

Proposition 2

Mental Health Money for Housing

Put on the ballot by the Legislature

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Purpose

Proposition 2 would allow the state to use existing county mental health funds to pay for housing for people with mental illness who are homeless.

Background¹

In 2004, California voters passed Proposition 63, also known as the Mental Health Services Act, to fund various county mental health services. Prop 63 imposed a 1% income tax surcharge on people with income over \$1 million. It raises between \$1.5 billion and \$2.5 billion a year.

In 2016, the Legislature enacted the No Place Like Home Program. The purpose of this program is to build and rehabilitate housing for people with mental illness who are homeless or at risk of becoming homeless. The state plans to pay for this housing by borrowing up to \$2 billion by selling bonds. They would be repaid, along with interest, over a 30 year period. The state would divert revenue raised under the Mental Health Services Act -- and currently used by counties to provide other mental health services -- to make those payments. The program caps the amount of this diversion at \$140 million each year, of which \$120 million would be bond payments.

The No Place Like Home Program, however, has been tied up with a lawsuit that argues that the state does not have authority to divert Mental Health Services Act funds and to issue bonds under the No Place Like Home Program without voter approval.²

The state is seeking court approval on two issues.

- Whether using funds from the Mental Health Services Act to pay for No Place like home aligns with the desire of voters who passed it in 2004.
- Whether voters need to approve the No Place Like Home bonds.

¹ <https://lao.ca.gov/BallotAnalysis/Proposition?number=2&year=2018>

² <http://www.latimes.com/politics/la-pol-ca-homeless-housing-bond-stalled-20180301-story.html>

The decision is still pending. In the meantime, the Legislature referred Prop 2 to the ballot in an effort to get approval for both issues directly from the voters.

Proposal³

Proposition 2 would eliminate from the No Place Like Home Program the requirement for the state to get court approval to divert funds from the Mental Health Services Act. It also authorizes the state to sell up to \$2 billion in bonds to pay for the program and then to use Mental Health Services Act funds to pay off the bonds.

Fiscal Impact⁴

The fiscal effect of Prop 2 depends on whether or not the courts would have approved the state's plan to pay for the No Place Like Home Program. If the courts did grant approval, Prop 2 would have little effect because the state would have gone forward with the program, using funds already in the state budget. If the courts did not grant approval, the state would not be able to do so without Prop 2.

Supporters

There are three committees registered in support of Prop 2.⁵

- Affordable Housing Now – Yes On Props 1 & 2 Coalition: Housing California, California Housing Consortium, State Building and Construction Trades Council of California and Silicon Valley Leadership Group
- A Home For Everyone, Yes on Props 1 & 2
- California Homeless and Housing Coalition Action Fund, Yes on Props 1&2

Zima Creason, CEO of Mental Health America (MHA) of California, David Swing, president of the California Police Chiefs Association, and Sergio Aguilar-Gaxiola, a former member of the National Advisory Mental Health Council of the National Institute of Mental Health, wrote the official arguments in support of Proposition 2 in the state's voter guide.⁶

Supporters have raised \$2.09 million. The largest contributor is the Chan Zuckerberg Advocacy, which made a \$250,000 contribution to Affordable Housing Now.

Supporting Arguments⁷

Supporters argue that passing Prop 2 would allow the No Place Like Home Program to

³ Ibid

⁴ Ibid

⁵ <http://cal-access.sos.ca.gov/Campaign/Measures/Detail.aspx?id=1407101&session=2017>

⁶ <http://voterguide.sos.ca.gov/propositions/2/arguments-rebuttals.htm>

⁷ Ibid

- Support the construction of 20,000 supportive housing units.
- Provide supportive housing and treatment for people living with serious mental illness.
- Help people off the street into comprehensive mental services and addiction treatment.
- Provide these benefits without raising taxes.

Opponents

There are no committees registered in opposition to Prop 2.⁸

Charles Madison, President, National Alliance on Mental Illness (NAMI) Contra Costa, Gigi R. Crowder, Executive Director, NAMI Contra Costa, and Douglas W. Dunn, Chair Legislative Committee, NAMI Contra Costa, wrote the official argument against Proposition 2 that appeared in the state's voter guide.⁹

Opposing Arguments¹⁰

NAMI Contra Costa is a nonprofit mental health organization. They argue that the No Place Like Home program is counterproductive because it redirects treatment funds that were dedicated to the mentally ill by Proposition 63. NAMI Contra Costa argues that Prop 2 is

- Costly because \$5.6 billion in bonds would be needed to raise \$2 billion for housing projects.
- Unnecessary because the Legislature already authorized counties to pay for housing for the severely mentally ill when Proposition 63 was passed in 2004.
- Will force more people into homelessness because it does not *require* treatment for those who are provided housing.
- Does nothing to address the systematic legal barriers which are the cause of the difficulty to build such housing. Often, neighborhoods choose to keep the mentally ill away from their communities, so it is ineffective to pay out billions in interest when the money may never be touched due to community opposition against housing projects for the mentally ill.

Conclusion

- Voting YES on this proposition authorizes the state to use existing county mental health funds to pay for housing for people with mental illness who are homeless.
- Voting NO on this proposition means that 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.

⁸ <http://cal-access.sos.ca.gov/Campaign/Measures/Detail.aspx?id=1407101&session=2017>

⁹ <http://voterguide.sos.ca.gov/propositions/2/arguments-rebuttals.htm>

¹⁰ Ibid

For more information on Proposition 2, visit:

www.roseinstitute.org

www.CAYesonProp2.org

www.namicontracosta.org