File No. 210535 **Committee Item No.** 4
Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

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Committee: Land Use and Transportation Committee **Date** September 13, 2021

Board of Supervisors Meeting **Date** _____

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Completed by: Erica Major **Date** September 9, 2021
Completed by: Erica Major **Date** _____

[Planning Code - Conditional Use Authorization Requirements Regarding Residential Care Facilities]

Ordinance amending the Planning Code to eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in Residential, House (RH) Districts; require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility, and consideration of certain factors in determining whether to grant Conditional Use Authorization; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience, and general welfare findings pursuant to Planning Code, Section 302.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Land Use and Environmental Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 210535 and is incorporated herein by reference. The Board affirms this determination.

(b) On July 22, 2021, the Planning Commission, in Resolution No. 20944, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. 210535, and is incorporated herein by reference.

(c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this ordinance will serve the public necessity, convenience, and welfare for the reasons set forth in Planning Commission Resolution No. 20944, recommending approval of the proposed designation.

Section 2. General Findings.

(a) Residential Care Facilities, as defined in Planning Code Sections 102 and 890.50(e) and established with or without the benefit of any permits required under City law, provide lodging, board, and care for 24 hours or more to persons in need of specialized aid by State-licensed personnel, and include board and care homes, family care homes, long-term nurseries, orphanages, rest homes, or homes for the treatment of addictive, contagious, or other diseases, or psychological disorders.

(b) San Francisco has the highest percentage of seniors and adults with disabilities of any urban area in California, and the number of seniors is steadily increasing, especially those over the age of 85.

(c) Over 40% of San Francisco's seniors live without adequate support networks, in part because their families cannot find affordable housing in the City or because they do not have children. This problem is especially acute among LGBTQ seniors.

(d) In January 2019, the San Francisco Long-Term Care Coordinating Council's Assisted Living Workgroup issued a report regarding affordable assisted living in the City,

which is on file with the Clerk of the Board of Supervisors in File No. 210535, and which found:

(1) As of August 2018, there were 101 assisted living facilities with a total of 2,518 assisted living beds and since 2012, the City had lost 43 assisted living facilities which had provided 243 assisted living facility beds;

(2) The number of assisted living facilities in the City has decreased, and the decrease has primarily occurred through the closure of small facilities, particularly the board and care homes with six or fewer beds, which are generally more affordable than other facilities;

(3) Assisted living facilities in the City face economic challenges, such as slim profit margins and difficulty in finding employees, which make it difficult for them to continue to operate; and

(4) There is unmet need for affordable assisted living facility placements, and as of January 2019, available waitlist data indicated that at least 103 persons require such placements.

(e) In October 2019, the City adopted Resolution No. 430-19, which imposed interim controls for an 18-month period to require Conditional Use Authorization and specified findings for a proposed change of use from a Residential Care Facility.

(f) The Planning Department issued a report dated January 29, 2021, which found that, since the effective date of Resolution No. 430-19 on October 11, 2019:

(1) Two Conditional Use applications had been filed for the removal of a Residential Care Facility, one seeking to convert a previously closed facility with five assisted living beds into a single-family home, and the second to convert a closed facility with six assisted living beds into two residential units; and

(2) Residential Care Facilities are considered an Institutional Use that is permitted in Residential zoning districts, with the exception of the RH-1 and RH-2 zoning districts, where new Residential Care Facilities of seven or more beds are conditionally permitted; are not permitted in PDR districts; are not permitted on the ground floor in the North Beach and Folsom Street Neighborhood Commercial Districts and Regional Commercial Districts, and are conditionally permitted on the upper floors in those districts; and are conditionally permitted in the Pacific Avenue Neighborhood Commercial District.

(g) The circumstances that caused the City to adopt the interim controls continue to exist, with preliminary data provided by the Human Services Agency showing the loss of an additional 11 assisted living facilities from January 2019 to January 2021, accounting for a loss during that period of 226 assisted living facility beds in facilities with fewer than 100 beds.

(h) In April 2021, the City adopted Resolution No. 139-21, which extended the interim controls for an additional 6-month period to require Conditional Use Authorization and specified findings for a proposed change of use from a Residential Care Facility through October 11, 2021.

Section 3. The Planning Code is hereby amended by adding Section 202.11 and revising Sections 209.1 and 303, to read as follows:

* * * *

SEC. 202.11. LIMITATION ON CHANGE IN USE OR DEMOLITION OF RESIDENTIAL CARE FACILITY.

Notwithstanding any other provision of this Article 2, a change in use or demolition of a Residential Care Facility use, as defined in Section 102, shall require Conditional Use authorization pursuant to Section 303, including the specific conditions in that Section for conversion of such a use. This Section 202.11 shall not authorize a change in use if the new use or uses are otherwise prohibited.

SEC. 209.1. RH (RESIDENTIAL, HOUSE) DISTRICTS.

Table 209.1

ZONING CONTROL TABLE FOR RH DISTRICTS

Zoning Category	**§ References**	**RH-1(D)**	**RH-1**	**RH-1(S)**	**RH-2**	**RH-3**
* * * *						
NON-RESIDENTIAL STANDARDS AND USES						
* * * *						
Institutional Use Category						
Institutional Uses*	§ 102	NP	NP	NP	NP	NP
* * * *	* * * *	* * * *	* * * *	* * * *	* * * *	* * * *
Residential Care Facility	§ 102	P*(3)*	P*(3)*	P*(3)*	P*(3)*	P
* * * *	* * * *	* * * *	* * * *	* * * *	* * * *	* * * *

* Not listed below.

* * * *

(3) *[Note deleted]*~~*C required for seven or more persons.*~~

* * * *

SEC. 303. CONDITIONAL USES.

* * * *

(aa) ***Change in Use or Demolition of Residential Care Facility.*** *With respect to a change of use from or demolition of a Residential Care Facility, as defined in Sections 102 and 890.50(e) of the Planning Code, including a Residential Care Facility established with or without the benefit of any permits required under the Municipal Code, in addition to the criteria set forth in subsections (c) and (d) of this Section 303, the Commission shall take into account the following factors when considering a Conditional Use Authorization for the change of use or demolition of a Residential Care Facility:*

(1) Information provided by the Department of Public Health, the Human Services Agency, the Department of Disability and Aging Services, the Golden Gate Regional Center, and/or the San Francisco Long-Term Care Coordinating Council with regard to the population served, nature and quality of services provided, and capacity of the existing Residential Care Facility;

(2) Data on available beds at licensed Residential Care Facilities within a one-mile radius of the site, and assessment from any of the above agencies regarding whether these available beds are sufficient to serve the need for residential care beds in the neighborhoods served by the Residential Care Facility proposed for a change of use or demolition, and in San Francisco;

(3) Whether the Residential Care Facility proposed for a change of use or demolition will be relocated or its capacity will be replaced at another Residential Care Facility Use, and whether such relocation or replacement is practically feasible; and

(4) Whether the continued operation of the existing Residential Care Facility by the current operator is practically feasible and whether any other licensed operator or any of the above agencies has been contacted by the applicant seeking the change of use or demolition, or has expressed interest in continuing to operate the facility.

Section 4. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: /s/ Victoria Wong
VICTORIA WONG
Deputy City Attorney

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FILE NO. 210535

LEGISLATIVE DIGEST

[Planning Code - Conditional Use Authorization Requirements Regarding Residential Care Facilities]

Ordinance amending the Planning Code to eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in Residential, House (RH) Districts; require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility, and consideration of certain factors in determining whether to grant Conditional Use Authorization; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience, and general welfare findings pursuant to Planning Code, Section 302.

Existing Law

Planning Code Section 209.1 currently requires conditional use authorization for Residential Care Facilities in Residential, House (RH) Districts for seven or more persons.

The Planning Code does not currently require conditional use authorization for a change of use or demolition of a Residential Care Facility.

Amendments to Current Law

This ordinance would amend Section 209.1 to eliminate the requirement of conditional use authorization for Residential Care Facilities in Residential, House (RH) Districts for seven or more persons.

