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Why Is Supervisor Yee's Housing Project So Hush-Hush? LHH Housing Proposal Ignores Dire Shortage of Skilled Nursing Facility Beds

by Patrick Monette-Shaw

Thirteen days after San Francisco voters passed the \$600 million Affordable Housing Bond on November 5, 2019 and also approved allowing construction of 100% affordable housing and teacher housing projects on public land zoned "P, Public" that previously barred residential housing on public parcels, the Mayor's Office of Housing and Community Development (MOHCD) issued a *Request for Proposal* (RFP) on November 18 to build housing on Laguna Honda Hospital's (LHH) campus.

Neither the Health Commission nor the Board of Supervisors held public hearings before the RFP was issued.

How can this be, given that LHH's campus has long been a citywide asset for skilled healthcare facilities, not a plaything that belongs only to District 7 Supervisor Norman Yee and his district constituents?

How can properly noticed public hearings on this *not* have been held beforehand? Why is Yee being so hush-hush about the project?

Timeline of Yee's Various LHH Proposals

Yee's proposal to building housing on LHH's campus has been percolating since at least March 2018, also without any public hearings. Instead, there have only been a handful of by-invitation-only private meetings that Yee's staff has held only with influential neighbors surrounding Laguna Honda Hospital.

Yee's LHH Housing First Proposal, March 2018

Back in July 2018, I published "*Monetizing Laguna Honda Hospital Campus*," an [article](#) reporting that Supervisor Yee had formed a Working Group on March 13, 2018 to explore expanding *Residential Care Facilities for the Elderly* (RCFE) in San Francisco.

I reported that the next day, on March 14, Yee pitched his first proposal to MOHCD and the Department of Public Health to build a six-story building with up to 160 units of housing for seniors on LHH's campus, with a spectrum of options for those who need assisted living, RCFE, skilled nursing, and independent living.

The next day, MOHCD staff advised Yee's legislative aide, Nick Pagoulatos, that LHH's campus would need to be re-zoned to allow housing, and warned him there might be a need for a new EIR if what was being proposed was not the same as what was considered in the 2002 EIR conducted for LHH's replacement hospital project.

By May 15, 2018 Kate Hartley, MOHCD's then-director, advised Yee's staff LHH's site "isn't big enough" for the project Yee was contemplating, and the site couldn't accommodate it. On May 16, an MOHCD staffer indicated MOHCD could only proceed with conducting a feasibility study for independent senior housing units. She indicated MOHCD didn't think either assisted living, or RCFE, units would be feasible.



Proposed Housing Site The oval-shaped area in this partial aerial view of Laguna Honda Hospital's campus is *not* a mere "vacant lot," as Supervisor Norman Yee mistakenly wants you to believe. It's the exact spot where 420 skilled nursing beds were to have been built, but were eliminated following massive cost overruns of the hospital rebuild project in 2010. Skilled nursing beds should be built there!

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On June 4, Ms. Hartley noted during a phone call with this author that a feasibility study would be conducted, in part focusing a transportation impacts and whether shuttle-bus transportation solutions will be included in the project. MOHCD apparently recognizes that there is a dearth of neighborhood amenities in the LHH area — such as grocery stores, pharmacies, and other amenities nearby that most people desire when they choose a neighborhood where they want to live. Unlike most San Francisco neighborhoods with neighborhood character, there's no neighborhood to speak of at the top of LHH's campus.

As far as is known, another EIR has not been performed between May 2018 and the end of December 2019, nor has a “feasibility study” been performed to determine whether assisted living and RCFE units are financially feasible for the LHH campus, and whether transportation solutions are sufficient.

Yee's first May 2018 proposal to build on LHH's campus was essentially dead on arrival.

Yee's Second, Significantly Larger, LHH Proposal, December 2018

In February 2019, I published a follow-up [article](#) after Yee resurrected his proposal for LHH's campus.

