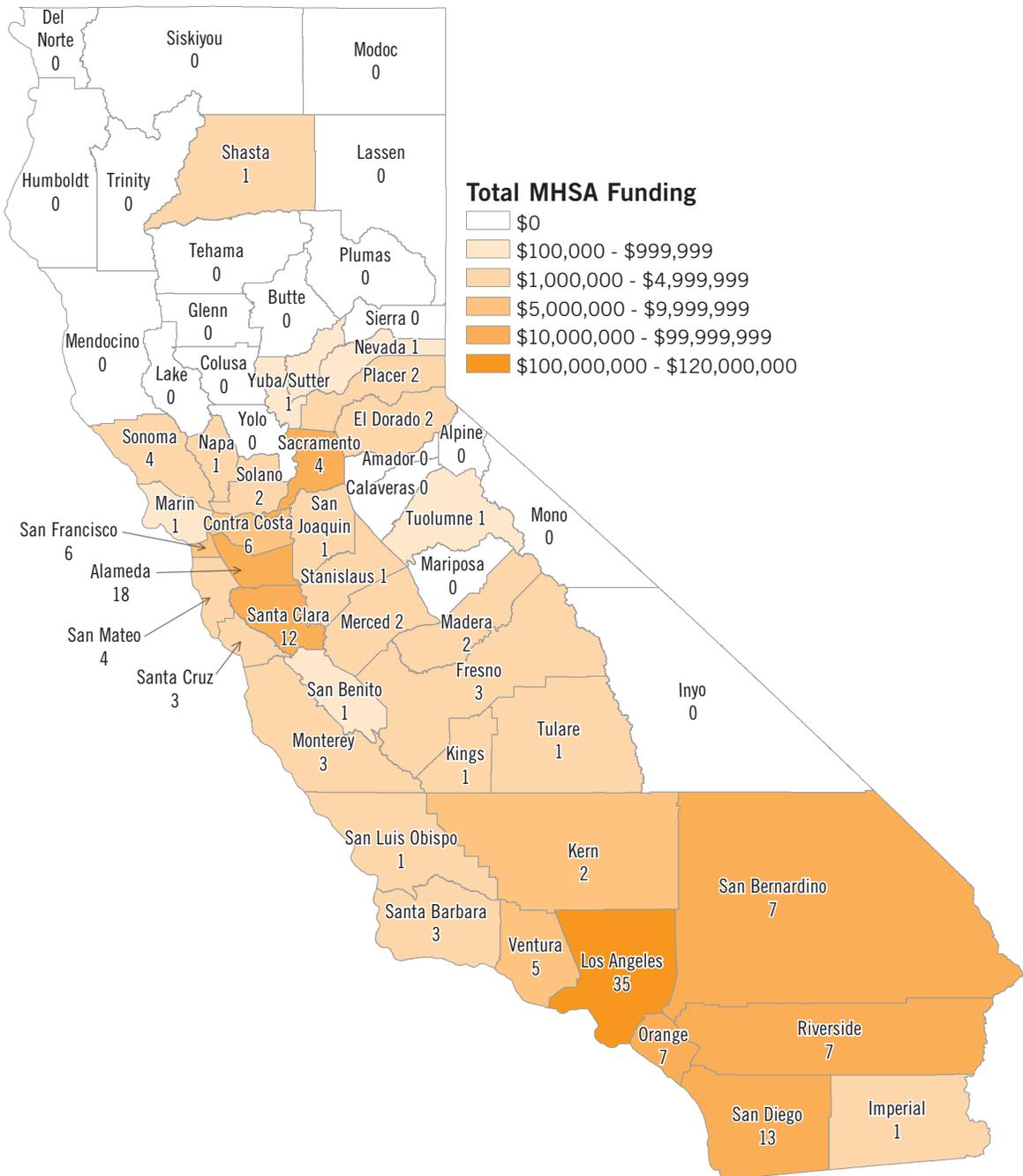
Statewide Distribution of Funded Properties



Statistics for MHSA Loans

- Based on loans closed or approved for financing thru May 30, 2016, over \$267 million in MHSA funds will support the development of over 2,500 MHSA housing opportunities with 184 projects that include over 10,100 affordable rental units. The average MHSA contribution is \$105,800 per unit.

