

Assembly Bill No. 1827

CHAPTER 41

An act to amend Sections 5849.35, 5849.4, and 5890 of, and to add Section 5849.15 to, the Welfare and Institutions Code, relating to housing, and making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor June 27, 2018. Filed with Secretary of State June 27, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1827, Committee on Budget. No Place Like Home Act of 2018.

(1) The Mental Health Services Act (MHSA), an initiative measure enacted by the voters as Proposition 63 at the November 2, 2004, statewide general election, imposes a 1% tax on that portion of a taxpayer's taxable income that exceeds \$1,000,000 and requires that the revenue from that tax be deposited in the Mental Health Services Fund to fund various county mental health programs.

Existing law, known as the No Place Like Home Program, requires the Department of Housing and Community Development to award \$2,000,000,000 among counties to finance capital costs, including, but not limited to, acquisition, design, construction, rehabilitation, or preservation, and to capitalize operating reserves, of permanent supportive housing for the target population, as specified. Existing law establishes the No Place Like Home Fund, requires specified moneys to be deposited in the fund, and continuously appropriates moneys in the fund for these purposes. Existing law authorizes the California Health Facilities Financing Authority and the department to enter into service contracts pursuant to the program related to permanent supportive housing, and further authorizes the authority to issue taxable or tax-exempt revenue bonds in an amount not to exceed \$2,000,000,000 and to make secured or unsecured loans to the department in connection with financing permanent supportive housing pursuant to the department. Existing law establishes and continuously appropriates the Supportive Housing Program Subaccount in the Mental Health Services Fund and requires the Controller to transfer from that fund to the subaccount an amount necessary to cover the costs the authority is required to pay to the department pursuant to a service contract with the department, as provided.

This bill would enact the No Place Like Home Act of 2018 and provide for submission of that act to the voters at the November 6, 2018, statewide general election. The bill would specify that the service contracts between the authority and the department may be single-year or multiyear contracts and provide for payments to the department from amounts on deposit in the

Supportive Housing Program Subaccount. The bill would include any appropriation or transfer to the No Place Like Home Fund from the General Fund or other funds as moneys required to be paid into the No Place Like Home Fund. The bill would declare that the voters ratify as being consistent with and in furtherance of the MHSA, and approve for purposes of specified provisions of the California Constitution relating to debt, specified statutes related to the No Place Like Home Program and related financial provisions. The bill would also authorize the Legislature to appropriate for transfer moneys in the Mental Health Services Fund to the Supportive Housing Program Subaccount, subject to specified conditions, and continuously appropriate those moneys for further transfer to the No Place Like Home Fund to be used for purposes of the No Place Like Home Program. The bill would provide that any amount appropriated and deposited in the No Place Like Home Fund pursuant to these provisions would reduce the amount of authorized but unissued bonds that the California Health Facilities Financing Authority may issue, as described above, by a corresponding amount. The bill would authorize the Legislature to amend the No Place Like Home Act of 2018 by a $\frac{2}{3}$ vote, so long as the amendment is consistent with and furthers the intent of the act.

(2) Existing law contains provisions related to elections and voting, including a requirement that a measure submitted to the people by the Legislature appear on the ballot of the first statewide election occurring at least 131 days after the adoption of the proposal by the Legislature and that the Secretary of State mail state voter information guides to voters.

This bill would require the Secretary of State, notwithstanding specified provisions of existing law relating to elections and voting, to submit the No Place Like Home Act of 2018 to the voters for their approval at the November 6, 2018, statewide general election.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. The voters hereby find and declare that housing is a key factor for stabilization and recovery from mental illness and results in improved outcomes for individuals living with a mental illness. The Mental Health Services Act, an initiative measure enacted by the voters as Proposition 63 at the November 2, 2004, statewide general election, must therefore be amended to provide for the expenditure of funds from the Mental Health Services Fund to the No Place Like Home Program established pursuant to Part 3.9 (commencing with Section 5849.1) of Division 5 of the Welfare and Institutions Code, which finances the acquisition, design, construction, rehabilitation, or preservation of permanent supportive housing for individuals living with a severe mental illness who are homeless or at risk of chronic homelessness.

SEC. 2. Section 1, this section, and Sections 3 to 7, inclusive, shall be known, and may be cited, as the No Place Like Home Act of 2018.