Undeterred, Yee tried again by proposing to build a significantly larger project on LHH's campus, despite having previously been shot down by MOHCD. In a draft [position paper](#) on his letterhead dated December 18, 2018 Yee pitched constructing a “Life Care Facility” (similar to Continuing Care Retirement Communities) to San Francisco's new Dignity Fund proposing a spectrum of facilities on LHH's campus, including 1) An unstated number of independent senior housing units (perhaps including market-rate units); 2) An unstated number of assisted living units; and 3) a 30-bed RCFE, several of which beds would be “kept open” for patients discharged from LHH.

The significant expansion included adding 4) An unstated number of Adult Day Health Care (ADHC) slots for elderly adults needing day-care supervision; and 5) A preschool to foster “intergenerational connections” between the elderly and two- to three-year-old preschoolers. It's not known if his second proposal also envisioned a six-story building, or perhaps a taller one.

Although Yee indicated he was proposing a really small RCFE of 30 beds (that will barely create a dent in the RCFE shortage Citywide), he didn't indicate how many independent housing and assisted living units he was proposing, or the number of ADHC slots and the size of a preschool, or how they would all be crammed onto LHH's campus that MOHCD had previously ruled out, indicating LHH was too small of a site for multiple uses.

Bait-and-Switch of Space on LHH's Campus

Back in 2007, a proposal was presented to the Health Commission to build up to 240 assisted living senior units on the southwest side of the campus, by first demolishing (at a minimum) the old “K” – “L” and “M” – “O” finger wings at the back of the old hospital, and replacing it with two- to three-story assisted living units.

Along came a bait-and-switch. Given inaction on assisted living proposals, DPH decided to instead [renovate](#) Wings “M” and “O” into administrative offices for DPH employees — at a staggering \$60 million cost using so-called “certificates of participation” (COP) funding — on the same spot the assisted living was to have been placed. (COP funds are not approved by the voters, but by the stroke of the Board of Supervisors pen.) It's thought another \$50 million will be required to pay down the interest on

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“ Yee tried again, proposing to build on LHH's campus: 1) An unknown amount of Independent senior housing units, 2) An unknown amount of Assisted Living units, 3) A 30-bed RCFE, 4) An Adult Day Health Care center, and 5) A pre-school. ”

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the COP's, for a total cost of \$110 million. At one point in early 2018, Supervisor Yee's staff appeared to be unaware the previously planned southwest site for assisted living units had been redesignated for office space for DPH employees.

COP's are a form of issuing paper debt that is not considered to be "long-term debt." COP funding use a scheme of leasing other properties owned by the City and renting those properties back. COP's don't require voter approval; the City just issues them through the Board of Supervisors. Currently the LHH campus is mortgaged to the tune of \$327.5 million in principal, plus another \$293.4 million in interest, for a total of \$620.9 million in COP costs through the year 2032. It's not yet known what other City property may be "leased" to secure the COP funding for renovating LHH for use as DPH administrative offices.

The office space renovation includes new windows, a new roof, gutters, upgrade of two elevators serving the "M" and "O" Wings, code-compliant restrooms, and interior asbestos abatement, among other things. Approximately 480 DPH staff currently housed in buildings leased elsewhere in the City will be relocated to the LHH campus when the renovation is completed in mid-2021. Those additional 480 staff will obviously increase traffic congestion in the Forest Hill neighborhood, above and beyond transportation impacts identified in the 2002 EIR, and additional traffic congestion will result from building assisted living or independent senior housing on LHH's campus.

With the southwest spot on the campus snatched up for conversion to office space, a second bait-and-switch occurred when Yee latched on to the so-called "vacant" northeast lot that was to have been used for additional skilled nursing facility beds.

MOHCD's recommendation to place senior housing (not assisted living) on the same northeast spot that was supposed to have been built for SNF beds will restrict future hospital expansion plans.

Converting both locations to other uses is, clearly, another bait-and-switch. These plans preclude placing assisted living units where they were first envisioned, and preclude placing additional skilled nursing facilities on the most logical site to link to, and provide access into, the rebuilt hospital at the least expense.

LHH's campus shouldn't be developed for residential housing *or* for administrative offices for DPH staff; it should be preserved for hospital and medical-based facilities as the City's population increases and additional hospital-based infrastructure becomes more critical.

