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UCC Summary Final Budget 2016-17 July 7, 2016

Both houses of the Legislature passed the main Budget bill and a couple of trailer bills on June 15, 2016. Most of the rest of the Trailer Bills passed on June 16, 2016. The Governor signed the main Budget Bill and the Trailer bills with no line-item vetoes on June 27, 2016. Attached is the list of all the bills acted upon and their current status.

Some of the major proposals in the final Budget include:

- \$2 billion from the MHPA to fund affordable housing through No Place Like Home.
- \$270 million in lease revenue bonds for county jail construction.
- \$16.7 million for Community Infrastructure Grants provided to counties.
- \$25 million for the Community-Based Transitional Housing Program (formerly Permit Incentives).
- Repeal of the Maximum Family Grant.
- \$150 million for the implementation of AB 403 – Continuum of Care.

Some proposals that did not make the final Budget:

- Cap and Trade Funding.
- Use By Right and \$400 million in funding to HCD for affordable housing.
- Bond securitization language for the No Place Like Home proposal (delayed until August).

No Place Like Home (AB 1618, AB 1622)

AB 1618 creates the No Place Like Home program which provides \$2 billion to build affordable housing for the mentally ill. NPLH is funded through the Mental Health Services Act and would provide the following funding sources:

- \$1.8 billion to the Competitive Program. Counties must compete against other like counties for this funding. This funding also includes funding for the alternative process which is limited to those counties with 5% of the homeless population.
- \$200 million to the Non-Competitive Program which is open to all counties and is an over-the-counter process (first-come-first-serve).
- \$6.2 million for technical assistance.

For a full summary of the NPLH program please see Page 14 which includes the full summary by UCC.

AB 1622 provides additional funding for homeless needs including:

- \$10 million from Veterans bond for loans to counties or private nonprofit organization for the construction or rehab of transitional housing or shelter facilities for homeless veterans.
- \$10 million from EHAP (Emergency Housing and Assistance Program) which is an HCD program to the Office of Emergency Services for the Homeless Youth Emergency Service Pilot Projects in four counties: Orange, Fresno, San Bernardino, and El Dorado.
- \$500,000 increase in the funding to DHCS payable from Mental Health Services Fund for administration duties in AB 1618.

Program Changes

Health and Human Services

AB 403 Implementation (AB 1603, SB 826)

The final Budget provides \$150 million for the implementation of AB 403 (2015), which made fundamental changes in the way the state and counties provide care for children who have been removed from their home. The goal of the Continuum of Care Reform (AB 403) is to increase the reliance on family-like settings rather than group homes, which is a fundamental change in the way the system currently operates.

AB 1603 provides that DSS must convene stakeholders, including county placing agencies, providers, foster youth, and legislative staff, commencing no later than July 1, 2016, to discuss the adequacy of the proposed foster care rates and rate structure, and the extent to which the rates will achieve the desired outcomes for Continuum of Care Reform and AB 403. DSS must report to the legislative budget committees no later than August 10, 2016, on the results of these discussions. To the extent the proposed rates have changed, DSS must provide updated projected costs no later than January 10, 2017.

Bringing Families Home (AB 1603, SB 826)

The final Budget provides \$9.6 million to create the Bringing Families Home Program. This new program requires the Department of Social Services (DSS) to award program funds to counties for the purpose of providing housing-related supports to eligible families experiencing homelessness, if that homelessness prevents reunification between an eligible family and a child receiving child welfare services, or where lack of housing prevents a parent or guardian from addressing issues that could lead to foster care placement.

Housing-related supports available to participating families shall include, but no be limited to, all of the following:

- An assessment of each family's housing needs, including a plan to assist them in meeting those needs.
- Housing navigation or search assistance to recruit landlords, and assist families in locating housing affordable to the family, under a presumption that the family will pay no more than one-third of their income in rent.
- The use of evidence-based models, such as motivational interviewing and trauma-informed care, to build relationships with a parent or guardian.

- Housing-related financial assistance, including rental assistance, security deposit assistance, utility payments, moving cost assistance, and interim housing assistance while housing navigators are actively seeking permanent housing options for the family.
- Housing stabilization services, including ongoing tenant engagement, case management, public systems assistance, legal services, credit repair assistance, life skills training, and conflict mediation with landlords and neighbors.
- If the family requires supportive housing, long-term services promoting housing stability.

AB 1603 also provides that DSS shall award program funds to counties according to criteria developed by the department, in consultation with CWDA, the Corporation for Supportive Housing, and Housing California, subject to both of the following requirements:

- A county that receives state funds under this program shall match that funding in a dollar-by-dollar basis. The county funds used for this purpose shall supplement, not supplant, county funding already intended for these purposes.
- A county that receives state funds under this program shall have a local continuum of care that participates in a homeless services coordinated entry assessment system, as required by the US Department of Housing and Urban Development.