MHSA Projects and Total Funding by County



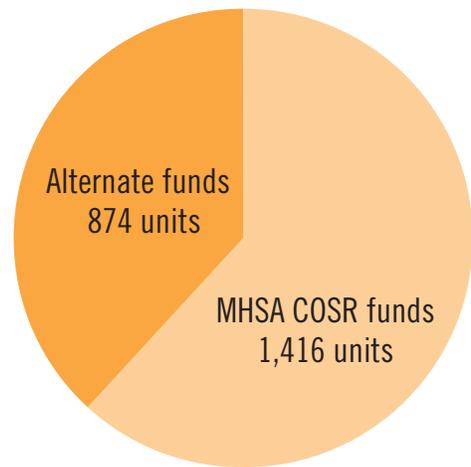
- 65% are New Construction developments
- 35% are Acquisition/Rehab developments

A state-wide interactive map that includes individual project descriptions is available on the CalHFA website at www.calhfa.ca.gov.

MHSA and Other Rental Subsidies

- MHSA funds provided over \$122.5 million in Capitalized Operating Subsidy Reserves (COSR) for 59% of the MHSA units, with an average contribution of \$81,240 per unit;
- Reserves are sized to provide 15-20 years of subsidy to ensure MHSA residents pay rent that is the higher of a) 30% of SSI/SSP or b) 30% of total household income, less the cost of utilities.
- Approximately 1/3 of the MHSA regulated units have alternate rental subsidies (i.e. Section 8, VASH vouchers, Continuum of Care, or Shelter Plus Care subsidies).

Rental Subsidies Sources



Affordability

- Approximately 78% of the total units developed regulate rents to 40% or less of Area Median Income (AMI).
- Over 90% of the total units developed are considered affordable with rents regulated to less than 60% of AMI (this includes the 40% AMI units).

Housing for Seniors and Transitional Aged Youth

- 19.7% of the total units , and 12.7% of the MHSA units developed will serve Seniors 55 or older;
- 3.3% of the total units, and 6.5% of the MHSA units developed will serve Transitional Aged Youth aged 18-24.

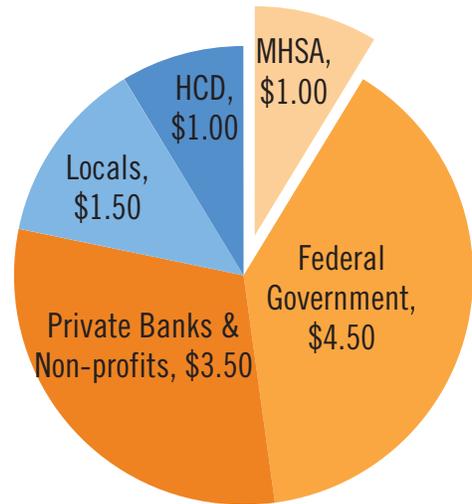
Housing for Veterans

- Veterans with a mental illness at risk of homelessness, or homeless are eligible to reside in MHSA regulated units if they are ineligible for VA supportive services.
- Residents voluntarily identify themselves as Veterans, but not all choose to do so. Rent rolls from early 2016 showed that 39 MHSA projects housed 65 veterans in MHSA regulated units and an additional 107 veterans in non-MHSA regulated units.

Leveraged Sources of Funds

- MHSA funds leverage sufficient public, local, state and federal funding to develop a total of 10,129 units with average statewide total development costs of:
 - › \$220,000 per acquisition/rehab unit;
 - › \$345,200 per newly constructed unit; and
 - › \$395,500 per unit for projects that involved acquisition/rehab and new construction;
- 65% of MHSA projects applied for and received tax credit allocations (with close to ½ coming from 9% credits).
- Less than 10% of MHSA projects have MHSA as the only funding source.
- Over 75% of MHSA projects have some form of local financing.
- Nearly 75% of MHSA projects have private funding (often in the form of a loan).
- Nearly half of projects have financing from the California Department of Housing and Community Development.