A Dozen Years Ago: Assisted Living Housing Analysis, 2007

Anshen+Allen Architects/Gordon H. Chong & Partners issued a draft feasibility study for assisted living housing on the Laguna Honda Hospital campus, that was released to the public a dozen years ago, on August 2, 2007. Of the five options presented, one proposed constructing 246 housing units (to house 251 residents), at a total project cost of \$246.7 million, just shy of \$1 million per housing unit. So-called "sticker shock" resulted, oddly attributed, in part, to the fact that all five options presented involved Residential Care Facilities for the Elderly (RCFE), a licensed category of housing. Many RCFE projects have been built for far less per unit. The Assisted Living Project planning workgroup disavowed it had instructed the design team to develop any, or only, RCFE options.

On December 4, 2007 San Francisco's Health Commission [adopted](#) a resolution urging acceptance of the Anshen+Allen assisted living report that assisted living be built as an RCFE on the LHH campus, and that *"the buildings should be constructed as [soon as] financing becomes available."*

During the dozen years since 2007, the Health Commission hasn't lifted a finger to request that COP's be used to finance assisted living facilities on LHH's campus. Some observers believe that amounts to have been a dereliction of duty. This time around, COP's should definitely be brought in to help fund constructing assisted living units throughout the City, not just on LHH's campus.

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Yee's November 2019 Proposal

After having first declined to consider Yee's LHH housing proposal because the site was too small, MOHCD suddenly released an RFP on November 18 soliciting bids to build Yee's project. What changed?

One major change included Kate Hartley being pushed out as MOHCD's director in July 2019 for unknown reasons, even before voters approved the \$600 million Affordable Housing Bond on November 5. With Hartley out of the way, Yee appears to have pushed for his LHH housing proposal again, perhaps hoping the third time would be a charm.

MOHCD's RFP claims the housing project will include everything but the kitchen sink, including a still unspecified number of independent senior housing rental units in studio and one-bedroom apartments restricted to those earning 30% to 80% of Area Median Income (\$25,850 to \$68,950 for a one-person household). Another portion of the project calls for a still unspecified number of assisted living units, and a still unspecified number of Residential Care Facility for the Elderly (RCFE) units, which are similar but a different kind of facility, collectively referred to as the "Assisted Living" component of the project.

After working on his proposals since March 2018, shouldn't Yee and MOHCD be able to specify the number of independent rental housing units, the number of assisted living units, and the number of proposed RCFE units by now? Notably, the RFP does not mention how many stories the project will include.

The assisted living component hinges on a future "financial feasibility study" MOHCD hasn't yet conducted. MOHCD has had months to conduct a financial feasibility study since it first notified Yee that one would probably be required. Worrisome, MOHCD — at its sole discretion — may elect to make the Assisted Living component a separate project under a separate RFP to ensure creating a financially viable sub-project. It may vanish if not viable financially. Can't COP's be pressed into service to help ensure "viability"?

The project also calls for an early childhood education center for an unknown number of children, and an Adult Day Health Center (ADHC) for an unspecified number of adults needing day care.

MOHCD claims the project will be built on an "unbuilt lot" adjacent to the two new patient towers of the LHH replacement hospital, which, as discussed, is nonsense.

The *San Francisco Examiner* reported November 21 city officials "envision" at least 200 units will be built. It's unclear whether the 200 units are for the entire project, or only for the independent rental housing component of the project. Of note, the proposed 200 units is significantly larger — a 25% change increase — than the 160-unit project Pagoulatos had pitched for Yee in March 2018. And that's even before we know whether the project will indeed have 200 independent living rental units, plus additional assisted living units and more additional RCFE units.

MOHCD is proposing to transfer the undeveloped lot site, subject to final approval by the Board of Supervisors and the Health Commission, to the chosen qualified developer through a long-term ground lease. Why haven't the Health Commission and the Board of Supervisors held public hearings on this yet, beforehand? What's the delay, and isn't this the cart-before-the-horse, again? Shouldn't the approval of transfer of a public site be made *before* bids on proposals are sought? Why seek proposals even *before* determining whether transferring the site is in the public interest?

