

PROGRAM CONCEPT

Throughout its history, MHC has developed integrated senior communities that enable seniors to age in place through a combination of resident services, home health, and adult day programming (both social day and adult day health). This site provides the opportunity to take these efforts to the next level with a multi-generational approach that integrates with both the Laguna Honda campus and the surrounding community.

Based on our experience in California, most efforts to create communities in which seniors can move from one level of care (eg. independent living to assisted living) are unable to provide that continuum to lower-income seniors. So, while there are many models of Continuing Care Retirement Communities, they provide only limited guidance to this effort. Because of past difficulties with the Medicaid waiver for assisted living, our team envisions pursuing a dual strategy for the site that takes advantage of the expertise and experience of the development team in partnership with MOHCD and SFDPH.

In both cases, MHC would develop a senior housing community with services that includes adult day and childcare as part of the site. For the assisted living component, we will examine the financial and programmatic feasibility of both licensed Assisted Living and unlicensed Housing with Enhanced Services models that are able to meet residents' scheduled and unscheduled long-term care and chronic health care needs. This will include evaluating both traditional and alternative financing options for affordable supportive housing options for seniors.

For the independent living component, we propose employing many of the same approaches that have enabled seniors at Mission Creek Senior Community, Presentation Senior Community and elsewhere to age in place well beyond the general conception of independent living. As described further in the services section, this approach integrates adult day and in-home support services components with MHC's resident services and property management to create a networked system of support and engagement for seniors.

At our most successful properties, we accomplish this by creating a seamless operations team that is run by Community Director of Operations (CDO) who manages both the conventional property management functions as well as services for residents. At Laguna Honda, we have based our operations model on the Mission Creek team that includes: 1) MHC's Resident Services Coordinators; 2) 24-7 desk clerks; 3) care management staff (likely LCSWs); 4) "visiting" nurses or other medical staff; and 5) in-home support services staff employed by individual residents or through an agency like Homebridge.

For the assisted living component, there are two options that would be pursued in parallel. If we are able to create a licensed assisted living facility, this would likely be run by a separate operator with MHC available to provide some or all property management services as desired. We would work to integrate as many components as possible, particularly any adult day services (either social or health-related) and home health services. Within the unlicensed Housing with Enhanced services model, there are programmatic alternatives that could enable the community to effectively meet the needs of residents with more intensive and complex needs. In one scenario, there could be a partnership with a PACE provider to provide financial and operational support to the building. This scenario could include an adult day health component with PT and OT services as well as more sophisticated medical care. Another version of the unlicensed approach might focus on a partnership with a medical group and a Medicaid managed care plan. Operations staffing in these Housing with Enhanced Services models would resemble the Mission Creek approach but with different emphases. First, there would be a clear need for a Home Health Agency to aggregate the in-home support services in such a way that provides 24-7

support and coverage. While individual residents could opt for their own IHSS worker, the hope would be that the vast majority would opt to employ the Home Health Agency. Second, the desk clerk function would be staffed more heavily to handle a higher-need resident population. Third, medical staffing would shift from “visiting” to a heavier presence.

As part of the development team’s initial feasibility work, the assisted living consultant, its partners, LLC, will examine financial and operating models for both versions of assisted living. We would partner with SFDPH and Pacific Health Consulting Group to explore various options for securing Medicaid funding for the assisted living component, including the existing Medicaid waiver and an expanded waiver to provide greater financial support and operating capability to the project.

Currently we envision a ground-floor adult day center that enables both the senior housing residents and members of the surrounding community to take advantage of the adult day services. Based on our experiences with Stepping Stone in San Francisco and the Coastsides Adult Day Health Center in San Mateo County, we have learned that this dual-facing strategy is critical for the financial health of the adult day provider. If adult day health is considered, it will also be useful to consider a residential preference for seniors that need such services. As the current criteria for such services effectively require the senior to be nursing-home eligible, an adult day center that combines social and health services could be an ideal complement to an unlicensed assisted living community. Overall our team envisions a program for the site that integrates not only the specific elements of this RFQ but potentially the larger Laguna Honda campus. At this stage, there is not enough information to know what combinations will provide the best financial and care models, but there are great possibilities to take advantage of the UCSF/DPH medical staff on site as well as consider teaming up with the City and the San Francisco Health Plan to capture the full cost savings of this model.