This bill requires DSS, in consultation with Housing California, the Corporation of Supportive Housing, and CWDA, to develop all of the following:

- 1) The criteria by which counties may be awarded funds to provide housing-related assistance to eligible families pursuant to this article.
- 2) The proportion of program funding to be expended on reasonable and appropriate administrative activities to minimize overhead and maximize services.
- 3) Eligible sources of funds for a county's matching contribution.
- 4) Tracking and reporting procedures for the program.
- 5) A process for evaluating program data.

CalWORKs (AB 1603)

CalWORKs – 48 Hour Limit

AB 1603 provides that after a participant has been removed from the assistance, additional welfare-to-work services may be provided to the recipient, at the option of the county. If the county provides services to the recipient after the 48-month limit has been reached, the recipient shall participate in community service or subsidized employment.

CalWORKs – Subsidized Employment

AB 1603 provides that the Department of Social Services (DSS), in consultation with the County Welfare Director's Association of California (CWDA) shall develop an allocation methodology to distribute additional funding for expanded subsidized employment programs for CalWORKs recipients or individuals who have exceeded the time limits.

Funds allocated pursuant to this section may be utilized to cover all expenditures related to the operational costs of the expanded subsidized employment program, including the cost of overseeing the program, developing work sites, and providing training to participants, as well as wage and nonwage costs.

This bill also provides that a county may extend participation beyond the six-month limitation for up to an additional three months at a time, to a maximum of no more than 12 months. Extensions may be granted if the county determines that the additional time will increase the likelihood of either of the following:

- The participant obtaining unsubsidized employment with the participating employer.
- The participant obtaining specific skills and experiences relevant for unsubsidized employment in a particular field.

A recipient who is making satisfactory progress in a career pathway program established in accordance with the Workforce Innovation and Opportunity Act shall be deemed to be in compliance with the hourly participation requirements.

CalWORKs Homeless Assistance Program

AB 1603 makes changes to the Homeless Assistance Program (HAP), which provides a once-in-a-lifetime payment to CalWORKs recipients to obtain permanent housing. This bill would repeal the once-in-a-lifetime ban on receiving payments for supportive housing and allows a family to receive HAP assistance once in a 12 month period.

AB 1603 provides that a family is considered homeless under HAP, when the family lacks a fixed and regular nighttime residence; or the family has a primary nighttime residence that is a supervised publicly or privately operated shelter designed to provide temporary living accommodations; or the family is residing in a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. A family is also considered homeless if the family has received a notice to pay rent or quit. The family shall demonstrate that the eviction is the result of a verified financial hardship as a result of extraordinary circumstances beyond their control, and not other lease or rental violations, and that the family is experiencing a financial crisis that could result in homelessness if preventative assistance is not provided.

A nonrecurring special needs benefit of sixty-six dollars a day shall be available to families of up to four members for the costs for temporary shelter. The fifth and additional family members shall each receive fifteen dollars per day, up to a daily maximum of one hundred twenty-five dollars. County welfare departments may increase the daily amount available for temporary shelter as necessary to secure the additional bed space needed by the family.

This special needs benefit shall be granted or denied immediately upon the family's application for homeless assistance, and benefits shall be available for up to three working days. The county welfare department shall verify the family's homelessness within the first three working days and if the family meets the criteria of questionable homelessness established by the department, the county welfare department shall refer the family to its early fraud prevention and detection unit, if the county has such a unit, for assistance in the verification of homelessness within this period.

After homelessness has been verified, the three-day limit shall be extended for a period of time which, when added to the initial benefits provided, does not exceed a total of 16 calendar days. This extension of benefits shall be done in increments of one week and shall be based upon searching for permanent housing

which shall be documented on a housing search form, good cause, or other circumstances defined by the department. Documentation of a housing search shall be required for the initial extension of benefits beyond the three-day limit and on a weekly basis thereafter as long as the family is receiving temporary shelter benefits. Good cause shall include, but not be limited to, situations in which the county welfare department has determined that the family, to the extent it is capable, has made a good faith but unsuccessful effort to secure permanent housing while receiving temporary shelter benefits.

A nonrecurring special needs benefit for permanent housing assistance is available to pay for last month's rent and security deposits when these payments are reasonable conditions of securing a residence, or to pay for up to two months of rent when these payments are a reasonable condition of preventing eviction.

CalWORKs Maximum Family Grant Repeal and Maximum Aid Payment Increase

AB 1603 repeals the Maximum Family Grant and effective January 1, 2017, households eligible for aid shall receive an increased aid payment. AB 1603 provides an increase in the maximum aid payments of 1.43 percent. In recognition of the increased cost of aid payments resulting from that repeal, monies deposited into the Child Poverty and Family Supplemental Support Subaccount shall be allocated to counties as follows:

- One hundred seven million forty-seven thousand dollars for January 1, 2017, to June 30, 2017, inclusive.
- Two hundred seven million four hundred fifty-four thousand dollars for the 2017-18 fiscal year and for every fiscal year thereafter.