This ordinance would add Section 202.11 to require conditional use authorization for a change in use or demolition of a Residential Care Facility, and would also amend Section 303 to require consideration of the following factors when considering conditional use authorization:

(1) Information provided by the Department of Public Health, the Human Services Agency, the Department of Disability and Aging Services, the Golden Gate Regional Center, and/or the San Francisco Long-Term Care Coordinating Council with regard to the population served, nature and quality of services provided, and capacity of the existing Residential Care Facility;

(2) Data on available beds at licensed Residential Care Facilities within a one-mile radius of the site, and assessment from any of the above agencies regarding whether these available beds are sufficient to serve the need for residential care beds in the neighborhoods

served by the Residential Care Facility proposed for a change of use or demolition, and in San Francisco;

(3) Whether the Residential Care Facility proposed for a change of use or demolition will be relocated or its capacity will be replaced at another Residential Care Facility Use, and whether such relocation or replacement is practically feasible; and

(4) Whether the continued operation of the existing Residential Care Facility by the current operator is practically feasible and whether any other licensed operator or any of the above agencies has been contacted by the applicant seeking the change of use or demolition, or has expressed interest in continuing to operate the facility.

Background Information

In October 2019, the City adopted Resolution No. 430-19 to impose interim controls for a change of use of Residential Care Facilities. In December 2019, the City adopted Resolution 539-19 to modify those interim controls. In March 2021, the City adopted Resolution No. 139-21 to extend and further modify those interim controls.

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BOARD of SUPERVISORS

City Hall
Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. 554-5184
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TDD/TTY No. 554-5227

May 19, 2021

File No. 210535

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Ms. Gibson:

On May 11, 2021, Supervisor Mandelman submitted the following legislation:

File No. 210535

Ordinance amending the Planning Code to eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in Residential, House (RH) Districts; require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility, and consideration of certain factors in determining whether to grant Conditional Use Authorization; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience, and general welfare findings pursuant to Planning Code, Section 302.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning

Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment.

06/02/2021 Joy Navarrete

San Francisco Planning

49 South Van Ness Avenue, Suite 1400
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August 18, 2021

Ms. Angela Calvillo, Clerk
Honorable Supervisor Mandelman
Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Re: Transmittal of Planning Department Case Number 2021-005135PCA:
Conditional Use Authorization Requirements Regarding Residential Care Facilities
Board File No. 210535

Planning Commission Recommendation: **Approval with Modification**

Dear Ms. Calvillo and Supervisor Mandelman,

On July 22, 2021, the Planning Commission conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance, introduced by Supervisor Mandelman that would amend the Planning Code to eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in Residential, House (RH) Districts, and require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility. At the hearing the Planning Commission recommended approval with modifications.

The Commission's proposed modifications were as follows:

1. Modify the provision which requires Conditional Use authorization to remove a Residential Care Facility to expire (sunset) after three years.
2. Encourage the sponsor and other City agencies to continue to seek and support non-land use solutions to alleviate the financial burdens faced by current Residential Care Facilities.
3. Amend the Ordinance to only require a Conditional Use authorization for the proposed removal of a Residential Care Facility if the RCF was established legally.
4. Modify the first Conditional Use criteria to allow other parties that may be relevant to the case to be consulted.

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c) and 15378 because they do not result in a physical change in the environment.

Supervisor, please advise the City Attorney at your earliest convenience if you wish to incorporate the changes recommended by the Commission.

Please find attached documents relating to the actions of the Commission. If you have any questions or require further information, please do not hesitate to contact me.

Sincerely,

Aaron D. Starr
Manager of Legislative Affairs

cc: Victoria Wong, Deputy City Attorney
Jacob Bintliff, Aide to Supervisor Mandelman
Erica Major, Office of the Clerk of the Board

Attachments :
Planning Commission Resolution
Planning Department Executive Summary

San Francisco Planning

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PLANNING COMMISSION RESOLUTION NO. 20944

HEARING DATE: JULY 22, 2021

Project Name:	Conditional Use Authorization Requirements Regarding Residential Care Facilities
Case Number:	2021-005135PCA [Board File No. 210535]
Initiated by:	Supervisor Mandelman / Introduced May 11, 2021
Staff Contact:	Audrey Merlone, Legislative Affairs Audrey.Merlone@sfgov.org, 628-652-7534
Reviewed by:	Aaron D Starr, Manager of Legislative Affairs aaron.starr@sfgov.org, (628) 652-7533

RESOLUTION APPROVING A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO ELIMINATE THE REQUIREMENT OF CONDITIONAL USE AUTHORIZATION FOR RESIDENTIAL CARE FACILITIES FOR SEVEN OR MORE PEOPLE IN RESIDENTIAL, HOUSE (RH) DISTRICTS; REQUIRE CONDITIONAL USE AUTHORIZATION FOR A CHANGE OF USE OR DEMOLITION OF A RESIDENTIAL CARE FACILITY, AND CONSIDERATION OF CERTAIN FACTORS IN DETERMINING WHETHER TO GRANT CONDITIONAL USE AUTHORIZATION; ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.

WHEREAS, on May 11, 2021 Supervisor Mandelman introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 210535, which would amend the Planning Code to eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in Residential, House (RH) Districts; require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility, and consideration of certain factors in determining whether to grant Conditional Use Authorization;

WHEREAS, the Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on July 22, 2021; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Sections 15378 and 15060(c); and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the Custodian of Records, at 49 South Van Ness Avenue, Suite 1400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby approves with modifications the proposed ordinance.

Findings

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

The Commission supports the proposed Ordinance because it will make it easier for Residential Care Facilities to establish themselves in San Francisco and ensure that the removal of a Residential Care Facility is given careful consideration. In 2016, San Francisco's Post-Acute Care Project recommended expanding opportunities for Residential Care in San Francisco neighborhoods, including Residential Care Facility for the Elderly (RCFE) facilities. Requiring Conditional Use approval or not permitting the use altogether contradicts the Post-Acute Care Project's identified need for additional beds to care for the elderly and those suffering from long-term illnesses. As the number of SNFs in San Francisco continue to decline, Residential Care Facilities are one way of filling the gap in long-term care. As long-term care continues to shift to a more residential model, Residential Care Facilities are also in increasing demand. However, the Commission finds that the issues and complexity around providing sufficient access to Residential Care Facilities in San Francisco far exceeds the effectiveness of local land use tools; therefore, we are recommending the following modifications to address this.

1. Modify the provision which requires Conditional Use authorization to remove a Residential Care Facility to expire (sunset) after three years.

2. Encourage the sponsor and other City agencies to continue to seek and support non-land use solutions to alleviate the financial burdens faced by current Residential Care Facilities.

3. Amend the Ordinance to only require a Conditional Use authorization for the proposed removal of a Residential Care Facility if the RCF was established legally.

4. Modify the first Conditional Use criteria to allow other parties that may be relevant to the case to be consulted.

In the City's FY 12-13 budget, responsibility for providing strategic direction, planning and oversight of early care and education programs was consolidated in the new agency, OEC.

The proposed Ordinance will correct the Planning Code so that it is in line with the City's current practices and adopted budget.

General Plan Compliance

The proposed Ordinance and the Commission's recommended modifications are is consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

OBJECTIVE 4
FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

The proposed Ordinance will expand opportunities for Residential Care in San Francisco neighborhoods, including Residential Care Facilities for the Elderly facilities, those seeking treatment for substance abuse, mental health, and for persons with disabilities to support their ability to live independently in the community.

COMMERCE AND INDUSTRY ELEMENT

OBJECTIVE 7
ENHANCE SAN FRANCISCO'S POSITION AS A NATIONAL AND REGIONAL CENTER FOR GOVERNMENTAL, HEALTH, AND EDUCATIONAL SERVICES.

Policy 7.3
Promote the provision of adequate health and educational services to all geographical districts and cultural groups in the city.

The proposed Ordinance will assist in expanding the reach of Residential Care Facilities across the city, by loosening the restrictions on where they may locate by-right, and by removing the size restrictions based on number of beds provided.

Planning Code Section 101 Findings

The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

   The proposed Ordinance would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of neighborhood-serving retail.

2. That existing housing and neighborhood character be conserved and protected in order to preserve

the cultural and economic diversity of our neighborhoods;

The proposed Ordinance would not have a negative effect on housing or neighborhood character.

3. That the City's supply of affordable housing be preserved and enhanced;

   The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

   The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

   The proposed Ordinance would not cause displacement of the industrial or service sectors due to office development, and future opportunities for resident employment or ownership in these sectors would not be impaired.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

   The proposed Ordinance would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

   The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

   The proposed Ordinance would not have an adverse effect on the City's parks and open space and their access to sunlight and vistas.

Planning Code Section 302 Findings.

The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby APPROVES WITH MODIFICATIONS the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on July 22, 2021.