Site Design: The site provides an opportunity to develop a truly integrated multi-generational community. We propose a design with three buildings of seven stories, of Type III over I construction. The design takes advantage of the large site with plenty of outdoor space, including a community courtyard connecting the buildings. The ground floor would be activated with community space, the childcare center and the adult day services. We propose up to 300 units of service-enriched low-income senior housing, with an even mix of studio and one-bedroom apartments, and at least 75 units of assisted living. The senior housing will have community space and resident service space, allowing for the residents to easily access care and services, as well as offering space for senior and inter-generation programming. In terms of a child-care center, we are excited by the possibility of a multi-generational community on the site. Given the questions about the assisted living component, initially it will be important to be flexible on the relative locations and size of both the adult day and the child care elements. We would position both the childcare center and adult day center to provide the best options for drop-off and pick-up as the site has some unique challenges with the long entrance drive.

Consistent with current best practice for assisted living facilities and considering unit design requirements for a range of likely financing options, living units would likely be private studio apartments equipped with a kitchenette, fully accessible private bathrooms, emergency call system, and lockable doors. Unlike a traditional seniors housing project, the licensed assisted living project will require a dining room large enough to accommodate all the residents with sufficient space for wheelchair and walker access, as well as a larger commercial kitchen with capacity for providing all meals to all residents. Additional offices and workspace will be needed to accommodate a larger number of departments, staff and operational functions, as well as a mix

of different common areas for resident use. The assisted living units will be clustered with small neighborhood design features within the larger multi-story building, which can provide a less institutional and more residential environment.

The site itself offers the opportunity for residents to connect with greater city through transit and nature. The team will work with the Laguna Honda Hospital to allow residents to have access to the shuttles that run from the MUNI station at the bottom of the hill from the site. Additionally, the site is surrounded by the Laguna Honda trail system which connects to the San Francisco Crosstown Trail. The design will ensure connections with this incredible community and city benefit, and the programming will also take advantage of the trails here.

COMMUNITY ENGAGEMENT STRATEGY

Mercy's philosophy for community outreach is to incorporate stakeholders early and regularly through an inclusive, iterative process. For a development to truly serve the community, it is vital that we understand the needs and concerns of the interested parties, educate individuals about affordable housing, and get input on neighborhood, design, and operating issues. Mercy has a dedicated staff member to lead outreach, Amy Bayley, RSM, Vice President of Community Planning. Working closely with Sister Amy will be Mercy Associate Director of Real Estate Tim Dunn and the chosen architect, for which community planning experience will be a key consideration in architect selection. With decades of experience working in San Francisco, brings deep knowledge and relationships that will greatly assist in the community engagement for Laguna Honda.

Community Meetings: We believe that outreach should begin with initial site planning and continue throughout predevelopment, construction, and into operations. Following initial meetings with key stakeholders to inform our approach, we would conduct larger group and neighborhood meetings. Well-planned and productive community meetings are opportunities for gathering input and being accountable to the community at key stages of the planning, design and implementation process. Open communication, with meetings at convenient times to gather a wide range of community members, will be essential. Specific meeting activities may include tours of the site or existing affordable housing developments, hands-on workshops on program and design, and forums geared to targeted groups such as families, business owners, and elected officials. Informational materials include fact sheets, frequently asked questions, newsletters and flyers, websites/social media, and kiosk(s) at neighborhood sites and/or events.

Initial outreach would be made to identified stakeholders such as Supervisor Norman Yee's office, local faith-based groups like the Forest Hills Christian Church and St Brendan's parish and neighborhood organizations like the Forest Hills Association. Mercy would benefit from having successfully entitled 1100 Ocean Ave in District 7 in partnership with Bernal Heights Neighborhood Center as well as having previously established a relationship with the Forest Hills Christian Church when consulting for them on developing their site for senior housing. Our team would present the proposed project as a starting point for discussion recognizing that many factors could change as part of the engagement process. We track input and questions in order to develop tools for future meetings and to demonstrate how feedback was incorporated. We typically conduct meetings until we achieve consensus that the design, program, services and property management plan are responsive and acceptable. This project will involve additional outreach to assess the community's desires for the neighborhood-serving commercial spaces.

