
SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Holly Mitchell, Chair
2017 - 2018 Regular

Bill No: AB 1827 **Hearing Date:** June 25, 2018
Author: Committee on Budget
Version: June 20, 2018 Amended
Urgency: Yes **Fiscal:** Yes
Consultant: James Hacker

Subject: No Place Like Home Act of 2018

Summary: This bill establishes the No Place Like Home (NPLH) Act of 2018, which amends provisions previously enacted as part of the NPLH program. Amends the Mental Health Services Act to, among other things, permit the Legislature to appropriate funds from the Mental Health Services Fund, as specified, and provides an opportunity for voter approval in the November 6, 2018, statewide general election.

Background: In 2004, California voters approved and established the Mental Health Services Act (MHSA), which imposes a one percent income tax on individual who earn more than \$1 million annually, and deposits the specified revenue in the Mental Health Services Fund.

Assembly Bill 1618 (Committee on Budget), Chapter 43, Statutes of 2016 created the No Place Like Home Program (NPLH). AB 1618 requires the Department of Housing and Community Development (HCD) to award \$2 billion to counties for permanent supportive housing for the homeless, establishes the framework for financing the NPLH program through the counties, requires counties to annually report to HCD on program status, addresses the process for validation of the financing, and addresses other matters regarding the NPLH program. Assembly Bill 1628 (Committee on Budget), Chapter 322, Statutes of 2016, authorized the issuance of bonds by the California Health Facilities Financing Authority (CHFFA) for purposes of financing a grant program for counties to develop and administer permanent supportive housing for individuals who are homeless, chronically homeless, and at risk of chronic homelessness **that was** enacted by AB 1618. That measure established a framework for the provision of housing through authorized service contract, addressed loans to be made by CHFFA for supportive housing, specified the use for funds for projects across the state, and provided administrative structure for the program.

Proposed Law: This bill provides the following:

- 1) **November 6, 2018 Statewide General Election.** This bill establishes the NPLH Act of 2018, which is to be submitted to voters in the November 6, 2018 election as a single measure, and provides for the Act to become operative upon adoption by voters. It provides for voter ratification and approval of AB 1618, AB 1628, technical amendments made by Assembly Bill 1516 (Cunningham), Chapter 561, Statutes of 2017, and other amendments made by this bill.

- 2) **Voter pamphlets.** The bill requires the Secretary of State to include in mailed ballot pamphlets information 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.
- 3) **Supportive Housing Program Subaccount.** Under provisions of this bill, the Controller must, before any transfer or expenditure from the fund for any other purpose for the month following any transfer from the fund, transfer moneys appropriated from the Mental Health Service Fund to the subaccount 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.
- 4) **Amendments.** This bill would allow the Legislature to amend the No Place Like Home Act of 2018 by a two-thirds vote, so long as such amendments are consistent with and further the intent of the act. This aligns the No Place Like Home Act with the Mental Health Services Act of 2004, which also requires a two-thirds vote to amend.

Fiscal Effect: The bill provides for the following appropriations:

- 1) This bill specifies details regarding allowable transfers from the Mental Health Services Fund to the Supportive Housing Program Subaccount, up to an amount of \$140 million per year prior to the issuance of revenue bonds. Any amount appropriated for transfer 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.
- 2) This bill provides that all moneys in the subaccount that were transferred as specified are reserved and continuously appropriated, without regard to fiscal years, for transfer to the No Place Like Home Fund.
- 3) This bill provides for the issuance by the California Health Facilities Financing Authority of bonds in an amount not to exceed \$2 billion for the purposes of financing permanent supportive housing pursuant to the No Place Like Home Program. In addition, the fiscal estimate assumes a 30-year debt service at a rate of 4.2 percent for approximately \$120 million annually.
- 4) This bill would result in one-time General Fund costs to the Secretary of State (SOS) in the range of \$438,000 to \$584,000, likely in 2018-19, for printing and mailing costs to place the measure on the ballot in a statewide election. Actual costs may be higher or lower, depending on the length of required elements and the overall size of the ballot.

Support: None on file.

Opposed: None on file.

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