CalWORKs Housing Supports Program

SB 826 provides an additional \$15 million to the CalWORKs Housing Supports Program which provides that families receiving CalWORKs benefits when homelessness or housing instability is a barrier to self-sufficiency are eligible for specific housing supports including financial assistance and housing stabilization funding.

In-Home Supportive Services (AB 1603)

AB 1603 provides that the IHSS reduction of 7% will be suspended until July 1, 2019, if the managed care organization provider tax (MCO) remains operative. This bill also provides that if the MCO tax ceases to be operative for any reason, the reduction shall be reinstated effective no later than the first day of the full month occurring 90 days after the date on which the managed care organization provider tax ceases to be operative.

Mental Health Crisis Services (SB 826, SB 833)

The final Budget provides \$30 million for a new program under the California Health Financing Authority (Authority) to provide continuum of crisis services for children and youth 21 years of age and under regardless of where they live in the state.

The funding shall be made available to selected counties or counties acting jointly, and may also give consideration to private nonprofit corporations. Grant awards shall be used to expand local resources for the development, capital, equipment acquisition, and applicable program startup or expansion costs to increase capacity for client assistance and crisis services for children and youth 21 years of age and under in the following areas:

- Crisis intervention.
- Crisis stabilization.
- Crisis residential treatment.
- Mobile crisis support teams, including the purchase of equipment and vehicles.
- Family respite care.

The Authority shall develop criteria to expand local resources after consulting with representatives and interested stakeholders from the mental health community including county mental health directors, service providers, consumer organizations and other appropriate interests. The Authority shall also take into account at least the following criteria and factors when selecting recipients:

- Description of need, including a comprehensive description of the project, community need, population to be served, linkage with other public systems of health and mental health care, linkage with law enforcement, social services and other related assistance.
- Ability to serve the target population, which includes individuals eligible for Medi-Cal and individuals eligible for county health and mental health services.
- Geographic areas or regions of the state to be eligible for grant awards, which may include rural, suburban, and urban areas and may include use of the five regional designations utilized by CBHDA.
- Level of community engagement and commitment to project completion.
- Financial support that will be sufficient to complete and operate the project.
- Ability to provide additional funding support to the project.
- Ability to measure key outcomes, including utilization of services and cost benefit of the project.

SSI/SSP (AB 1603, SB 826)

AB 1603 increases the SSP portion of the Supplemental Security Income/State Supplementary Program for the Aged, Blind, and Disabled (SSI/SSP) by 2.76 percent beginning on January 1, 2017.

In addition, the final Budget includes \$43 million for the creation of the Housing and Disability Income Advocacy Program under DSS. This program would provide state matching grant funds to participating counties for the provision of outreach, case management, and advocacy services and housing assistance to individuals in need.

Funds appropriated shall be awarded to counties by the department according to criteria developed by the department, in consultation with CWDA and advocates for clients, subject to the following restrictions:

- A county that receives state funds under this chapter shall match that funding on a dollar-for-dollar basis. The county matching funds used for this purpose shall supplement, and not supplant, other county funding for these purposes.
- A county receiving state funds shall, at a minimum, maintain a level of county funding for the outreach, active case management, advocacy, and housing assistance services described in this chapter that is at least equal to the total of the amounts expended by the county for those services in the 2015-16 fiscal year.
- As part of its application to receive state funds under this chapter, a county shall identify how it will collaborate locally among, at a minimum, the county departments that are responsible for health, including behavioral health, and human or social services in carrying out the activities required by this chapter. This collaboration shall include, but not be limited to, the sharing of information among these departments as necessary to carry out the required activities.

A participating county shall provide, or contract for, outreach, active case management, and advocacy services related to all of the following programs:

- SSI/SSP
- SSDI
- The Cash Assistance Program for Immigrants.
- Veteran's benefits provided under federal law, including but not limited to, disability compensation.

A participating county shall use screening tools to identify populations of individuals who are likely to be eligible for the programs and must give highest priority to individuals who are chronically homeless or who rely the most heavily on state and county-funded services. Other populations to be targeted by the program include, but are not limited to, the following:

- General assistance or general relief applicants or recipients who are homeless or at risk of homelessness.
- Parents who receive CalWORKs assistance or whose children receive assistance or children who are recipients of CalWORKs in families that are homeless or at risk of homelessness.
- Low-income individuals with disabilities who can be diverted from, or who are being discharged from jails or prisons and who are homeless or at risk of homelessness.
- Low-income veterans with disabilities who are homeless or at risk of homelessness.
- Low-income individuals with disabilities who are being discharged from hospitals, long-term care facilities, or rehabilitation facilities and who are homeless or at risk of homelessness.