Project Entitlements: The proposed project would qualify for streamlined approvals under SB-35, through Proposition E, which would allow the residential use to be by-right on this site. The

assisted living component would also qualify for SB-35, as affordable assisted living also qualifies for the streamlining. MHC has successfully used SB-35 for three projects thus far in San Francisco: Casa de la Mision, 1064 Mission, and 833 Bryant. Even with streamlined approvals, it is critical for us to engage the community in a thorough, respectful manner to get ahead of potential issues and gather the support to ultimately build successful communities. We would maintain relationships with communication at key stages of the project and continue to meet with the community as needed throughout operations. In other San Francisco developments, both Mercy has proven to be actively engaged neighbors involved in addressing community concerns.

Monolingual Non-English Speakers/City Language Ordinance: MHC has completed complex community outreach processes across the City of San Francisco, including in many diverse communities with non-English speakers. We will provide outreach and marketing material in foreign languages, in addition to translation and interpretation, as needed. Mercy has multilingual staff that can translate directly in languages such as Spanish, Chinese, Russian, and Tagalog, and can access a translation services program as needed.

SERVICES DELIVERY STRATEGY

Mercy Housing California (MHC) is a leader in an integrated, mission-based approach that couples the delivery of customized resident and community service enrichments with quality development, management, and maintenance to create healthy communities.

All senior properties have a Resident Services Coordinator (RSC) onsite that oversees the delivery of quality programming and services to a culturally diverse group of seniors and individuals with disabilities. MHC sets its outreach efforts to 100%, ensuring that all residents are engaged with the Resident Services staff or have access to services. The Resident Services Program is designed to include four priority program models: 1) Health and Wellness 2) Economic Development/Housing Stability 3) Education 4) Community Participation. The role of the RSC is to identify the individual and community needs of residents as it relates to the program priority areas, and to develop strategies to link residents with needed services.

Health & Wellness: MHC delivers health services coordination to all its residents, offering the following services: basic health & needs assessments, ADL support & screening, health benefit acquisition, health education & risk reduction, physical activities, access to food, wellbeing checks, transition planning, and linkages to preventative and behavioral health care.

In order to provide an enhanced service model, MHC partners with health care providers and local agencies to ensure the best delivery of services. MHC currently works with the Institute on Aging to provide a wellness nurse in three of the formerly Housing Authority RAD sites. The wellness nurse provides 32 service hours to residents, providing the following services onsite: comprehensive psychosocial and health assessments and monitoring, blood pressure screening, glucose monitoring, hospital transition planning, and home visits.

In addition to annual assessments, Resident Services staff periodically monitor residents for change in risk factors and service needs. This formalized screening and follow-up augments on-site health risk reduction activities such as disease management groups, fall prevention, and social support opportunities using evidence-based interventions. MHC has integrated the Chronic Disease Self-Management (CDSMP) and Matter of Balance Programs into its program model, offering the evidenced-based workshops onsite to residents.

All Resident Services staff are trained to be workshop facilitators in CDSMP and Matter of Balance. MHC has successfully offered CDSMP workshops to over 500 senior residents in MHC

properties. The CDSMP workshop focuses on a self-management approach in dealing with chronic conditions such as heart disease, arthritis, diabetes, depression, asthma, and other physical and mental health conditions. Residents who have participated in the program have reported improvements in their condition and general wellbeing. Matter of Balance was implemented in late 2015, and to date, over 500 residents have participated in the workshop. 80% of residents that have participated in fall prevention workshop report viewing falls and fear of falling as controllable and continue to engage in physical activity and exercises.

Economic Development/Housing Stability: MHC's long-term impact is to create households that have safe and stable housing, and where renters are in good standing. In order to achieve housing stability, MHC's RSCs work closely with residents, and provide the following services: eviction prevention coaching, lease education, housing options, housing inspection, linkages with financial resources, and referrals. Housing stability activities are provided proactively before any risk of instability of housing occurs or following an incident that increases the resident's risk of eviction. MHC understands the complex needs of our residents, and therefore we position our residents with the best of resources, so that they can maintain their housing stability. MHC's Eviction Prevention Coaching involves assessing and addressing resident's needs for knowledge, skills and resources to prevent eviction. Resident Services staff work as a part of a team to plan and provide services that help resolve a variety of issues including nonpayment of rent, behavior issues, housekeeping violations, pest-related concerns or other issues that negatively impact housing status. MHC has been very successful in ensuring housing stability for residents in our senior buildings, as evidenced by our 98% housing retention rate.

