City of Berkeley Mental Health Services Act (MHSA) Recommended Actions

As part of the state MHSA approval process, the City of Berkeley is holding a 30-Day public review period on the recommended actions outlined below regarding the establishment of a Prudent Reserve and participation in the state MHSA Housing Program.

Background
Voters approved the Mental Health Services Act (Proposition 63) in November 2004. This Act places a 1% tax on every dollar of personal income over $1 million. The State allocates these revenues to public mental health departments for the purpose of transforming and expanding mental health services. There are five MHSA funding components. Community Services and Supports (CSS) is the largest and first component funded by the state. Following MHSA regulations, in 2005 the City of Berkeley conducted an extensive planning process involving staff and community stakeholders to develop its CSS Plan. The Plan was approved in September 2006. Currently the City of Berkeley receives $1.2 million annually in CSS funds.

Current Status
Establishment of a Prudent Reserve
All Mental Health Departments receiving MHSA funds are required by law to establish and maintain a Prudent Reserve of MHSA funds. The Prudent Reserve is necessary so that local Mental Health Departments can continue to provide services during years in which revenues for the Mental Health Services Fund are insufficient. By July 1, 2010 the Prudent Reserve must be locally funded at 50 percent of the most recently approved annual CSS funding level, or approximately $600,000 based on current funding.

The City of Berkeley has $251,800 of unspent MHSA funds remaining from the 05-06 fiscal year. As part of the CSS guidelines, funds allocated in any given fiscal year have a three-year deadline to be expended or the funds will be at risk of reverting back to the state. Therefore, any 05-06 fiscal year funds must be expended by June 30, 2008 in order to avoid the risk of reversion. To that end, the City of Berkeley recommends allocating the $251,800 of unspent 05-06 funds to the Prudent Reserve. Allocating the funds in this manner will both avoid the risk of reversion and will start building the Prudent Reserve towards the threshold amount prior to the established deadline.

MHSA Housing Program Assignment Agreement
A total of $115 million in MHSA funds statewide will be set aside annually in the MHSA Housing Program for the development of affordable housing for people who have a serious mental illness and are homeless or at-risk of homelessness. The California Housing Finance Agency (CalHFA) will administer the housing development funds and the state Department of Mental Health (DMH) will oversee the provision of services to tenants. Each mental health jurisdiction received a planning estimate for the amount of funds that will be available for housing development project applications. These applications are then submitted by the jurisdiction to DMH and CalHFA.

The City of Berkeley’s planning estimate is $1,258,600. The State will only make these funds available through project-specific applications to CalHFA, and an Assignment Agreement is required to authorize DMH to transfer Berkeley’s planning estimate to CalHFA. Completing the Assignment Agreement will allow Berkeley to submit funding applications for $1,258,600 that would otherwise not be available to the City for housing development or any other purpose. Participation in the MHSA Housing Program will help address the critical need for housing for people with mental illnesses identified in the CSS Plan.

The 30 Day review period will run from April 29th to May 28th: In order to respond to this proposal, please email, call or send comments by May 28th to:
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