Jonas P Ionin Digitally signed by Jonas P Ionin
Date: 2021.08.13 12:55:58 -07'00'

Jonas P. Ionin
Commission Secretary

AYES: Tanner, Diamond, Fung, Imperial, Moore, Koppel

NOES: None

ABSENT: Chan

ADOPTED: July 22, 2021

San Francisco Planning

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Executive Summary
Planning Code Text Amendment

HEARING DATE: July 22, 2021

90-Day Deadline: August 17, 2021

Project Name:	Conditional Use Authorization Requirements Regarding Residential Care Facilities
Case Number:	2021-005135PCA [Board File No. 210535]
Initiated by:	Supervisors Mandelman & Ronen/ Introduced May 11, 2021
Staff Contact:	Audrey Merlone, Legislative Affairs Audrey.merlone@sfgov.org, 628-652-7534
Reviewed by:	Aaron Starr, Manager of Legislative Affairs aaron.starr@sfgov.org, 628-652-7533
Recommendation:	Approval with Modifications

Planning Code Amendment

The proposed Ordinance would amend the Planning Code to eliminate the Conditional Use requirement for Residential Care Facilities for seven or more people in RH-1 and RH-2 Districts; require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility; and consideration of certain factors in determining whether to grant Conditional Use Authorization.

THE WAY IT IS	THE WAY IT WOULD BE
Residential Care Facilities for seven or more people require Conditional Use authorization in RH-1(D), RH-1(S), RH-1, and RH-2 Districts, but are principally permitted in all other RH zoning Districts	Residential Care Facilities for seven or more people would be principally permitted in all RH Zoning Districts.
Residential Care Facilities do not require Planning Commission review to change their use (unless the proposed new use requires a CUA) or to demolish their building.	Any proposal to change a use *from* a Residential Care Facility to any other use must receive Conditional Use authorization, even if the Residential Care Facility was established without proper permits. Any proposed demolition of a Residential Care Facility will also require a CUA.

Background

- In January of 2019, Board File No. 180915 became active, which allowed Residential Care Facilities for seven or more people as principally permitted in RH-3, RC, RM, RTO, DTR, MUG, MUO, MUR, RED, and WMUG Districts, and above the ground floor in all NCD's. The Planning Commission approved the Ordinance unanimously.
- In October of 2019, the Board approved interim controls for 18 months which require a Conditional Use authorization and specified findings for a proposed change of use from a Residential Care Facility (Board File No. 190908)[1]. In April of 2021, the interim controls were extended for an additional six months (Board File No. 210147).
    - Since the interim controls became effective, there have been five Conditional Use applications filed for the removal of a Residential Care Facility.
        - 628 Shotwell: This application is pending before the Commission, after having been continued several times. This project would convert an existing Residential Care Facility to two Dwelling Units. The building has not operated as an RCF since 2015 when a fire shuttered the building.
        - 801 38th Avenue: This application to convert to a Single-Family home was approved by the Commission on March 11, 2021. The RCF was established at the site in 1976 for six people, increasing to 12 people in 2000. The RCF was vacated in 2019. The property sold and was being used as an owner occupied, single-family residence when said owners discovered they were required to file a CUA to legally establish the Residential use.
        - 220 Dolores Street, 141 Leland Avenue, & 129 Hyde Street: These three sites were all approved unanimously by the Commission on May 6, 2021, because although the sites were changing their use from RCF's, the new use at each site was 100% affordable group housing, and the sites will remain within MOHCD's system of housing for people with AIDs/HIV.
    - There have been two Conditional Use applications approved to create new Residential Care Facilities since October of 2019. 1535 Van Dyke Ave required a CUA because it is in an RH-1 district, and 5500 Mission Street required a CUA because it was proposing a non-residential use more than 6,000sqft in the Excelsior Outer Mission NCD. Two applications have also been approved to increase the capacity of existing Residential Care Facilities (1301 Bacon Street and 658 Shotwell St.) for a total increase in 107 beds.
- In December of 2019, the Planning Commission unanimously approved a proposed Ordinance (Board File No. 190757) that would, among other unrelated amendments, principally permit Residential Care Facilities for seven or more people in all RHD's. The proposed Ordinance is still pending before the Land Use and Transportation Committee.

[1] The CUA findings in the interim controls are the basis for the CUA considerations in the proposed Ordinance, however they are not identical.

Issues and Considerations

Conditional Use Criteria

In addition to the standard criteria in Section 303, the proposed ordinance includes criteria for the Commission to consider when evaluating these Conditional Use applications. These new criteria are as follows:

> *(1) Information provided by the Department of Public Health, the Human Services Agency, the Department of Disability and Aging Services, the Golden Gate Regional Center, and/or the San Francisco Long-Term Care Coordinating Council with regard to the population served, nature and quality of services provided, and capacity of the existing Residential Care Facility;*
> *(2) Data on available beds at licensed Residential Care Facilities within a one-mile radius of the site, and assessment from any of the above agencies regarding whether these available beds are sufficient to serve the need for residential care beds in the neighborhoods served by the Residential Care Facility proposed for a change of use or demolition, and in San Francisco;*
> *(3) Whether the Residential Care Facility proposed for a change of use or demolition will be relocated or its capacity will be replaced at another Residential Care Facility Use, and whether such relocation or replacement is practically feasible; and*
> *(4) Whether the continued operation of the existing Residential Care Facility by the current operator is practically feasible and whether any other licensed operator or any of the above agencies has been contacted by the applicant seeking the change of use or demolition, or has expressed interest in continuing to operate the facility.*

Permissibility of Residential Care Facilities

Because of recent changes to the Planning Code, Residential Care Facilities are widely permitted in San Francisco. With the passage of this ordinance, Residential Care Facilities will be permitted in most areas of San Francisco, as over 50% of the city's parcels are zoned RH-1 and RH-2. The zoning districts where it is prohibited tend to be the more industrial parts of the City such as M-2, PDR, and SALI zoning districts. In some Neighborhood Commercial Districts, the use is prohibited on the ground floor and allowed on the upper floors to help preserve an active commercial street front. The following table illustrates where there will still be restrictions on RCF's if the proposed Ordinance is approved:

Residential Care Facilities: Districts with Restrictions	
ZONING DISTRICT	CONTROL
C3-S	C
Folsom Street NCTD	NP @ ground floor; P @ 2nd story & above
M-2	NP
North Beach NCD	NP @ ground floor; P @ 2nd story & above
Pacific Avenue NCD	C @ ground floor; P @ 2nd story & above
PDR (all districts)	NP

RCD	NP @ ground floor; C @ 2nd story & above
RED-MX	NP
SALI	NP
SPD	C
UMU	C
WMUO	NP
**Table does not include SUD's that may have additional restrictions or properties under the jurisdiction of OCII (Mission Bay).*	

Definition of Residential Care Facilities

Planning Code Section 102 defines a Residential Care Facility as:

> *An Institutional Healthcare Use providing lodging, board and care for a period of 24 hours or more to persons in need of specialized aid by personnel licensed by the State of California. Such facility shall display nothing on or near the facility that gives an outward indication of the nature of the occupancy except for a sign as permitted by Article 6 of this Code, shall not provide outpatient services, and shall be located in a structure which remains residential in character. Such facilities shall include, but not necessarily be limited to, a board and care home, family care home, long-term nursery, orphanage, rest home or home for the treatment of addictive, contagious or other diseases, or psychological disorders.*

A Residential Care Facility is designed to provide long-term care in which the population it serves considers the facility their "home". They are not considered a Health Service Use, as Residential Care Facilities do no offer out-patient services, may or may not have Medical Doctors on staff, and are generally designed to treat patients of specific demographics, such as the elderly, or those suffering from substance abuse, in a residential setting.

Defining Skilled Nursing Facilities (SNF's):

The Sponsor introduced the Ordinance partly in response to the findings of the Post-Acute Care Project, which is discussed further in the following subsection. The study focuses on the loss of a specific type of medical bed, and medical facility known as "Skilled Nursing Facilities" or "SNFs". SNFs provide short-term care, long-term care, or a combination thereof. Residents often consider facilities oriented toward long-term stays "home." Whereas facilities oriented toward short-term stays, with a focus on rehabilitation or care following an illness or injury, have a resident community constantly in flux. San Francisco acute care SNFs primarily provide short-term rehabilitative care, while facilities like Laguna Honda Hospital and the Jewish Home have a greater number of beds oriented towards long-term patient stays.

