

Mayor's Office of Housing and Community Development
City and County of San Francisco



Edwin M. Lee
Mayor

Olson Lee
Director

January 12, 2016

Members of the Board of Supervisors
1 Dr Carlton B Goodlett Place
San Francisco, CA 94102

Re: Request for authorization to subordinate Seismic and Safety Loan Program loans to HealthRight 360 construction loan

Members of the Board of Supervisors,

The Mayor's Office of Housing and Community Development (MOHCD) and the San Francisco Department of Public Health (DPH) jointly submit for Board of Supervisors consideration the attached proposed resolution authorizing the subordination of two existing Seismic and Safety Loan Program loans, secured in part by real property commonly known as 890 Hayes Street and 214 Haight Street, to a new loan from the Nonprofit Finance Fund to HealthRight 360 in the amount of \$8,500,000 for the construction of HealthRight 360's new headquarters and clinic located at 1563 Mission Street.

HealthRight 360 (HR360), a merger of Haight Ashbury Free Clinic, Walden House, Lyon Martin Health Services, and other community health providers, is an important City partner. A key provider of health and behavioral health services in San Francisco, HR360 contracts with DPH and other City departments to provide primary care, mental health, and substance abuse services to San Francisco's vulnerable and low-income populations. DPH alone contracts with HR360 provide nearly \$45 million in medical, mental health, substance abuse, and HIV services to more than 20,000 San Franciscans each year. Given HR360's role as a vital part of the City's health care safety net, DPH supports this proposed resolution.

In recognition of their history providing needed services to vulnerable San Franciscans and in anticipation of the expansion of these services expected as a result of their new headquarters and clinic building, in September 2014 the Health Commission determined that HR360 was consistent and recommended for incentives under the City's Health Care Services Master Plan. The Health Care Services Master Plan identifies the current and projected need for health care services in San Francisco, and makes recommendations on how to achieve and maintain appropriate access to such services. Certain recommendations in the Master Plan are designated as "Eligible for Incentives" because they address specific unmet health care needs. Projects that address these unmet needs, such as HR360's new headquarters and clinic building project, are recommended by the Health Commission for incentives within the city planning process.

HR360's new clinic is projected to provide 18,500 medical visits to 7,400 unique patients and 5,400 dental visits to 2,160 unique patients on an annual basis. In addition, HR360's proposed project will expand on community behavioral health services in the city by adding 10,000 square feet for substance abuse and mental health services, providing approximately 1,000 individuals with substance use disorder services and 300 individuals with mental health counseling. Based on the clinic's catchment area and HR360's current client population, the new clinic's patients will be disproportionately low-income, uninsured or publicly-insured, and have high rates of hospitalization due to preventable illness compared to the city population overall. This new project will enhance HR360's demonstrated ability to provide critical services to a population with complex medical and behavioral health needs.

Without approval of this resolution, completion of HR360's new headquarters and clinic may not be feasible and HR360 would be required to continue renting office and clinic space in San Francisco's current high cost market. This resolution assists HR360 in securing a stable headquarters in San Francisco, thereby ensuring that the 20,000 low-income San Franciscans that they serve each year continue to have access to needed medical and behavioral health services.

DPH is committed to mitigate any risk to the city by increasing financial oversight of HR360 operations. DPH will amend its existing agreements with HR360 to impose updated asset management and reporting requirements. HR360 will provide DPH with quarterly financial statements, notify DPH of any proposed merger negotiations involving HR360, and obtain prior DPH approval of any such proposed negotiations and mergers.

We appreciate the Board's consideration of this resolution, which will support a key City partner in the provision of critical health services to vulnerable San Franciscans.

Sincerely,



Olson Lee
Director, Mayor's Office of Housing
and Community Development



Barbara A. Garcia, MPA
Director of Health