

Proposition 2: Authorizes Bonds to Fund Existing Housing Program for Individuals with Mental Illness

The Question:

Should \$2 billion in bonds be issued and the Mental Health Services Act be amended to fund the No Place Like Home Program?

The Situation:

In 2004 California voters approved Proposition 63 (Prop 63) which was also called the Mental Health Services Act. It provided funding for county mental health services by increasing the income tax paid by people with an income over \$1 million. Counties are responsible for providing mental health care for people that lack private health insurance. Some counties also provide for other housing, substance abuse treatment and other services for those suffering mental illness

The Legislature passed the No Place Like Home Act of 2016 (NPLHA). This Act authorizes \$2 billion in bonds for use by counties for permanent supportive housing to house people who are eligible for treatment under Prop 63 and are homeless or at risk of chronic homelessness. The bonds were to be paid off with interest over 30 years using money from the revenue raised by Prop 63. A system for awarding the bond money to counties and for establishing programs to use it was also created by these bills.

No bonds were issued under the NPLHA because the state must ask for a court decision that the legislation is within the scope of Prop. 63 in extending housing to people with substance abuse and other issues rather than solely for severely mentally ill patients. The court is to determine if voters must approve the bond. The court decision is pending.

The Proposal:

This proposition approves the No Place Like Home Act of 2016 and approves the issuance of \$2 billion in bonds to support the program. It also amends the provisions of Prop 63 to allow use of the revenue for NPLHA. No more than \$140 million each year can be used for this program.

Fiscal Effect:

There is no direct impact on the state budget because the bonds are to be paid back up to \$140 million annually from the funds generated by Prop 63. to repay up to \$2 billion in bonds used to pay for the No Place Like Home programs. It is estimated that the bonds would be paid off in 30 years at 4.2% interest for approximately \$120 million each year.

What a YES or NO Vote Means

A YES Vote Means:

The state could use existing county mental health funds to pay for housing for those with mental illness who are homeless.

A NO Vote Means:

Document adapted from League of Women Voters' website.

The state's ability to use existing county mental health funds to pay for housing for those with mental illness who are homeless would depend on future court decisions.

Support & Opposition

Supporters Say:

- Prop 2 alleviates the problem of homelessness complicated by mental illness.
- Supportive housing allows coordinated care of individuals who need treatment and housing stability.
- This uses funds already earmarked for mental health services.

Opponents Say:

- Prop 2 spends money on buildings instead of on badly needed treatment.
- Counties already use Prop 63 revenue to offer housing to severely mentally ill patients.
- Restrictive zoning laws that make it difficult to build housing is not addressed.