Freestanding SNFs commonly referred to as nursing homes, provide most of the institutional short and long-term care in the United States. It is important to understand that SNF beds are considered a higher level of care. These are not beds that are simply located in a hospital or medical facility. The care being provided through a SNF bed is usually intensive and requires constant monitoring by a medical professional. These beds are not commonly found in large amounts in most Residential Care Facilities; however, they can be located nursing homes, and rehab facilities.

Post-Acute Care Project:

San Francisco's only subacute unit was located on CPMC's St. Luke's campus. In 2011, California Pacific Medical Center (CPMC, part of Sutter Health) announced that it expected to close this facility by 2019, when the new St. Luke's Hospital opened. As a result, the City entered into a Development Agreement with CPMC that requires CPMC to work with San Francisco Department of Public Health and other hospitals to develop proposals for providing subacute care services in San Francisco. One product of this requirement was the "Post-Acute Care Project" study, released in 2016[2]. Some of the key findings of the study were as follows:

- San Francisco's growing older population coupled with the high cost of doing business in the City and low reimbursement rates for long-term skilled nursing care may result in a capacity problem for institutional skilled nursing care needs in the future.

- Growing Aging Population: As of the report date, San Francisco had 22 skilled nursing beds per 1,000 adults age 65 and older. If San Francisco were to maintain this rate as our population ages, the city would need 4,287 SNF beds –an increase of nearly 70% (1,745) over the current supply – by 2030.

- One approach to reducing the demand for institutional skilled nursing care is to increase the availability and integration of home- and community-based care. Key elements of home and community-based care range from home-based health and personal care services to community behavioral health programs, to community living options that include Residential Care Facilities for the Elderly (RCFEs—Assisted Living Facilities, Board and Care Homes) and alternative community housing arrangements, to community adult day services and social support programs.

Draft 2019 Healthcare Master Plan

In late 2019, the Planning Department and the Department of Public Health published the Draft 2019 Healthcare Master Plan[3]. The draft Plan states that:

- Low reimbursement rates and high operating costs due to the high cost of living in San Francisco has led to a shortage in the supply of Residential Care for the Elderly (RCFE) beds.
- In 2010 the number of long-term nursing and residential care facilities in San Francisco was 197. By 2018, the number of facilities had dropped to 160.
- The demand for both SNFs and RCFE facilities is projected to increase due to demographic shifts.
- In San Francisco, emergency room visits due to acute and chronic alcohol use disorder continue to increase across all race/ethnicity groups, with the homeless population especially at risk.
- San Francisco should increase access to and capacity of long-term care options for its growing senior population, those seeking treatment for substance abuse, mental health, and for persons with disabilities to support their ability to live independently in the community.
- Although most medical services are not permitted in Residential zoning districts, the zoning for Residential Care Facilities is the most permissive of any medical service and allowed in most of the City (a map of residential care zoning may be found on page 64 of the HCSM Plan 2019 draft).

[2] https://www.sfdph.org/dph/hc/HCAgen/HCAgen2016/Feb%2016/Post-Acute%20Care%20Project%20Report_02.10.16.pdf
[3] https://sfplanning.org/project/health-care-services-master-plan-update-2019

- The San Francisco Campus for Jewish Living, a RCFE, opened in 2020 in the Excelsior, and can serve approximately 300 individuals.

Financial Feasibility of RCF's

In 2020, the Mayor's Office of Housing and Community Development (MOHCD) released a report on the RCF's for the chronically ill, or RCFCI's[4] . The 2020 study found that about half of the residents of the RCFCI's no longer need the 24/7 nursing and attendant care required in a licensed facility but cannot find appropriate housing to allow them to exit the RCFCI's. One solution was exhibited by the sites at Dolores, Leland, and Hyde Street referenced in the Background section of this Executive Summary. The facilities were delicensed to create a ladder of care that will best meet the needs of current and future residents who need some level of support. The report also found that for RCFCI's:

> *Because of the inter-connection of funding and licensure, program operators are on a path of "let's make this work within existing confines" until things no longer work and then face the potential need to close if we must. Government funders would do well to support programs in ways to avoid closure, through assistance and incentives.*

The report stated that in recent years, the number of RCFCI's had declined by nearly 23%. The changes were primarily attributed to two factors: financial difficulty and/or decreased demand. The financial difficulty came from a combination of flat or decreasing government funding and decreased philanthropic support while operating costs continued to increase. As mentioned previously, some facilities also saw a decrease in demand for higher levels of supportive care and less interest from clients for congregate living options as opposed to independent living arrangements.

A 2019 report from the San Francisco Long-Term Care Coordinating Council Assisted Living Workgroup regarding affordable assisted living in the City had similar findings[5]. In part, the report stated:

- As of August 2018, there were 101 assisted living facilities with a total of 2,518 assisted living beds and since 2012, the City had lost 43 assisted living facilities which had provided 243 assisted living facility beds;

- The number of assisted living facilities in the City has decreased, and the decrease primarily occurred through the closure of small facilities, particularly the board and care homes with six or fewer beds, that are generally more affordable;

- Assisted living facilities in the City face economic challenges that make it difficult for them to continue to operate, such as slim profit margins and difficulty in finding employees; and

- There is unmet need for affordable assisted living facility placements, and that as of January 2019,

[4] https://sfmohcd.org/sites/default/files/Documents/RFPs/Leland%20House%20RFP%20-%20May%202021/Final%20Report%20MOHCD%20RCFCI%20Strategic%20Assessment%2007-06-20.pdf
[5] A presentation on this report is attached as Exhibit B.

available waitlist data indicates that at least 103 persons require such placements.

These reports on the changing demands for and major funding shortfalls RCFCI's face highlights an ongoing issue that all RCF's are experiencing. Although the proposed Ordinance will assist in making RCF's easier to open or legalize in most areas of the City, it will not assist in preventing existing RCF's from going out of business due to financial hardship, nor will it have a significant impact on the steep financial cost to open a new RCF. The Mayor and Board of Supervisors have attempted to make up for the decrease in federal funding for RCF's over the last several years, including allocating specific funding for RCF's in the City.[6] These types of financial support programs should continue to be promoted and supported, over relying on zoning controls to stem the loss of RCF's across the City.

General Plan Compliance

The Housing Element supports fostering a housing stock that meets the needs of all residents across lifecycles. The proposed Ordinance will better enable Residential Care Facilities, including nursing and retirement homes, to establish themselves by removing many of the process limitations set by bed number maximums for Institutional Uses.

The Commerce and Industry Element strives to promote the provision of adequate health services to all geographical districts and cultural groups in the city. The proposed Ordinance will assist in expanding the reach of Residential Care Facilities across the city, by loosening the restrictions on where they may locate by-right, and by removing the size restrictions based on the number of beds provided.

Racial and Social Equity Analysis

The Healthcare Services Master Plan found that in San Francisco, emergency room visits due to acute and chronic alcohol use disorder continue to increase across all race/ethnicity groups, with the homeless population especially at risk. The Plan recommends San Francisco increase access to and capacity of long-term care options for its growing senior population, those seeking treatment for substance abuse, mental health, and for persons with disabilities to support their ability to live independently in the community. As Skilled Nursing Facilities in the City continue to decline, Residential Care Facilities have been found to be a positive alternative. These types of facilities are usually smaller in nature and located across the City in residential and neighborhood commercial areas. Their type of care and location increases the possibility for residents across many demographics to age in place and remain a part of their local community.

Implementation

The Department has determined that this Ordinance will impact our current implementation procedures. It will increase the cost and time associated with processing otherwise principally permitted projects associated with the loss of a Residential Care Facility.

[6] https://sfmayor.org/article/mayor-london-breed-announces-additional-investments-programs-help-city-residents-most-need

Recommendation

The Department recommends that the Commission *approve with modifications* the proposed Ordinance and adopt the attached Draft Resolution to that effect. The Department's proposed recommendations are as follows:

1. Modify the provision which requires Conditional Use authorization to remove a Residential Care Facility to expire (sunset) after three years.

2. Encourage the sponsor and other City agencies to continue to seek and support non-land use solutions to alleviate the financial burdens faced by current Residential Care Facilities.

3. Amend the Ordinance to only require a Conditional Use authorization for the proposed removal of a Residential Care Facility if the RCF was established legally.