Local Government (SB 837)

Community-Based Transitional Housing Program (formerly Permit Incentives)

The final budget includes \$25 million for the Community-Based Transitional Housing program which is intended to help cities and counties permit hard-to-site facilities. The Community-Based Transitional Housing Program is to be administered by the Department of Finance (DOF). Eligibility to apply to participate in the program shall be limited to cities, counties, and cities and counties. In order for a city, county, or city and county to receive funds pursuant to the program, the facility for which it has approved a conditional use permit or other local entitlement must meet all of the following criteria:

- The facility shall provide transitional housing for a period of not less than 10 years to persons who have been released from a state prison or county jail after serving a sentence for one or more felony or misdemeanor convictions.
- The facility shall provide, or contract with another provider for two or more additional services to residents. These services may include, but need not necessarily be limited to, life skills training, employment counseling, vocational training, continuing education, psychological counseling, anger management training, substance abuse treatment and counseling, or cognitive behavioral therapy.
- The facility operator and any entity with which it contracts for the provisions of services shall be in valid possession of all licenses required by state law and local rules, regulations, or ordinances.

Applications for program funding shall be submitted to DOF no earlier than October 1, 2016, and no later than October 1, 2018.

Application Requirements

Each application shall be accompanied by a copy of a resolution adopted by the county board of supervisors or the city council, as applicable, stating that the board or council has approved the issuance of a conditional use permit or other local entitlement for a facility that meets the criteria and that final issuance of the conditional use permit or provision of other local entitlement will be provided within the three scheduled public meetings of the county board of supervisors or city council, as applicable, following the department's approval of the cities, counties, or city and county's application for program funds.

The conditional use permit or other local entitlement issued pursuant to this paragraph shall be valid for a minimum period of 10 years from the date of issuance.

Failure of the city, county or city and county to provide final issuance of the conditional use permit or other local entitlement within the three scheduled public meetings following the department's approval of the cities, counties, or city and county's application shall render the department's approval of that application void. The city, county or city and county shall thereafter be permanently ineligible to submit any future application for funding under the program.

Each application for program funding shall detail all of the following:

- The amount of program funding requested.
- The number of offenders for whom the facility will provide services.
- The types of services that the facility will provide to offenders.
- The purposes for which the city, county or city and county will use the program funds for which it has applied.
- The purposes for which the facility will use program funds provided to it by the applicant city or county.
- The facility operator's past in-state experience with operating facilities similar to those for which the application has been submitted.
- The facility operator's program performance measurement in reducing recidivism and assisting ex-offenders in transitioning back into society.
- A list of all permitted facilities within the applicant cities, counties, or city and county's jurisdiction that, in a residential setting, provide transitional housing services, psychological counseling, or cognitive behavioral therapy.
- The number of persons residing in each facility and the types of services provided to those residents. The number of persons residing in each facility who are on probation or parole.
- An agreement as a condition of receiving program funds, that the applicant city, county or city and county will allow the conditional use permit or other local entitlement to remain valid throughout the 10 year period for which the conditional use permits or other local entitlement required is valid.
- Two contact persons at the applicant city, county or city and county and two contact persons at the facility provider who will be tasked with responding to questions regarding the facility if the application for program funding is approved. The applicant city, county or city and county shall promptly notify the department of any changes made to the contact information required by this paragraph.

DOF shall approve or deny each application received within 90 days of receipt and, if the application is approved, shall determine the amount of funding to be provided to each applicant city or county. The department's decision to approve or deny an application and the determination of the amount of funding to be provided shall be final.

The department shall encourage applicant cities, counties and cities and counties to match the requested program funds, to the greatest extent possible, using local funds. In the event that the department determines that, based on the criteria specified in subdivision (b), two or more applications are equal in merit, the department shall give priority to those applicant cities, counties or cities and counties that agree to provide the largest amount of local matching funds proportionate to the amount of program funds for which they have applied.

If the department approves an application and receives subsequent notification that the applicant city, county or city and county has provided final issuance of a conditional use permit or other local entitlement the Director of Finance shall direct the State Controller to remit to the applicant city or county the amount of program funding approved by the department from those funds designated for that purpose in any budget act or other measure.

DOF must award to a city or county up to two million dollars. An applicant city, county, or city and county shall specify in its application the amount for which they are applying. Of the funds provided to an applicant, 60 percent shall be retained by the city or county that provided the conditional use permit or other local entitlement for the facility and 40 percent shall be provided by the city or county to the facility operator.