SEC. 3. Section 5849.35 of the Welfare and Institutions Code is amended to read:

5849.35. (a) The authority may do all of the following:

(1) Consult with the commission and the State Department of Health Care Services concerning the implementation of the No Place Like Home Program, including the review of annual reports provided to the authority by the department pursuant to Section 5849.11.

(2) Enter into one or more single-year or multiyear contracts with the department for the department to provide, and the authority to pay the department for providing, services described in Sections 5849.7, 5849.8, and 5849.9, related to permanent supportive housing for the target population and to provide for payments to the department from amounts on deposit in the Supportive Housing Program Subaccount created within the Mental Health Services Fund pursuant to paragraph (1) of subdivision (f) of Section 5890. Before entering into any contract pursuant to this paragraph, the executive director of the authority shall transmit to the commission a copy of the contract in substantially final form. The contract shall be deemed approved by the commission unless it acts within 10 days to disapprove the contract.

(3) On or before June 15 and December 15 of each year, the authority shall certify to the Controller the amounts the authority is required to pay as provided in Section 5890 for the following six-month period to the department pursuant to any service contract entered into pursuant to paragraph (2).

(b) The department may do all of the following:

(1) Enter into one or more single-year or multiyear contracts with the authority to provide services described in Sections 5849.7, 5849.8, and 5849.9, related to permanent supportive housing for the target population and to receive payments from amounts on deposit in the Supportive Housing Program Subaccount pursuant to paragraph (1) of subdivision (f) of Section 5890. Payments received by the department under any service contract authorized by this paragraph shall be used, before any other allocation or distribution, to repay loans from the authority pursuant to Section 15463 of the Government Code.

(2) Enter into one or more loan agreements with the authority as security for the repayment of the revenue bonds issued by the authority pursuant to Section 15463 of the Government Code. The department shall deposit the proceeds of these loans, excluding any refinancing loans to redeem, refund, or retire bonds, into the fund. The department's obligations to make payments under these loan agreements shall be limited obligations payable solely from amounts received pursuant to its service contracts with the authority.

(3) The department may pledge and assign its right to receive all or a portion of the payments under the service contracts entered into pursuant to paragraph (1) directly to the authority or its bond trustee for the payment

of principal, premiums, if any, and interest under any loan agreement authorized by paragraph (2).

(c) The Legislature hereby finds and declares both of the following:

(1) The consideration to be paid by the authority to the department for the services provided pursuant to the contracts authorized by paragraph (2) of subdivision (a) and paragraph (1) of subdivision (b) is fair and reasonable and in the public interest.

(2) The service contracts and payments made by the authority to the department pursuant to a service contract authorized by paragraph (2) of subdivision (a) and paragraph (1) of subdivision (b) and the loan agreements and loan repayments made by the department to the authority pursuant to a loan agreement authorized by paragraph (2) of subdivision (b) shall not constitute a debt or liability, or a pledge of the faith and credit, of the state or any political subdivision, except as approved by the voters at the November 6, 2018, statewide general election.

(d) The state hereby covenants with the holders from time to time of any bonds issued by the authority pursuant to Section 15463 of the Government Code that it will not alter, amend, or restrict the provisions of this section, paragraph (1) of subdivision (f) of Section 5890, or subdivision (b) of Section 5891 in any manner adverse to the interests of those bondholders so long as any of those bonds remain outstanding. The authority may include this covenant in the resolution, indenture, or other documents governing the bonds.

(e) Agreements under this section are not subject to, and need not comply with, the requirements of any other law applicable to the execution of those agreements, including, but not limited to, the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

(f) Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code shall not apply to any contract entered into between the authority and the department under this section.

SEC. 4. Section 5849.4 of the Welfare and Institutions Code is amended to read:

5849.4. (a) The No Place Like Home Fund is hereby created within the State Treasury and, notwithstanding Section 13340 of the Government Code, continuously appropriated to the department, the authority, and the Treasurer for the purposes of this part. Accounts and subaccounts may be created within the fund as needed. Up to 5 percent of the amount deposited in the fund may be used for administrative expenses in implementing this part.