4. Modify the first Conditional Use criteria to allow other parties that may be relevant to the case to be consulted.

Basis for Recommendation

The Department supports the proposed Ordinance because it will make it easier for Residential Care Facilities to establish themselves in San Francisco and ensure that the removal of a Residential Care Facility is given careful consideration. In 2016, San Francisco's Post-Acute Care Project recommended expanding opportunities for Residential Care in San Francisco neighborhoods, including Residential Care Facility for the Elderly (RCFE) facilities. Requiring Conditional Use approval or not permitting the use altogether contradicts the Post-Acute Care Project's identified need for additional beds to care for the elderly and those suffering from long-term illnesses. As the number of SNFs in San Francisco continue to decline, Residential Care Facilities are one way of filling the gap in long-term care. As long-term care continues to shift to a more residential model, Residential Care Facilities are also in increasing demand. However, staff finds that the issues and complexity around providing sufficient access to Residential Care Facilities in San Francisco far exceeds the effectiveness of local land use tools; therefore, we are recommending the following modifications to address this:

Recommendation 1: Modify the provision which requires Conditional Use authorization to remove a Residential Care Facility to expire (sunset) after three years. Although requiring a CUA to remove a use may prevent some landlords from pushing an existing business out, it does not and cannot make the existing business stay operational. If the RFC closes and no applicant is willing to go through the CUA process to change the use, then the space or building will sit vacant, which doesn't serve anyone. The Department has seen this happen in other situations where the Code requires a CUA to remove a use, such as with Grocery Stores and Automobile Service Stations. That's not to say that such a control can't be helpful in helping the City stem the loss of this very important use, but it is not a permanent solution to the problem.

Requiring a CUA to remove the use can also be a disincentive for landlords to lease a property to new Residential Care Facilities. The most recent example of placing this type of restriction into the Code was in the mayor's pending Small Business Recovery Act, which requires a CUA to remove a Nighttime Entertainment use. The Mayor's Office included the CUA provision because of the immediate concern over the loss of Nighttime Entertainment uses due to the pandemic; however, the provision also includes a three-

year sunset because they were also concerned that it may deter landlords from signing leases for Nighttime Entertainment uses in the future. Placing a sunset on this provision will help alleviate similar concerns.

Recommendation 2: Encourage the sponsor and other City agencies to continue to seek and support non-land use solutions to alleviate the financial burdens faced by current Residential Care Facilities. As mentioned above, the proposed land use control is not a permanent solution to the loss of Residential Care Facilities. It is imperative that the City continue to seek financial remedies for Residential Care Facilities that are struggling to stay open. Of the five cases that came before the Planning Commission through the interim controls, three were approved in part because the proposal would continue to serve the same population but at a lower financial cost. The other two have not operated as RCF's for many years due to either a fire or the operation going out of business. Requiring a CUA for the proposed removal of a RCF may deter a landlord from pushing out the RCF. It may also provide the City more time to find a new operator for the space, but ultimately, it's financial feasibility that is making these uses go out of business. Funding through grants, budget allocations, and other measures should be considered to retain and increase RCF's in the City.

Recommendation 3: Amend the Ordinance to only require a Conditional Use authorization for the proposed removal of a Residential Care Facility if the RCF was established legally. Staff recommends amending the Ordinance to only require CUA for RCF's established legally because determining whether a particular property was operating as an RCF *without* permits can be extremely challenging. The Ordinance's proposal to expand the number of zoning districts where RCF's large and small may operate as a Principally permitted use will also create simple and affordable paths to legalization for most if not all RCF's currently operating in the City without Planning Department approval. If the Ordinance's provision to expand where RCF's may operate as a Principally permitted use is approved, RCF's will be allowed in the vast majority of the city as-of-right.

Beyond Planning Department approval, as currently drafted, the Ordinance proposes to require a CUA for the removal of a RCF regardless of their receiving *any* municipal permits. The Department does not support the attempted retention of RCF's that have not obtained permits essential to their safe operation. Although it can be argued that RCF's may operate safely without Planning Department approval, the same cannot be said for the other permits RCF's are required to obtain such as DBI, Health Department, and State certifications.

Recommendation 4: Modify the first Conditional Use criteria to allow other parties that may be relevant to the case to be consulted. Staff recommends modifying Sec. 303(aa)(1) because it limits the organizations and agencies that may provide information regarding the population served, nature and quality of service provided, and capacity of the RCF being proposed for removal. Although the Department supports the concept of this CUA finding, the language should be modified to allow other agencies or nonprofit organizations that may have relevant information on the RCF to be consulted on information for the application. The Department recommends amending the subsection to state:

> (1) Information provided by the Department of Public Health, the Human Services Agency, the Department of Disability and Aging Services, the Golden Gate Regional Center, ~~*and/or*~~ the San Francisco Long-Term Care Coordinating Council*, or any other relevant organization* with regard to the population served, nature and quality of services provided, and capacity of the existing Residential Care Facility;

Required Commission Action

The proposed Ordinance is before the Commission so that it may approve it, reject it, or approve it with modifications.

Environmental Review

The proposed amendments are not defined as a project under CEQA Guidelines Section 15060(c) and 15378 because they do not result in a physical change in the environment.

Public Comment

As of the date of this report, the Planning Department has not received any public comment regarding the proposed Ordinance.

Attachments:

Exhibit A:	Draft Planning Commission Resolution
Exhibit B:	SFHSA Update from 2019 Long-Term Care Coordinating Council Report on Assisted Living Facility Capacity
Exhibit C:	Board of Supervisors File No. 210535

San Francisco Planning

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San Francisco, CA 94103
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EXHIBIT A

PLANNING COMMISSION DRAFT RESOLUTION

HEARING DATE: July 22, 2021

Project Name:	Conditional Use Authorization Requirements Regarding Residential Care Facilities
Case Number:	2021-005135PCA [Board File No. 210535]
Initiated by:	Supervisor Mandelman / Introduced May 11, 2021
Staff Contact:	Audrey Merlone, Legislative Affairs Audrey.Merlone@sfgov.org, 628-652-7534
Reviewed by:	Aaron D Starr, Manager of Legislative Affairs aaron.starr@sfgov.org, (628) 652-7533

RESOLUTION APPROVING A PROPOSED ORDINANCE THAT WOULD AMEND THE PLANNING CODE TO ELIMINATE THE REQUIREMENT OF CONDITIONAL USE AUTHORIZATION FOR RESIDENTIAL CARE FACILITIES FOR SEVEN OR MORE PEOPLE IN RESIDENTIAL, HOUSE (RH) DISTRICTS; REQUIRE CONDITIONAL USE AUTHORIZATION FOR A CHANGE OF USE OR DEMOLITION OF A RESIDENTIAL CARE FACILITY, AND CONSIDERATION OF CERTAIN FACTORS IN DETERMINING WHETHER TO GRANT CONDITIONAL USE AUTHORIZATION; ADOPTING FINDINGS, INCLUDING ENVIRONMENTAL FINDINGS, PLANNING CODE SECTION 302 FINDINGS, AND FINDINGS OF CONSISTENCY WITH THE GENERAL PLAN AND PLANNING CODE SECTION 101.1.

WHEREAS, on May 11, 2021 Supervisor Mandelman introduced a proposed Ordinance under Board of Supervisors (hereinafter "Board") File Number 210535, which would amend the Planning Code to eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in Residential, House (RH) Districts; require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility, and consideration of certain factors in determining whether to grant Conditional Use Authorization;

WHEREAS, The Planning Commission (hereinafter "Commission") conducted a duly noticed public hearing at a regularly scheduled meeting to consider the proposed Ordinance on July 22, 2021; and,

WHEREAS, the proposed Ordinance has been determined to be categorically exempt from environmental review under the California Environmental Quality Act Sections 15378 and 15060(c); and

WHEREAS, the Planning Commission has heard and considered the testimony presented to it at the public hearing and has further considered written materials and oral testimony presented on behalf of Department staff and other interested parties; and

WHEREAS, all pertinent documents may be found in the files of the Department, as the custodian of records, at 49 South Van Ness Avenue, Suite 1400, San Francisco; and

WHEREAS, the Planning Commission has reviewed the proposed Ordinance; and

WHEREAS, the Planning Commission finds from the facts presented that the public necessity, convenience, and general welfare require the proposed amendment; and

MOVED, that the Planning Commission hereby approves with modifications the proposed ordinance.