Leveraging the MHSA Seed Dollar



In summary - The MHSA funds have been leveraged over 10 times; for each dollar that MHSA provides, the federal government provides \$4.5, private banks and non-profits provide \$3.5, locals provide \$1.5, and HCD provides \$1.

Top Producing Counties

Of the 184 projects developed with MHSA financing, the three counties with the highest number of projects and units are:

- Los Angeles County allocated a total of over \$84.6 million to develop 37 projects with 1,952 total units that include 829 MHSA units. They also allocated over \$35.1 million to subsidize 360 MHSA units with COSRs.
- San Diego County allocated a total of over \$22.9 million to develop 14 projects with 1,139 total units, that include 229 MHSA units. They also allocated over \$11.3 million to subsidize 125 MHSA units with COSRs.
- Alameda County allocated a total of over \$10.9 million to develop 14 projects with 761 units that include 95 MHSA units. They also allocated over \$5.4 million to subsidize 58 MHSA units with COSRs.

Mental Health Services Act Housing Program (MHSA)

End of Program Fund Utilization by Participating County

May 30, 2016

Participating Counties Utilizing Original \$400MM of MHSA Appropriations	Total Available Funds - Original allocation plus any additional assigned funds and accrued interest, less the CalHFA Admin fee	MHSA Funds Returned to Counties thru May 30, 2016	Column A	Column B	Total Projects to be Developed with MHSA Loans ³	Total Units in MHSA Funded Projects	Total MHSA Regulated Units in MHSA Funded Projects	Total Units assisted with MHSA COSR Funds
			Total Funds Encumbered for Loans - Based on approved, committed, and closed loans	Total Funds Encumbered for COSRs - Based on approved, committed, and closed loans				
Alameda ¹	\$16,468,611.25		\$10,968,225.00	\$5,481,100.00	14	761	95	58
Amador	\$519,363.02	\$519,363.02						
Butte	\$2,326,718.65		\$1,575,884.00	\$736,345.11	1	15	14	14
City of Berkeley	\$1,283,493.44		\$1,258,600.00		2	90	17	0
Calaveras	\$641,206.54	\$641,206.54						
Colusa	\$322,124.42	\$322,124.42						
Contra Costa	\$9,356,910.54		\$4,734,994.00	\$2,899,430.00	7	159	33	28
Del Norte	\$418,445.30							
El Dorado	\$2,261,496.31	\$13,126.31	\$1,489,570.00	\$758,800.00	2	88	11	11
Fresno	\$9,543,706.00		\$3,375,000.00		4	121	69	0
Glenn	\$423,771.19	\$423,771.19						
Humboldt	\$2,012,546.15		\$1,343,957.00	\$651,800.00	1	32	15	15
Imperial	\$2,727,696.45		\$1,872,000.00	\$855,674.67	1	72	18	18
Kern	\$8,060,441.23		\$5,382,815.00	\$2,644,100.00	2	80	43	43
Kings	\$2,204,581.80		\$1,469,400.00	\$734,700.00	1	10	10	10
Lake	\$976,094.18							
Lassen	\$415,332.45							
Los Angeles ²	\$135,407,869.15		\$84,613,107.00	\$35,126,598.00	37	1952	829	360
Madera	\$2,581,376.08	\$968,282.08	\$983,683.00	\$629,411.00	2	12	12	12
Marin	\$2,214,393.90		\$475,000.00	\$250,000.00	1	50	5	5
Mendocino	\$1,334,359.50	\$1,334,359.50						
Merced	\$2,694,669.14	\$21,487.14	\$1,754,500.00	\$918,682.00	2	77	20	20
Monterey	\$4,681,993.83		\$2,881,493.00	\$1,798,900.00	3	43	28	19
Napa	\$1,875,103.20		\$1,218,600.00	\$609,300.00	1	24	18	18
Nevada	\$1,688,666.18		\$1,074,000.00	\$513,888.00	2	9	9	9
Orange	\$34,812,564.00		\$19,345,298.00	\$15,467,266.00	11	587	160	152
Placer	\$2,431,129.00		\$1,499,300.00	\$836,734.00	2	17	17	17