(b) There shall be paid into the fund the following:

(1) Any moneys from the receipt of loan proceeds by the department derived from the issuance of bonds by the authority under subdivision (b) of Section 15463 of the Government Code.

(2) Any appropriation or transfer to the fund from the General Fund or other funds.

(3) Any other federal or state grant, or from any private donation or grant, for the purposes of this part.

(4) Any interest payment, loan repayments, or other return of funds.

SEC. 5. Section 5849.15 is added to the Welfare and Institutions Code, to read:

5849.15. The voters ratify all of the following provisions as being consistent with and in furtherance of Proposition 63, enacted by the voters at the November 2, 2004, statewide general election, and approve all of the following provisions for purposes of Section 1 of Article XVI of the California Constitution:

(a) Chapter 43 of the Statutes of 2016, which amended Sections 5830, 5845, 5847, 5848, 5897, and 5899 and added this part.

(b) Chapter 322 of the Statutes of 2016, which added Section 15463 to the Government Code, and amended Sections 5849.1, 5849.2, 5849.3, 5849.4, 5849.5, 5849.7, 5849.8, 5849.9, 5849.11, 5849.14, 5890, and 5891 of, added Section 5849.35 to, and repealed and added Section 5849.13 of, this code.

(c) Those provisions of Chapter 561 of the Statutes of 2017 that amended any of the provisions referenced in subdivisions (a) and (b).

(d) The amendments to Section 5849.35, 5849.4, and 5890 made by the act adding this section.

(e) The issuance by the California Health Facilities Financing Authority of bonds in an amount not to exceed two billion dollars (\$2,000,000,000) for the purposes of financing permanent supportive housing pursuant to the No Place Like Home Program and related purposes as set forth in subdivision (b) of Section 15463 of the Government Code, the issuance of bonds for the purpose of redeeming, refunding, or retiring bonds as set forth in subdivision (c) of Section 15463 of the Government Code, and the process by which those bonds are issued, secured, and repaid, as set forth in the provisions referenced in subdivisions (a) to (d), inclusive.

SEC. 6. Section 5890 of the Welfare and Institutions Code is amended to read:

5890. (a) The Mental Health Services Fund is hereby created in the State Treasury. The fund shall be administered by the state. Notwithstanding Section 13340 of the Government Code, all moneys in the fund are, except as provided in subdivision (d) of Section 5892, continuously appropriated, without regard to fiscal years, for the purpose of funding the following programs and other related activities as designated by other provisions of this division:

(1) Part 3 (commencing with Section 5800), the Adult and Older Adult Mental Health System of Care Act.

(2) Part 3.2 (commencing with Section 5830), Innovative Programs.

(3) Part 3.6 (commencing with Section 5840), Prevention and Early Intervention Programs.

(4) Part 3.9 (commencing with Section 5849.1), No Place Like Home Program.

(5) Part 4 (commencing with Section 5850), the Children's Mental Health Services Act.

(b) The establishment of this fund and any other provisions of the act establishing it or the programs funded shall not be construed to modify the obligation of health care service plans and disability insurance policies to provide coverage for mental health services, including those services required under Section 1374.72 of the Health and Safety Code and Section 10144.5 of the Insurance Code, related to mental health parity. This act shall not be construed to modify the oversight duties of the Department of Managed Health Care or the duties of the Department of Insurance with respect to enforcing these obligations of plans and insurance policies.

(c) This act shall not be construed to modify or reduce the existing authority or responsibility of the State Department of Health Care Services.

(d) The State Department of Health Care Services shall seek approval of all applicable federal Medicaid approvals to maximize the availability of federal funds and eligibility of participating children, adults, and seniors for medically necessary care.

(e) Share of costs for services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) of this division, shall be determined in accordance with the Uniform Method of Determining Ability to Pay applicable to other publicly funded mental health services, unless this Uniform Method is replaced by another method of determining copayments, in which case the new method applicable to other mental health services shall be applicable to services pursuant to Part 3 (commencing with Section 5800) and Part 4 (commencing with Section 5850) of this division.