Findings

Having reviewed the materials identified in the preamble above, and having heard all testimony and arguments, this Commission finds, concludes, and determines as follows:

The Commission supports the proposed Ordinance because it will make it easier for Residential Care Facilities to establish themselves in San Francisco and ensure that the removal of a Residential Care Facility is given careful consideration. In 2016, San Francisco's Post-Acute Care Project recommended expanding opportunities for Residential Care in San Francisco neighborhoods, including Residential Care Facility for the Elderly (RCFE) facilities. Requiring Conditional Use approval or not permitting the use altogether contradicts the Post-Acute Care Project's identified need for additional beds to care for the elderly and those suffering from long-term illnesses. As the number of SNFs in San Francisco continue to decline, Residential Care Facilities are one way of filling the gap in long-term care. As long-term care continues to shift to a more residential model, Residential Care Facilities are also in increasing demand. However, the Commission finds that the issues and complexity around providing sufficient access to Residential Care Facilities in San Francisco far exceeds the effectiveness of local land use tools; therefore, we are recommending the following modifications to address this.

1. Modify the provision which requires Conditional Use authorization to remove a Residential Care Facility to expire (sunset) after three years.

2. Encourage the sponsor and other City agencies to continue to seek and support non-land use solutions to alleviate the financial burdens faced by current Residential Care Facilities.

3. Amend the Ordinance to only require a Conditional Use authorization for the proposed removal of a Residential Care Facility if the RCF was established legally.

4. Modify the first Conditional Use criteria to allow other parties that may be relevant to the case to be consulted.

In the City's FY 12-13 budget, responsibility for providing strategic direction, planning and

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oversight of early care and education programs was consolidated in the new agency, OECE

The proposed Ordinance will correct the Planning Code so that it is in line with the City's current practices and adopted budget.

General Plan Compliance

The proposed Ordinance and the Commission's recommended modifications are is consistent with the following Objectives and Policies of the General Plan:

HOUSING ELEMENT

OBJECTIVE 4
FOSTER A HOUSING STOCK THAT MEETS THE NEEDS OF ALL RESIDENTS ACROSS LIFECYCLES.

The proposed Ordinance will expand opportunities for Residential Care in San Francisco neighborhoods, including Residential Care Facilities for the Elderly facilities, those seeking treatment for substance abuse, mental health, and for persons with disabilities to support their ability to live independently in the community.

COMMERCE AND INDUSTRY ELEMENT

OBJECTIVE 7
ENHANCE SAN FRANCISCO'S POSITION AS A NATIONAL AND REGIONAL CENTER FOR GOVERNMENTAL, HEALTH, AND EDUCATIONAL SERVICES.

Policy 7.3
Promote the provision of adequate health and educational services to all geographical districts and cultural groups in the city.

The proposed Ordinance will assist in expanding the reach of Residential Care Facilities across the city, by loosening the restrictions on where they may locate by-right, and by removing the size restrictions based on number of beds provided.

Planning Code Section 101 Findings

The proposed amendments to the Planning Code are consistent with the eight Priority Policies set forth in Section 101.1(b) of the Planning Code in that:

1. That existing neighborhood-serving retail uses be preserved and enhanced and future opportunities for resident employment in and ownership of such businesses enhanced;

   The proposed Ordinance would not have a negative effect on neighborhood serving retail uses and will not have a negative effect on opportunities for resident employment in and ownership of neighborhood-serving retail.

2. That existing housing and neighborhood character be conserved and protected in order to preserve the cultural and economic diversity of our neighborhoods;

   The proposed Ordinance would not have a negative effect on housing or neighborhood character.

3. That the City's supply of affordable housing be preserved and enhanced;

   The proposed Ordinance would not have an adverse effect on the City's supply of affordable housing.

4. That commuter traffic not impede MUNI transit service or overburden our streets or neighborhood parking;

   The proposed Ordinance would not result in commuter traffic impeding MUNI transit service or overburdening the streets or neighborhood parking.

5. That a diverse economic base be maintained by protecting our industrial and service sectors from displacement due to commercial office development, and that future opportunities for resident employment and ownership in these sectors be enhanced;

   The proposed Ordinance would not cause displacement of the industrial or service sectors due to office development, and future opportunities for resident employment or ownership in these sectors would not be impaired.

6. That the City achieve the greatest possible preparedness to protect against injury and loss of life in an earthquake;

   The proposed Ordinance would not have an adverse effect on City's preparedness against injury and loss of life in an earthquake.

7. That the landmarks and historic buildings be preserved;

   The proposed Ordinance would not have an adverse effect on the City's Landmarks and historic buildings.

8. That our parks and open space and their access to sunlight and vistas be protected from development;

   The proposed Ordinance would not have an adverse effect on the City's parks and open space and their

access to sunlight and vistas.

Planning Code Section 302 Findings.

The Planning Commission finds from the facts presented that the public necessity, convenience and general welfare require the proposed amendments to the Planning Code as set forth in Section 302.

NOW THEREFORE BE IT RESOLVED that the Commission hereby APPROVES WITH MODIFICATIONS the proposed Ordinance as described in this Resolution.

I hereby certify that the foregoing Resolution was adopted by the Commission at its meeting on July 22, 2021.

Jonas P. Ionin
Commission Secretary

AYES:

NOES:

ABSENT:

ADOPTED: July 22, 2021

SAN FRANCISCO
HUMAN SERVICES AGENCY

EXHIBIT B

San Francisco Assisted Living Facility Capacity

Update from 2019 Long-Term Care Coordinating Council Report

Susie Smith, Deputy Director of Policy and Planning

March 15, 2021

SAN FRANCISCO
HUMAN SERVICES AGENCY

Background: 2019 Report

"Supporting Affordable Assisted Living in San Francisco"

2019 Assisted Living Facility Report

Background and Context

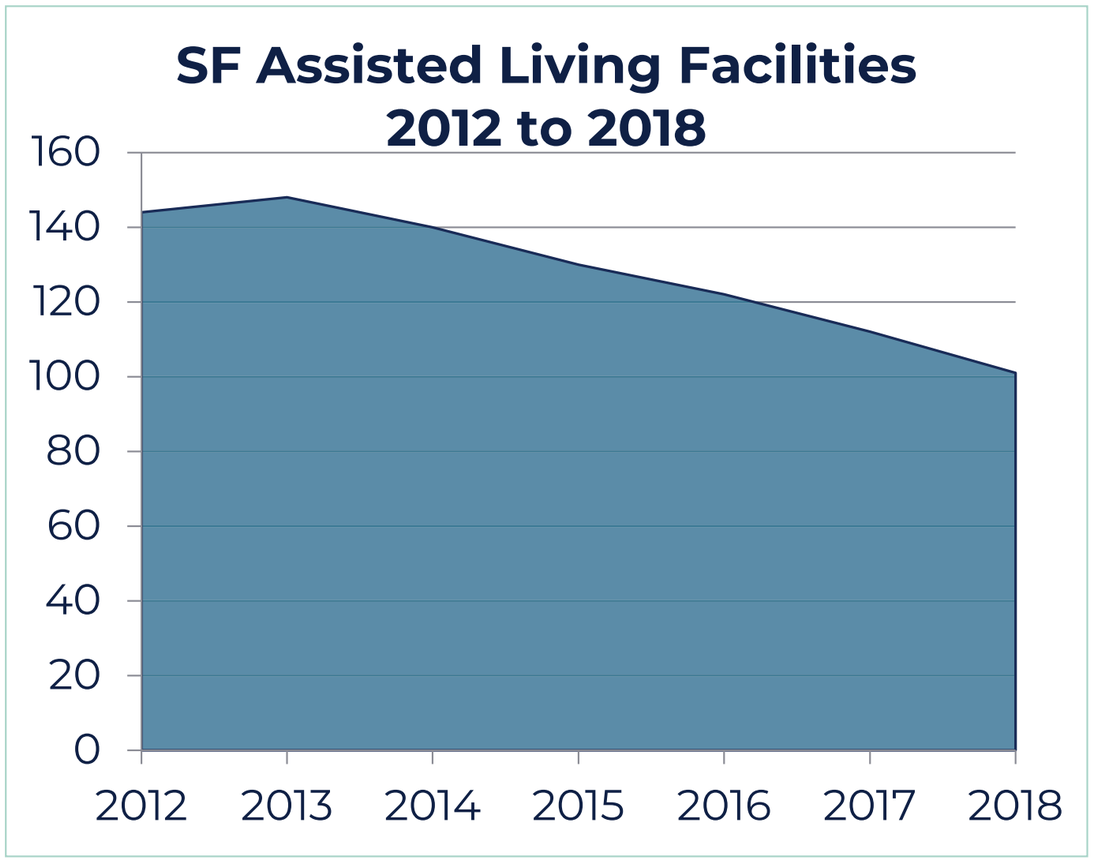
- Long-Term Care Coordinating Council (LTCCC) advises the Mayor and City on policy, planning, and service delivery issues for older adults and people with disabilities to promote an integrated and accessible long-term care system.

