



Board Agenda Item 37

DATE: April 25, 2017

TO: Board of Supervisors

SUBMITTED BY: Dawan Utecht, Director, Department of Behavioral Health

SUBJECT: Agreement with Mental Health Systems

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute an Agreement with Mental Health Systems, for master lease housing services to Department of Behavioral Health permanent supportive housing clients, effective May 1, 2017 through June 30, 2022 for a five year and two-month period, which includes a three-year base contract and two optional one-year extensions, total not to exceed \$2,338,698.

Approval of the recommended action will allow the Department of Behavioral Health to provide permanent supportive housing for up to 25 clients/families. Eligibility for housing is limited to those clients living with a serious mental illness that are homeless or at risk of homelessness. Mental Health Systems (MHS) will provide all aspects of master lease housing services and will work closely with clients to determine best housing options. The Master Lease Housing program is funded with Mental Health Services Act (MHSA) Community Services and Supports (CSS), General System Development (GSD) dollars, with no increase in Net County Cost.

ALTERNATIVE ACTION(S):

Non-approval would eliminate increased capacity of local housing opportunities for clients. The MHSA Annual Update, driven by the community program planning process, clearly demonstrates the need for increased housing capacity for clients.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The recommended agreement maximum compensation for the remainder of FY 2016-17 is \$79,079. The total maximum compensation for the recommended agreement is \$2,338,698, which includes costs associated with furnishings for leased units totaling \$159,360 during the agreement. The recommended Agreement also includes annual cost of living increases of 3% per year for salaries/benefits and client rents. The agreement allows MHS to retain revenue from rents collected from clients living in the master leased units, estimated at \$111,491 over the term of the agreement based upon fully leased capacity of 25 units per year. Services are fully funded by MHSA Community Services and Supports (CSS) funds. Sufficient appropriations and estimated revenues are included in the Department's Org 5630 FY 2016-17 Adopted Budget and will be included in future budget requests for the duration of the term. Actual costs will be determined by the number of units leased to clients.

DISCUSSION:

During the MHSA Annual Update community program planning process, feedback from community stakeholders clearly demonstrates the need for additional housing options for Department clients living with a serious mental illness that are homeless or at-risk of homelessness. In May 2016, the Department commenced with the development of a comprehensive Housing Inventory and Needs Assessment to better understand the housing

needs of clients and their families, identify existing gaps in housing options and strategies to address those gaps. The research revealed a high level of housing instability for clients, and thus a need for increased capacity of safe, stable affordable housing. Findings of the research provided the Department with several recommendations, such as, to increase access to and capacity of affordable housing for clients.

A strategy to address housing instability without the expense or time required to develop new housing inventory is "Master Leasing." The recommended Master Lease Housing Agreement aligns with the research recommendation and will provide up to 25 master-leased housing units annually for clients/families within the city of Fresno and rural areas of the County. The goal of the program is to create affordable and safe housing opportunities that promote housing stability among clients.

Through the Internal Services Department - Purchasing Division, Request for Proposals (RFP) No. 17-028 was released on October 20, 2016, seeking operators for master lease housing services for the Department. The RFP closed on November 29, 2016, and resulted in three responses. The RFP evaluation committee consisting of two Staff Analysts and a Fiscal Analyst from the Department, and a staff person employed with the Fresno Housing Authority, met on December 14, 2016 to discuss and determine the best overall proposal to meet the Department's needs. The three proposals evaluated were from Turning Point of Central California, MHS and the Regional Housing Cooperative. The evaluation committee reached a consensus to recommend the contract award to MHS based on the superior content of their proposal's responsiveness to the services requested by the Department.

The recommended agreement will allow MHS to formally lease rental units from the property owners and sub-lease the unit to a Department client. MHS will be responsible for:

- all aspects of lease negotiations with owners and clients;
- property management of all leased units; and,
- close communication between MHS, Department staff and the client to ensure safe and stable housing in accordance with federal, state and local housing regulations.

The Department will certify the eligibility of all clients referred to the program and no more than 30% of a client's income can be applied towards the lease expense. Clients referred to the program will be actively engaged in services that support wellness and recovery. Clients will also be linked to case manager to assist the client in maintaining their tenancy in the program.

With your Board's approval, the Department will provide permanent supporting housing through the recommended agreement to 25 clients/families. The effective date of May 1, 2017 of the recommended agreement, rather than an effective date of July 1, 2017, allows the Department to meet the startup timeline of the agreement as identified in the MHSA Annual Update. The recommended agreement provides for termination without cause upon giving a 30-day advance written notice by the County, the Department Director, designee, or MHS.

OTHER REVIEWING AGENCIES:

The Behavioral Health Board was made aware of the recommended agreement during the April 20, 2016 meeting.

REFERENCE MATERIAL:

MHSA Annual Update - BAI No. 24, November 11, 2016

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with Mental Health Systems

CAO ANALYST:

Sonia De La Rosa