A city, county or city and county may use program funds, and any matching funds provided for the following purposes:

- Discretionary law enforcement services, including efforts to enhance public safety in the vicinity of the facility for which program funding is provided.
- Community outreach efforts that seek to address the concerns of residents and property owners within the one-quarter mile radius of the facility for which program funding is provided.
- Any other community-based activities that the board of supervisors or city council, as applicable, believes will contribute to improved community relations regarding the facility for which program funding is provided.

Facility operators may use program funds provided by the applicant city, county, or city and county for the following purposes:

- Providing facility residents with the services specified in the approved application for program funding.
- Enhancing the security of the facility and its premises.
- Community outreach and communications.

While the program is intended to primarily target offenders released from state prison or county jail, nothing in this chapter shall be construed as prohibiting the program from serving other individuals in the community who may benefit from the program's services.

Mandates (SB 826, 836)

The final Budget continues to suspend several local government mandates including several election mandates. In addition, SB 836 requires that until July 1, 2019, the establishment of a reasonable reimbursement methodology for reimbursing mandates costs to local governments and school districts, be based on audited costs of claims submitted to the State Controller.

Public Safety (SB 826, SB 843, SB 844)

Correctional Facilities Funding (SB 826 and SB 844) - \$270 million

The Budget provides \$270 million in lease revenue funds to counties for the construction of correctional facilities. Specifically, this funding would be provided to those counties that either have never received funding or received a partial award. SB 844 does set aside \$20 million to Napa County.

SB 844 provides that proceeds from the revenue bonds may be used to reimburse a participating county for the costs of acquisition, design and construction including renovation for approved adult local criminal justice facilities.

BSCC Minimum Standards

SB 844 provides that the Board of State and Community Corrections must establish minimum standard which shall take into consideration the following:

- Certification by a participating county of control of the adult local criminal justice facility site.
- Documentation of the need for improved facility housing with an emphasis on expanded program and treatment space.
- A written adult local criminal justice facility proposal.
- Submission of a staffing plan for the facility, including operational cost projections and documentation.
- Submission of architectural drawings.
- Documentation evidencing compliance with CEQA.

Funding Criteria

As a mandatory criterion, the county must provide documentation of the county's current risk-assessment-based pretrial release program. Funding preference shall also be given to those counties that are most prepared to proceed successfully with this financing in a timely manner. The documentation of preparedness to process must include the following:

- Counties providing a board of supervisors' resolution authorizing an adequate amount of available matching funds (10%) and approving the forms of the project documents deemed necessary to effectuate the financing.
- Counties providing document evidencing CEQA compliance has been completed.

Funding consideration shall be given to counties that are seeking to replace outdated, or unsafe housing capacity that will also add treatment space or counties that are seeking to renovate existing or build new facilities that provide adequate space for the provision of treatment and rehabilitation services, including mental health treatment.

SB 844 provides that a participating county may replace existing housing capacity, realizing only a minimal increase of capacity, using this financing if the requesting county clearly documents an existing housing capacity deficiency. This bill also provides that a participating county shall be required to certify in writing that the county will not be leasing housing capacity to any other public or private entity for a period of 10 years.

This bill also provides that any locked facility constructed or renovated with state funding awarded under this program shall include space to provide onsite, in-person visitation capable of meeting or surpassing the minimum number of weekly visits required by state regulations for persons detained in the facility.

Community Infrastructure Grants (SB 843)

The final Budget provides \$67.5 million to the California Health Facilities Financing Authority (Authority) to establish a competitive grant program for counties which is designed to promote diversion programs and services by increasing and expanding mental health treatment facilities, substance use disorder treatment facilities, and trauma-centered service facilities, including facilities providing services for sex trafficking victims, domestic violence victims, and victims of other violent crimes, in local communities, through the provision of infrastructure grants.

Grant awards made by the Authority shall be used to expand local resources for facility acquisition or renovation, equipment acquisition, and applicable program startup or expansion costs to increase availability and capacity to diversion programs. Funds appropriated by the Legislature to the authority for the purposes of this section shall be made available to selected counties, or counties acting jointly.

The Authority shall develop selection criteria to expand local resources, and processes for awarding grants after consulting with representatives and interested stakeholders from the mental health treatment community, substance use disorder treatment community, and trauma recovery center providers, including, but not limited to, county behavioral health directors, service providers, consumer organizations, and other appropriate interests, such as health care providers, law enforcement trial courts, and formerly incarcerated individuals as determined by the authority. The Authority shall monitor that grants result in cost-effective expansion of the number of community-based resources in regions and communities selected for funding.