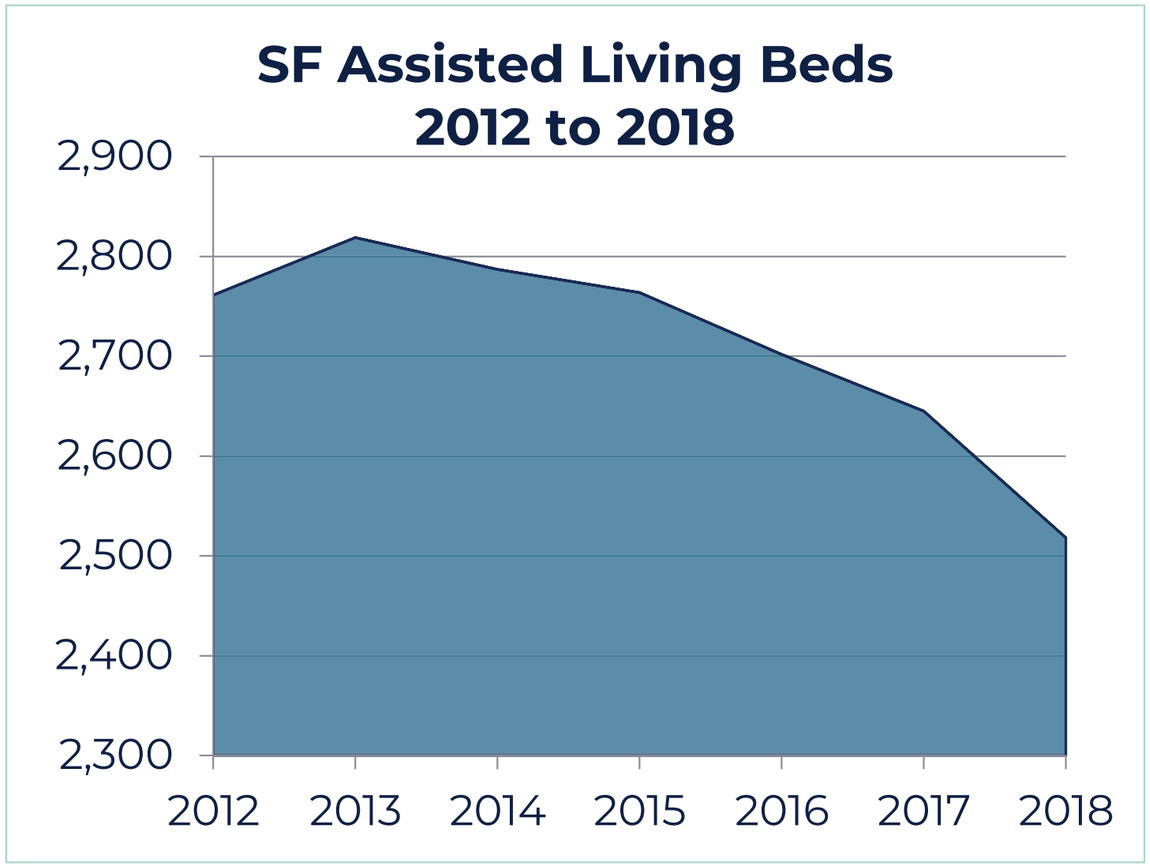
- Study prompted by concern that people in need of assisted living are unable to procure for a variety of reasons, particularly low-income individuals