Education: MHC believes that education plays an important part in empowering residents with the knowledge to make good decisions. The focus of MHC's education programming is focused around creating Financial Stability. In addition to referrals, RSCs provide the following services: financial stability seminars, financial benefit acquisition, employment and job readiness support, and technology literacy.

Community: Community participation is a vehicle for preventing isolation, reducing conflict, enhancing safety, promoting property and neighborhood pride, and building leadership skills in individual residents. MHC supports strong resident participation and feedback in all areas of programming and services. In order to achieve this, MHC encourages residents to participate in community events, and join tenant councils and volunteer groups. Resident Services encourages community participation in order to enhance social connections and build community among residents and between and property and the surrounding community.

Licensed AL service delivery strategy: Should the team pursue the licensed AL model, the project will be designed to provide individualized services to older and disabled adults in a residential community setting. Available services will include three meals per day, assistance with housekeeping, laundry, transportation and personal care. On-site health-related services may include assistance with medications; nursing assessments; chronic care management. A nurse and resident care coordinator will also be employed to help arrange access a range of community services. A full social/recreation program will be available, including a variety of group and individual activities designed around the interests of residents. Life enrichment programs will also be responsive to individual preferences for engagement with the immediate neighborhood and larger community. The building will have 24-hour awake staff available on-site to meet both scheduled and unscheduled needs.

The project's approach to service shall reflect a philosophy that supports independence, dignity, choice, privacy and individuality in meeting the needs and preferences of all residents in a home

like setting. To operationalize an overarching goal of providing person-centered care, an individualized service plan will be developed with each resident that reflects their unique needs and preferences. And to ensure service plans are responsive to changes in resident needs, they will be reviewed by a multidisciplinary team and with the resident on a quarterly basis or upon significant change of condition.

FINANCING AND COST CONTAINMENT APPROACH

As discussed previously, MHC is one of the most experienced affordable housing developers in the State of California and has worked on a variety of creative and complex funding structures. With the variety of uses on this site and the relatively large share of non-residential space, the financing structure for this site will require some complexity. MHC and its consultant will work with the City to balance the ideal vision for the site with the available funding sources.

The team's financing strategy for the senior affordable housing is to leverage non-competitive Federal 4% LIHTC and tax-exempt bonds with HCD's Multifamily Housing Program (MHP). MHC has significant experience with all of these sources. MOHCD is assumed to fill the remainder of the gap with a soft loan. The assisted living component can be financed through LIHTC, and our consultant, ita partners, LLC, has experience developing assisted living with LIHTC. MHC and its team will work closely with MOHCD to create a program that is ideal for this approach. The site will be subdivided to allow the assisted living and affordable housing to pursue separate financing methods, and for ease of the ownership structure.

LIHTC for Assisted Living: Assisted Living facilities may be funded through tax credits as long as they are not classified as health care facilities. As long as the assisted living does not provide continual or frequent skilled nursing, medical care, or psychiatric services and other services are considered optional services as residential rental housing, the facility could qualify for LIHTC. Mauro Hernandez will be an important resource for MHC and MOHCD to navigate this landscape as the project moves forward.

Operating Subsidies: Affordable assisted living care depends on subsidies to cover the cost of care of the residents. Our team is experienced in Medi-Cal and Medicaid waivers, as well as working with local subsidies, including DPH/DAAS subsidies. We will work with the City to pursue the best strategy, including considering an unlicensed model that could provide cost savings in care, as we have seen at Mission Creek Senior Housing. Operating subsidies such as Section 8 Project Based Vouchers and the Local Operating Subsidy Program could be used in the Housing with Services model, allowing low-income residents to access in-home support services while reducing the demand on the over-burdened assisted living subsidy programs.

Innovative Financing Approaches: MHC has a long history of identifying new, innovative financing approaches and aggressively pursuing sources that reduce the amount of funding required from MOHCD. If selected, MHC will continue to identify potential new financing approaches throughout the development process.

Construction Cost Containment Approach: This site is a candidate to pursue modular construction and we will work with the design team as the project moves forward to develop the most efficient design. MHC is a leader in modular construction, with two projects starting construction in the City of San Francisco this year. Additionally, we will work to find other cost saving measures. Using cost efficient design and construction principles, we will stack floor plates and optimize standard unit plans, interior finishes, windows and doors, MEP systems, structural and foundation systems.