The Authority shall also take into account at least the following criteria and factors when selecting recipients of grants and determining the amount of grant awards:

- Description of need, including, at a minimum, a comprehensive description of the project, community need, population to be served, linkage with other public systems of health and mental health care, linkage with local law enforcement, social services, and related assistance, and a description of the request for funding.
- Ability to serve the target population, which includes individuals eligible for Medi-Cal and individuals eligible for county health and mental health services.
- Geographic areas or regions of the state to be eligible for grant awards, which may include rural, suburban, and urban areas, and may include use of the five regional designations utilized by the County Behavioral Health Directors Association of California.
- Level of community engagement and commitment to project completion.
- Financial support that, in addition to a grant that may be awarded by the authority, will be sufficient to complete and operate the project for which the grant from the authority is awarded.
- Ability to provide additional funding support to the project, including public or private funding, federal tax credits and grants, foundation support, and other collaborative efforts.
- Memorandum of understanding among project partners, if applicable.
- Information regarding the legal status of the collaborating partners, if applicable.
- The Authority shall determine maximum grant awards, which shall take into consideration the number of projects awarded to the grantee, as described and shall reflect reasonable costs for the

project and geographic region. The authority may allocate a grant in increments contingent upon the phases of a project.

- Funds awarded by the Authority may be used to supplement, but not to supplant, existing financial and resource commitments of the grantee or any other member of a collaborative effort that has been awarded a grant.
- All projects that are awarded grants by the Authority shall be completed within a reasonable period of time, to be determined by the authority. Funds shall not be released by the Authority until the applicant demonstrates project readiness to the authority's satisfaction. If the Authority determines that a grant recipient has failed to complete the project under the terms specified in awarding the grant, the Authority may require remedies, including the return of all or a portion of the grant.

Law Enforcement and Assisted Diversion (LEAD) Pilot Program (SB 844)

The final Budget provides \$15 million to establish the Law Enforcement and Assisted Diversion Pilot Program (LEAD). The purpose of the LEAD program is to improve public safety and reduce recidivism by increasing the availability and use of social service resources while reducing costs to law enforcement agencies and courts stemming from repeated incarceration.

LEAD pilot programs shall be consistent with the following principles, implemented to address and reflect the priorities of the community in which the program exists:

- Providing intensive case management services and an individually tailored intervention plan that acts as a blueprint for assisting LEAD participants.
- Prioritizing temporary and permanent housing that includes individualized supportive services, without preconditions of drug or alcohol treatment or abstinence from drugs or alcohol.
- Employing human and social service resources in coordination with law enforcement in a manner that improves individual outcomes and community safety, and promotes community wellness.
- Participation in LEAD services shall be voluntary throughout the duration of the program and shall not require abstinence from drug or alcohol use as a condition of continued participation.

The LEAD program shall be administered by the Board of State and Community Corrections. The board shall establish minimum standards, which shall take into consideration, but not be limited to, all of the following:

- Information from the applicant demonstrating a clear understanding of the program's purpose and the applicants understanding of the program's purpose and the applicants willingness and ability to implement the LEAD program as described in this chapter.
- Key local partners who would be committed to, and involved in, the development and successful implementation of a LEAD program, including, but not limited to, balanced representation from law enforcement agencies, prosecutorial agencies, public defenders and defense counsel, public health and social services agencies, case management service providers, and any other entities identified by the applicant as integral to the successful implementation of a LEAD program in the jurisdiction.
- The jurisdictions capacity and commitment to coordinate social services, law enforcement efforts, and justice system decision-making processes, and to work to ensure that the discretionary decisions made by each participant in the administration of the program operates in a manner consistent with the purposes of this chapter.

LEAD programs funded under this bill shall consist of a strategy of effective intervention for eligible participants consistent with the following gateways to services:

- Prebooking Referral. As an alternative to arrest, a law enforcement officer may take or refer a person for whom the officer has probable cause for arrest for any of the offenses in subdivision to a case manager to be screened for immediate crisis services and to schedule a complete assessment intake interview. Participation in LEAD diversion shall be voluntary, and the person may decline to participate in the program at any time. Criminal charges based on the conduct for which a person is diverted to LEAD shall not be filed, provided that the person finishes the complete assessment intake interview within a period set by the local jurisdiction partners, but not to exceed 30 days after the referral.
- Social Contact Referral. A law enforcement officer may refer an individual to LEAD whom he or she believes is at high risk of arrest in the future for any of the crimes specified in subdivision provided that the individual meets the criteria specified in this paragraph and expresses interest in voluntarily participating in the program. LEAD may accept these referrals if the program has capacity after responding to pre-booking diversion referrals.

Proposition 47 Implementation

The final Budget provides \$39.4 million for the implementation of Proposition 47. Proposition 47 requires that state savings from the Proposition be transferred into a new fund, the Safe Neighborhoods and Schools Fund. The new fund will be used to reduce truancy, and support drop-out prevention programs in K-12 schools, increase victim services grants, and support mental health and substance use disorder treatment services.