Riverside	\$19,503,170.03		\$12,930,082.00	\$6,564,890.00	7	679	105	90
Sacramento	\$12,568,457.12		\$7,775,000.00	\$3,800,000.00	4	334	81	58
San Benito	\$910,190.79		\$585,700.00	\$319,000.00	1	41	4	4
San Bernardino	\$20,792,243.72		\$12,247,545.00	\$6,409,086.00	8	765	110	73
San Diego	\$35,454,251.03		\$22,984,895.00	\$11,369,356.00	14	1139	229	125
San Francisco	\$10,127,583.90		\$6,600,000.00	\$3,500,000.00	7	769	66	35
San Joaquin	\$6,482,351.58		\$4,427,523.00	\$1,987,474.00	3	213	39	39
San Luis Obispo	\$2,653,318.21		\$1,943,508.00	\$575,525.00	1	8	8	8
San Mateo	\$6,818,140.92	\$1,073,038.18	\$5,742,845.00		5	200	50	0
Santa Barbara	\$5,138,567.30		\$2,210,840.00	\$550,000.00	2	90	23	3
Santa Clara	\$21,510,423.37	\$394,198.37	\$13,846,225.00	\$7,270,000.00	12	776	113	75
Santa Cruz	\$3,001,613.16		\$2,060,680.00	\$937,425.00	3	161	15	10
Shasta	\$2,760,891.30		\$1,790,700.00	\$668,668.00	1	55	19	19
Siskiyou	\$595,169.69							
Solano	\$3,977,352.81	\$724,952.81	\$2,108,100.00	\$1,144,300.00	2	153	17	17
Sonoma	\$4,648,918.87		\$3,037,000.00	\$1,581,932.00	4	145	30	22
Stanislaus	\$4,962,675.19		\$2,679,970.00	\$1,175,000.00	2	23	22	18
Sutter/Yuba	\$2,369,086.75		\$545,000.00	\$276,410.00	1	10	10	10
Tehama	\$872,053.71							
Tri-Cities	\$5,614,722.91		\$5,612,402.00		3	148	64	0
Tulare	\$4,537,220.12	\$2,697,220.12	\$1,540,000.00	\$300,000.00	1	22	22	22
Tuolumne	\$809,516.31	\$11,816.31	\$500,000.00	\$297,700.00	1	6	6	6
Ventura	\$8,361,487.50		\$5,470,900.00	\$2,889,303.00	5	113	65	65
Yolo	\$3,122,785.75		\$3,100,000.00		1	80	20	0
TOTAL	\$437,276,854.94	\$9,144,945.99	\$267,054,341.00	\$122,528,797.78	184	10,129	2,541	1,508

FOR JOINTLY FUNDED PROJECTS:

¹ The appropriations in columns A & B represent funding for the Harmon Gardens Project, but the Project/unit counts (in the blue fields) appear within the City of Berkeley numbers as this was a joint funded Project.

² The appropriations in columns A & B represent funding for the Cedar Springs Project, but the Project/Unit counts (in the blue fields) appear within the Tri-Cities numbers as this was a joint funded Project.

³ Final numbers once all Projects and units have been developed (estimated to be in late 2018).

Meeting the Challenge: The Local Government Special Needs Housing Program

Even though the MHSAs Housing Program no longer provides funding commitments, the challenge of developing permanent supportive housing continues. CalHFA created a new voluntary loan program for local governments to continue to develop permanent supportive housing for MHSAs-eligible persons. The Local Government Special Needs Housing Program (SNHP) builds upon the lessons learned of the MHSAs Housing Program through the eight-year implementation and allows for the continuation of successful state and local partnerships to increase the availability of housing coupled with services for our most vulnerable citizens. The benefits of the SNHP are that local MHAs can continue to solicit and select housing proposals that best meet local needs, while relying on the experience of the state's housing finance agency, CalHFA, to ensure MHSAs funding is offered to those developments that are likely to remain financially viable over the long term.

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