(f) (1) The Supportive Housing Program Subaccount is hereby created in the Mental Health Services Fund. Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount are reserved and continuously appropriated, without regard to fiscal years, to the California Health Facilities Financing Authority to provide funds to meet its financial obligations pursuant to any service contracts entered into pursuant to Section 5849.35. Notwithstanding any other law, including any other provision of this section, no later than the last day of each month, the Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month, transfer from the Mental Health Services Fund to the Supportive Housing Program Subaccount an amount that has been certified by the California Health Facilities Financing Authority pursuant to paragraph (3) of subdivision (a) of Section 5849.35, but not to exceed an aggregate amount of one hundred forty million dollars (\$140,000,000) per year. If in any month the amounts in the Mental Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount certified by the California Health Facilities Financing Authority, the shortfall shall be carried over to the next month, to be transferred by the Controller with any transfer required by the preceding sentence. Moneys in the Supportive Housing Program Subaccount shall not be loaned to the General Fund pursuant to Section 16310 or 16381 of the Government Code.

(2) Prior to the issuance of any bonds pursuant to Section 15463 of the Government Code, the Legislature may appropriate for transfer funds in the

Mental Health Services Fund to the Supportive Housing Program Subaccount in an amount up to one hundred forty million dollars (\$140,000,000) per year. Any amount appropriated for transfer pursuant to this paragraph and deposited in the No Place Like Home Fund shall reduce the authorized but unissued amount of bonds that the California Health Facilities Financing Authority may issue pursuant to Section 15463 of the Government Code by a corresponding amount. Notwithstanding Section 13340 of the Government Code, all moneys in the subaccount transferred pursuant to this paragraph are reserved and continuously appropriated, without regard to fiscal years, for transfer to the No Place Like Home Fund, to be used for purposes of Part 3.9 (commencing with Section 5849.1). The Controller shall, before any transfer or expenditure from the fund for any other purpose for the following month but after any transfer from the fund for purposes of paragraph (1), transfer moneys appropriated from the Mental Health Services Fund to the subaccount pursuant to this paragraph in equal amounts over the following 12-month period, beginning no later than 90 days after the effective date of the appropriation by the Legislature. If in any month the amounts in the Mental Health Services Fund are insufficient to fully transfer to the subaccount or the amounts in the subaccount are insufficient to fully pay the amount appropriated for transfer pursuant to this paragraph, the shortfall shall be carried over to the next month.

(3) The sum of any transfers described in paragraphs (1) and (2) shall not exceed an aggregate of one hundred forty million dollars (\$140,000,000) per year.

(4) Paragraph (2) shall become inoperative once any bonds authorized pursuant to Section 15463 of the Government Code are issued.

SEC. 7. The provisions of this act may be amended by a two-thirds vote of the Legislature so long as such amendments are consistent with and further the intent of this act.

SEC. 8. Sections 1 to 7, inclusive, of this act shall become operative upon the adoption by the voters of the No Place Like Home Act of 2018.

SEC. 9. (a) (1) Notwithstanding Sections 9040, 9043, 9044, 9061, and 9082 of the Elections Code, or any other law, Sections 1 to 7, inclusive, of this act shall be submitted by the Secretary of State to the voters as a single measure, the No Place Like Home Act of 2018, at the November 6, 2018, statewide general election.

(2) The requirement of Section 9040 of the Elections Code that a measure submitted to the people by the Legislature appear on the ballot of the first statewide election occurring at least 131 days after the adoption of the proposal by the Legislature shall not apply to the No Place Like Home Act of 2018.

(b) The Secretary of State shall include in the ballot pamphlets mailed pursuant to Section 9094 of the Elections Code the information specified in Section 9084 of the Elections Code regarding the No Place Like Home Act of 2018. If that inclusion is not possible, the Secretary of State shall publish a supplemental ballot pamphlet regarding the No Place Like Home Act of 2018 to be mailed with the ballot pamphlet. If the supplemental ballot

pamphlet cannot be mailed with the ballot pamphlet, the supplemental ballot pamphlet shall be mailed separately.

(c) Notwithstanding Section 9054 of the Elections Code or any other law, the translations of the ballot title and the condensed statement of the ballot title required pursuant to Section 9054 of the Elections Code for the No Place Like Home Act of 2018 may be made available for public examination at a later date than the start of the public examination period for the ballot pamphlet.

SEC. 10. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to expeditiously provide necessary funding for the No Place Like Home Program, so as to ensure the efficient and timely development of supportive housing, it is necessary that this act take effect immediately.