

# SENATE OFFICE OF OVERSIGHT AND OUTCOMES

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Contact: Nancy Vogel  
916-651-1658 or 916-889-0582

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## Supportive Housing Program Works to End Homelessness, but Counties Need More Flexibility

SACRAMENTO—A \$400 million effort to build homes for mentally ill, chronically homeless Californians is on track to house and support roughly 2,500 people, as expected. But to achieve the state’s goal of eventually helping 10,000 homeless people, state and county officials must find new ways to maintain the investment, concludes a new report released Thursday by the Senate Office of Oversight and Outcomes.

Already, the Mental Health Services Act housing program launched in 2007 has transformed the lives of more than 200 Californians diagnosed with severe mental illness by giving them homes where they may stay as long as they desire, with a full array of services to help them live as independently as possible.

Experts call such “permanent supportive housing” a key solution to ending chronic homelessness. Housing costs are offset, research shows, by savings in the use of emergency rooms, jails, hospitals, and psychiatric crisis centers.

But the new report by the oversight office, the first comprehensive examination of the housing program, concludes that county mental health departments face too many demands – and in many cases lack the expertise – to make the regular, large investments necessary to build or renovate 10,000 apartments by 2027, as former Governor Arnold Schwarzenegger had anticipated.

“Housing the Mentally Ill and Chronically Homeless: An Effective Solution, but Counties Need Greater Flexibility,” is available [here](#).

Counties fund the Mental Health Services Act housing program through a 2004 initiative that taxes millionaires to pay for mental health services. The initiative, Proposition 63, does not require county mental health departments to build housing for their homeless clients. But counties agreed in 2007 to make a one-time investment in housing with \$400 million that otherwise could have been spent on counseling, medication, and other direct services for Californians diagnosed with serious mental illness.

In many urban counties, the state-run housing program has worked well.

But the oversight office's survey of 50 counties reveals why many county mental health officials are unlikely to voluntarily invest much more in the current program:

- Pressure to use diminishing funds to serve clients immediately.
- A lack of experience with housing development.
- A rigorous application and approval process.

Rural county officials expressed the greatest frustration. The \$400 million was divided among counties based largely on population, and 11 counties received less than \$1 million each. These small counties have struggled to attract non-profit developers, to find housing expertise within county government ranks, and to comply with the program rules set by the state Department of Mental Health and the California Housing Finance Agency.

The oversight office recommends that state agencies relax rules for these smallest 11 counties.

The new oversight report describes research on the cost-effectiveness of permanent supportive housing, provides tenants' perspectives, summarizes the accomplishments of counties to date, and weighs the future of a housing program in light of the recent curtailment of state oversight of county mental health programs.

The non-partisan Office of Oversight and Outcomes was created in 2008 by Senate President pro Tempore Darrell Steinberg (D-Sacramento) to bolster the Senate's ability to measure government performance. Steinberg also co-authored Proposition 63, the Mental Health Services Act of 2004.