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A prominent West Side leader who has attended multiple not open to the general public and secret pre-planning sessions with Supervisor Norman Yee and his staff believes Yee's project will be awarded two-thirds (\$100 million) of the \$150 million earmarked for senior housing in the November 2019 \$600 million *Affordable Housing Bond*.

This suggests the earmarked senior housing funds may largely benefit a single Supervisorial District: Supervisor Yee's District 7. How fair is that to elderly San Franciscans throughout the rest of the City?

There are still the same problems with Yee's proposal, just as when he first introduced it in March 2018:

- First, the "undeveloped site" is a northeast spot on the LHH campus that went undeveloped when 420 of the Skilled Nursing Facility (SNF) beds were eliminated from the planned hospital rebuild in 2010 after cost overruns soared to nearly \$200 million.

In February 2016 the Health Commission documented San Francisco had already lost 1,163 hospital-based and freestanding SNF beds between 2001 and 2015, a 52.3% decline in SNF beds.

The report also documented San Francisco faces a 1,745-bed SNF gap between supply and demand within 14 years, by 2030, in part because 192,000 San Franciscans aged 65 and older will comprise 20% of San Francisco's population by 2030, and in part because the City may lose additional existing SNF beds.

Frankly, the northeast lot should be used *only* for constructing additional SNF capacity, with COP funding pulled in to build out more SNF beds in county.

- Second, the City has dumped at least 1,659 San Franciscans into out-of-county facilities between July 2006 and June 2019 from our two public hospitals and two of the six private-sector hospitals, in large part because of the severe shortage of in-county SNF beds. Despite having been asked repeatedly to sponsor legislation requiring all facilities report their number of out-of-county discharges annually, Yee has failed doing so.

I have advocated with Yee's staff repeatedly since January 2017 and since August 2018 to sponsor writing such legislation requiring each and every private-sector and public-sector hospital in the City, and RCFE facilities, to report their out-of-county discharge information, including a limited amount of demographic data, to DPH annually going forward to document and better understand the scope and severity of out-of-county patient dumping. As I've written repeatedly, "*You can't fix what you don't measure.*"

In addition, *San Franciscans for Healthcare, Housing, Jobs & Justice* (SF-H2J2), a coalition of over 50 organizations, family members, and health care providers belonging to California Nurses Association (CNA) have been advocating for the same legislation since at least September 2017. It is thought H2J2 had been making progress with Supervisor Hillary Ronen's office to introduce such legislation. But as of December 15, 2019 there's been no action by Supervisor Yee, Supervisor Ronen, or the Board of Supervisors to get this legislation written, introduced, and passed into law.

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- Third, the proposed housing site at LHH's northeast location is extremely far away from the Forest Hill MUNI station, and use of public transportation to the site is a huge problem. Currently, shuttle van service thought to be provided by LHH staff between the Forest Hill station and the rebuilt hospital is sporadic, at best.

The shuttle van currently operates only five days a week (presumably, Monday through Friday), and runs every 30 minutes between 6:30 a.m. and 6:00 p.m. That portends that seniors who might be interested in independent housing or assisted living at LHH but who rely on public transportation and can't walk long distances would essentially be prisoners at the facility on nights and weekends, and would have to return to the Forest Hill MUNI station by 5:30 p.m. in order to use the shuttle van service.

- Fourth, the slope of LHH's campus hills are prohibitively steep for elderly people to walk up, or down, particularly if they have difficulty climbing stairs carrying packages or groceries.

LHH still has the embarrassment of a poorly-designed 960-foot ADA-accessible pathway leading from Laguna Honda Boulevard up a steep hill to the Pavilion Building's new front entrance.

In November 2006 when initial construction of the pathway — dubbed the “Tree Allee” — appeared to be complete, LHH's rehabilitation clinicians authored a [report](#) outlining concerns about multiple problems with the pathway. I intentionally refused to have my name listed as an author, because I didn't want to risk repairs *not* being made because of my name and advocacy.

The repaired sidewalk only intermittently contains raised safety curb edges to prevent wheelchairs from rolling off, erratically added some handrails along the sidewalk, and added just two turnout rest areas at the bottom of the hill. A handful of completely flat sections were added to the sidewalk, but there are no rest areas anywhere near the top of the hill or near the so-called “vacant spot” being proposed to build the senior housing and assisted living units.