Pursuant to Proposition 47 the funds will be allocated as follows:

Department	Purpose	Percentage	2016-17 Estimated Allocation
Board of State and Community Corrections	Mental Health Treatment Substance Use Disorder Treatment Diversion Programs	65%	\$25,642,000
State Department of Education	Improve Outcomes for K-12 Students Reduce Truancy Support Students at risk of dropping out	25%	\$9,852,000
California Victim Compensation and Government Claims Board	Support Trauma Recovery Centers that Serve Crime Victims	10%	\$3,945,000
Total		100%	\$39,439,000

AB 1618 (Cmte on Budget) – No Place Like Home As Amended on June 23, 2016

AB 1618 creates the No Place Like Home Initiative which would divert Mental Health Services Act funds to provide \$2 billion in bond funds to provide affordable housing to the target population of mentally-ill who are homeless.

Advisory Committee

AB 1638 creates the No Place Like Home Advisory Committee. The committee will assist and advise the HCD on the implementation of the program, review and make recommendations on the department's guidelines, review HCD's progress in distributing funds, and provide advice and guidance more broadly on statewide homelessness issues.

Membership on the committee is as follows:

- The Director of HCD.
- The Director of DHCS.
- The Secretary of Veterans Affairs.
- The Treasurer.
- A member of the Mental Health Services Oversight and Accountability Commission.
- A chief administrative officer of a small county or a member of a county board of supervisors, to be appointed by the Governor.
- A chief administrative officer of a large county or a member of a county board of supervisors, to be appointed by the Governor.
- A director of a county behavioral health department, to be appointed by the Governor.
- An administrative officer of a city, to be appointed by the Governor.
- A representative of an affordable housing organization, to be appointed by the Speaker of the Assembly.
- A representative of supportive housing, to be appointed by the Governor.
- A representative of a community mental health organization, to be appointed by the Senate Rules Committee.
- A representative of a continuum of care organization that coordinates homelessness funding, to be appointed by the Governor.

Guidelines

AB 1618 provides that HCD may adopt guidelines or regulations, in consultation with the California State Association of Counties and other stakeholders, as necessary to exercise the power and perform the duties conferred on it by this bill. HCD shall also consult with key stakeholders, including but not limited to, counties. HCD may also adopt emergency regulations in order to expedite the award of monies.

County Tiers

AB 1618 provides that HCD shall organize counties into the following competitive groupings based on population:

- (a) The County of Los Angeles.
- (b) Large counties with a population greater than 750,000.

- (c) Medium counties with a population between 200,000 to 750,000.
- (d) Small counties with a population less than 200,000.

AB 1618 provides that the competitive program shall distribute funding among the groupings based on a calculation made by HCD that shall include the number of homeless persons residing within each county, as determined by HCD, and considers minimum funding levels necessary for a permanent supportive housing development. HCD may also consider other factors in the calculation if it supports the objective of AB 1618.

Competitive Program - \$1.8 billion

This proposal provides that HCD shall administer a competitive grant program among counties to finance capitol costs including but not limited to, acquisition, design, construction, rehabilitation or preservation, and to capitalize operating reserves, of permanent support for the target population.

Requirements are as follows:

- A county may apply as the sole applicant if it is the development sponsor or jointly with a separate entity as a development sponsor.
- Funded developments shall integrate the target population with the general public.
- Funded developments shall utilize low barrier tenant selection practices that prioritize vulnerable populations and offer flexible, voluntary, and individualized supportive services.

The guidelines developed by HCD may provide for alternative housing models, such as shared housing models of fewer than five units. The guidelines must include establishing income and rent standards.

Application requirements

In considering applications, HCD shall restrict eligibility to applicants that meet the following minimum criteria:

- The county commits to provide mental health supportive services and to coordinate the provision of or referral to other services including, but not limited to, substance use treatment services, to the tenants of the supportive housing development for at least 20 years. Services must be provided onsite at the supportive housing development or in a location otherwise easily accessible to tenants.
- The county has developed a county plan to combat homelessness, which includes a description of homelessness countywide, any special challenges or barriers to serving this population, county resources applied to the issue, available community-based resources, an outline of partners and collaborations and proposed solutions.
- Meet other threshold requirements including, but not limited to, developer capacity to develop, own, and operate a permanent supportive housing development for the target population, and the application proposes a financially feasible development with reasonable development costs.

Evaluation of Applications

HCD shall evaluate applications using, at a minimum, the following criteria:

- The extent to which assisted units are restricted to persons who are chronically homeless or at risk of chronic homelessness within the target population.
- The extent to which other funds are leveraged for capital costs.
- The extent to which projects achieve deeper affordability through the use of non-state project based rental assistance, operating subsidies, or other funding.
- Project readiness.
- The extent to which applicants offer a range of on and off-site supportive services to tenants, including mental health services, behavioral health services, primary health, employment and other tenancy support services.
- Past history of implementing programs that use evidence-based best practices that have led to the reduction of the number of chronic homeless or at risk of chronic homelessness individuals within the target population.

Rural Set-Aside

AB 1618 provides that HCD shall set-aside 8 percent of the funds offered in Rounds 1 through 4 for small counties as identified in the County Tiers.

Alternative Process (Funded through Competitive Pot - \$1.8 billion)

AB 1618 allows HCD to establish an alternative process for allocating funds as grants directly to counties with at least five percent of the state's homeless population and that demonstrates the capacity to directly administer loan funds for permanent supportive housing serving the target population and the ability to prioritize individuals with mental health supportive needs who are homeless or at risk of chronic homelessness.

HCD must adopt guidelines establishing the parameters of the process and requirements for local administration of funds including project selection process, eligible use of funds, loan terms, rent and occupancy restrictions, provision of services, and reporting and monitoring requirements.

AB 1618 provides that counties participating in the alternative process shall not be eligible for the competitive process and are limited to funds in proportion to their share of the percentage of the statewide homeless population, as calculated by HCD in the County Tiers section.

Funds not committed to projects within two years following award to counties shall be returned to the state for the competitive program.

HCD shall consider the following when selecting participating counties:

- Demonstrated ability to finance permanent supportive housing with local and federal funds, and monitor requirements for the life of the loan.
- Past history of delivering supportive services to the target population in housing.
- Past history of committing project-based vouchers to supportive housing.
- Ability to prioritize the most vulnerable within the target population through coordinated entry system.

HCD must award grants in at least four grant rounds for approximately 4 years. This proposal would also provide that HCD may establish maximum loan-to-value requirements for some or all of the types of projects that are eligible for funding under this section. HCD must also establish per-unit and per-project loan limits for all project types.

Non-Competitive Program

In addition to the competitive grant program, HCD shall distribute two hundred million from the fund on an over-the-counter basis to finance the construction, rehabilitation, or preservation, and to capitalize operating reserves, of permanent and supportive housing for individuals in the target population with a priority for those with mental health supportive needs who are homeless or at risk of chronic homelessness. Funds to be awarded shall be available to all counties within the state proportionate to the number of homeless persons within each county or in the amount of \$500,000 whichever is greater.

Funds not committed within 18 months following the first allocation shall be used in the competitive grant program.

AB 1618 provides that monies shall be distributed either in accordance with the procedures for awarding funds to local agencies established by the existing MHSA housing program administered by DHCS and CalHFA or alternative procedures developed by HCD for distributing these monies that enhance the efficiency and goals of the distribution program.

Technical Assistance Funds

AB 1618 would allocate \$6.2 million from the Mental Health Services Fund to HCD to provide technical and grant preparation assistance to counties. Eligible uses of technical and grant preparation assistance shall include, but is not limited to, assistance in performing one or more of the following activities:

- Applying for program funds.
- Implementing activities funded by monies distributed under this part, including the development of supportive housing for the target population.
- Coordinating funded activities with local homelessness systems.
- Delivering a range of supportive services to tenants.
- Collecting data, evaluation program activities, and sharing data among multiple systems, such as MHSA.

HCD shall provide grant funds to a county upon application as follows:

- To a large county and to Los Angeles County, HCD shall provide \$150,000.
- To a medium county, HCD shall provide \$100,000.
- To a small county, HCD shall provide \$75,000.

Default Reserve Funds

This proposal provides that HCD may designate up to four percent of the funds allocated for the competitive grant program, in order to cure or avert a default on the terms of any loan or other obligation by the

recipient of financial assistance, or bidding at any foreclosure sale where the default or foreclosure sale would jeopardize HCD's security in the rental housing development assisted under this proposal.

HCD may also use default reserve funds to repair or maintain any rental housing development assistance to protect HCD's security interest.

The payment or advance of funds by HCD under this subdivision, are exclusively within HCD's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds.

MHSA Reporting

AB 1618 requires DHCS to post on its website the three-year program and expenditure plans submitted by every county in a timely manner. In addition, DHCS must annually post on its website a summary of the performance outcomes reports submitted by counties if clearly and separately identified by counties as the achievement or performance outcomes.

AB 1618 also requires DHCS to conduct program reviews of performance contracts to determine compliance. Each county performance contract shall be reviewed at least once every three years, subject to available funding for this purpose.

This bill would also require DHCS, in consultation with the Mental Health Services Oversight and Accountability Commission and CBHDA to revise the instructions for the Annual Mental Health Services Act Revenue and Expenditure Report by July 1, 2017 to improve the timely and accurate submission of county revenue and expenditure data. The instruction must include a requirement that the county certify the accuracy of this report.

AB 1618 also provides that if a county does not submit the annual revenue and expenditure report by the required deadline, DHCS may withhold MHSA funds until the reports are submitted.