The sidewalk is virtually useless during San Francisco's winter rainy season and inclement weather, further isolating the elderly who need independent senior housing.

- Fifth, there are virtually zero nearby neighborhood amenities — like grocery stores, restaurants, and pharmacies — within walking distance of the proposed site.
- Sixth, prioritizing space for a childhood pre-school over space for SNF or RCFE beds, or senior housing, is simply obscene. Seniors do not find “*purpose*,” as Yee alleges, babysitting three- and four-year-old barely-verbal preschoolers. When I'm in my 80's and may have dementia, I will not find *purpose* from children barely out of their “*terrible two's*.” In fact, I won't even want them around.
- Seventh, LHH eliminated its long-existing ADHC from the rebuild project, which should have been included in the replacement hospital.



Sidewalk Access to LHH I prepared the November 2006 report for LHH's Rehabilitation Services Department documenting that the sidewalk initially installed leading to the new hospital wasn't ADA compliant, and had no handrails. Although some repairs were funded and installed — including adding handrails to some portions, and adding two rest area “turnouts” — the sidewalk is still not user-friendly for people using wheelchairs, and too long to traverse for those who can walk but who have difficulty climbing stairs.

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Wheelchair Access Wheelchair users who miss shuttle bus service from Forest Hill MUNI Station face a dangerous, daunting climb up steep grade of ADA non-compliant “Tree Allee” sidewalk.

- Finally, the proposed site should be reserved for additional SNF beds, to capitalize on economies of scale and ready access to LHH's existing medical services like the physical therapy and occupational therapy gyms, therapeutic swimming pool, nutrition services that provide meals to patients, and the hospital's cafeteria, among others.

Yee may want a legacy of building mere housing for the elderly, but he'll forfeit a legacy of addressing the dire shortage of SNF beds.

Yes, there's dire need for more senior housing and RCFE facilities. But failing to address the also-dire shortage of medical-based SNF beds may kill us all, or exile us out of county.

After all, Karma has a way of circling back to pay an unwelcome visit.

It's time to stop pitting the need for additional SNF beds against the need for independent senior housing units and RCFE beds. San Francisco desperately needs more SNF beds on LHH's "vacant" spot of land.

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Monette-Shaw operates stopLHHdownsize.com. Contact him at monette-shaw@westsideobserver.com.

Postscript: Supervisor Yee's Hypocrisy

After this article was completed, the *San Francisco Examiner* ironically published an [article](#) on December 17, 2019 regarding State Senator Scott Wiener's disastrous SB-50 involving forcing greater housing density near transit corridors.

When the Board of Supervisors voted for a third time opposing SB-50 unless Wiener makes significant additional amendments, the *Examiner* quoted Board President Yee as having said "*that he worried about losing aspects of a community process to determine development locally.*" That's rich!

Back in October 2019, I published an [article](#) opposing "Prop. E" on San Francisco's November ballot, asking why San Francisco would seek to usurp hyperlocal (at the neighborhood level) input from local land-use policies. That's essentially what "Prop. E" — to re-zone public land (except parks) citywide in San Francisco — on the November ballot sought to do. "Prop. E" made things worse, stripping out neighborhood input from local processes. It screamed: "*We don't want neighborhood input.*"

"Yee's irony can't go unnoticed: Although Yee claims he wants to preserve processes to determine local development projects, he threw local processes out the window by supporting 'Prop. E' on the November ballot, and then Yee went a step further and threw out the window holding public hearings beforehand when he foisted his housing plan for LHH."

Yee's irony can't go unnoticed: Although Yee claims he wants to preserve processes to determine local development projects, he threw local processes out the window by supporting "Prop. E" on the November ballot to allow constructing housing projects on public parcels, and then he went a step further and threw out the window holding public hearings beforehand when he foisted his housing plan for LHH.

While Yee claims he is now be worried about losing aspects of community input processes when it comes to SB-50, he hasn't shown that same concern with input to his LHH housing proposal. Instead, Yee rammed through his LHH housing project without any public or community input or public hearings.

Some folks recognize that for what it is: Sheer hypocrisy.