- Report published in January 2019 with key findings and recommendations

San Francisco Assisted Living Capacity

Change Between 2012 and 2018

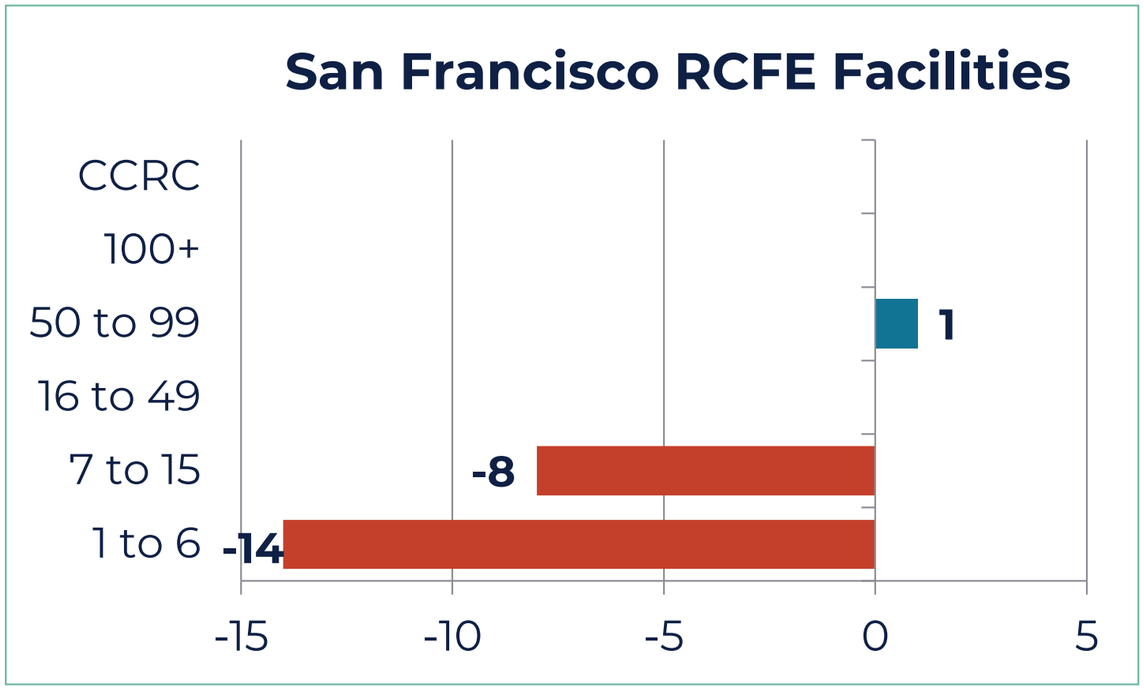


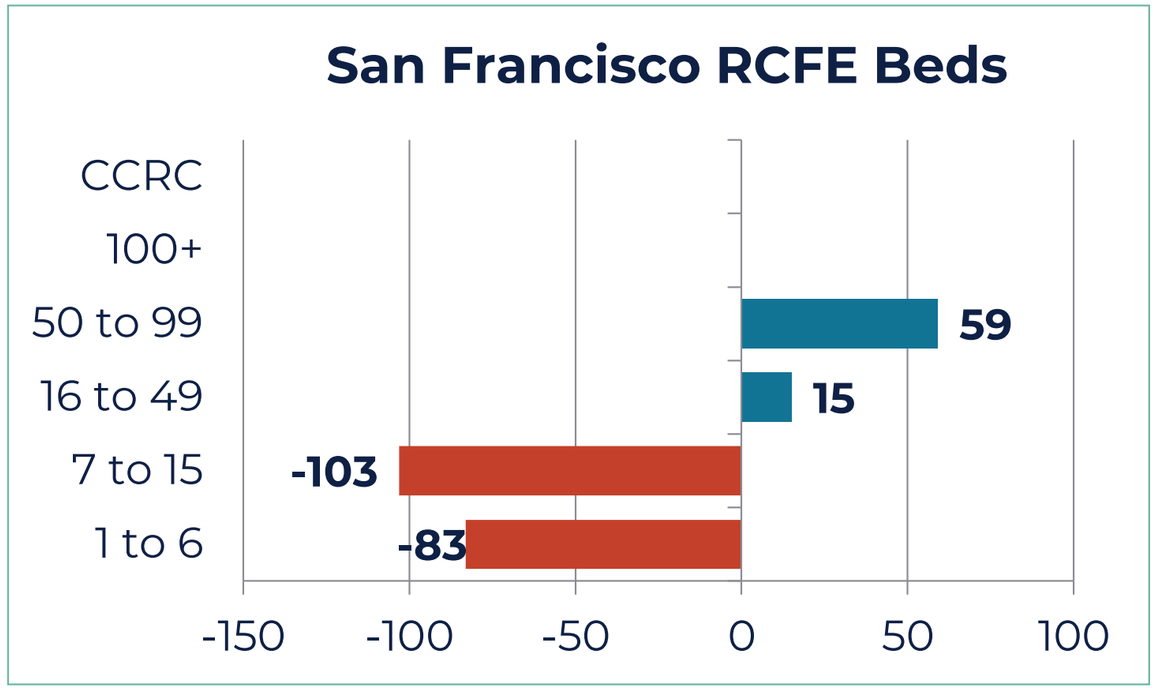


Source: CA Department of Social Services, August 2018

Residential Care Facilities for the Elderly

Change Between 2012 and 2018

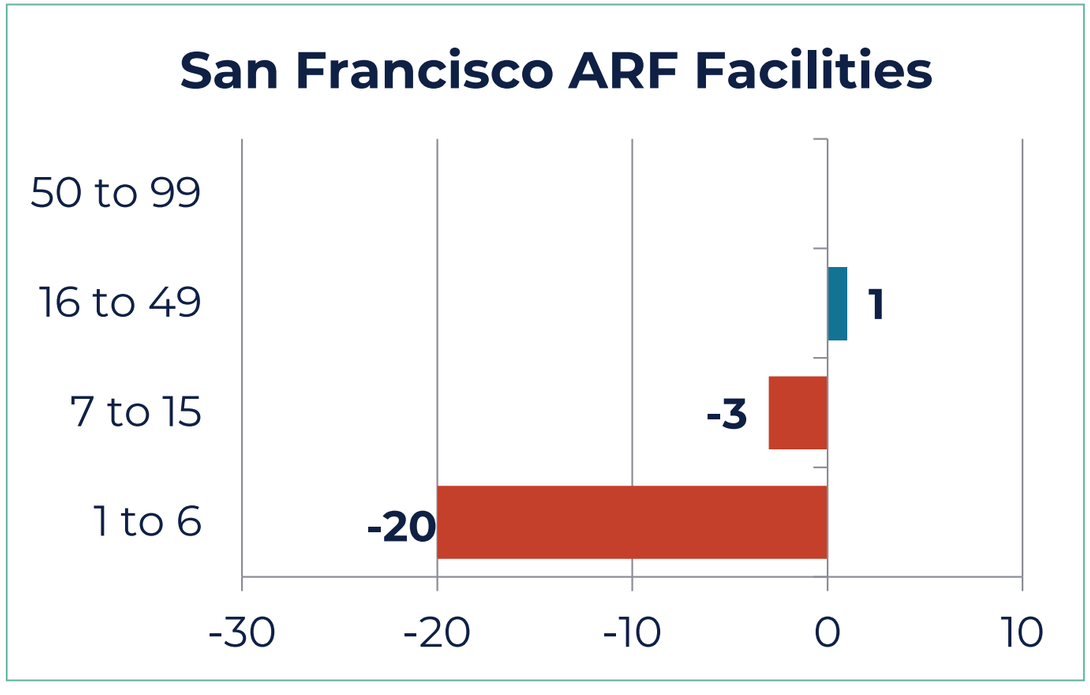


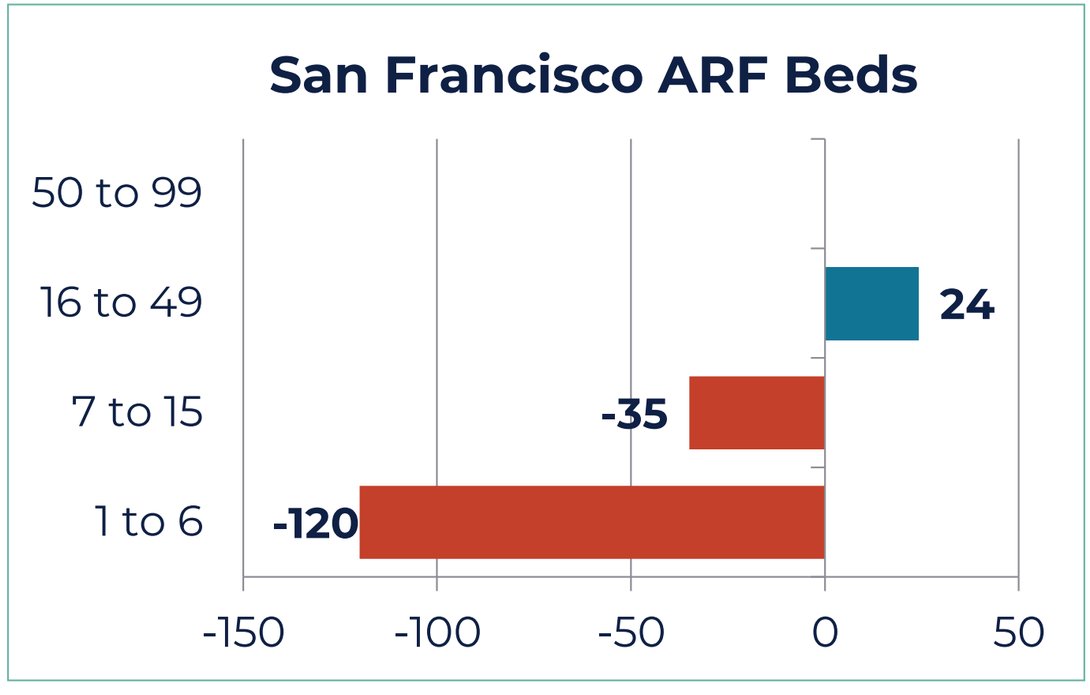


Source: CA Department of Social Services, August 2018

Adult Residential Facilities

Change Between 2012 and 2018





Source: CA Department of Social Services, August 2018

SAN FRANCISCO
HUMAN SERVICES AGENCY

Updated Data on Assisted Living Capacity

2021 Trends

Current Capacity

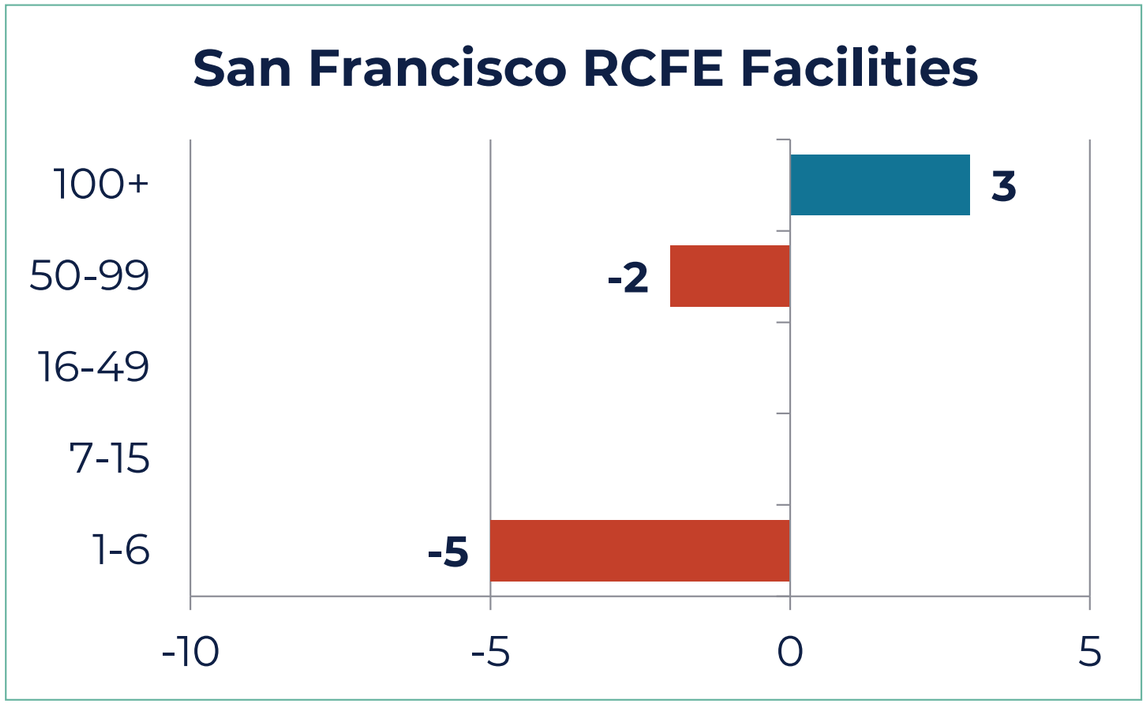
San Francisco Assisted Living Facilities

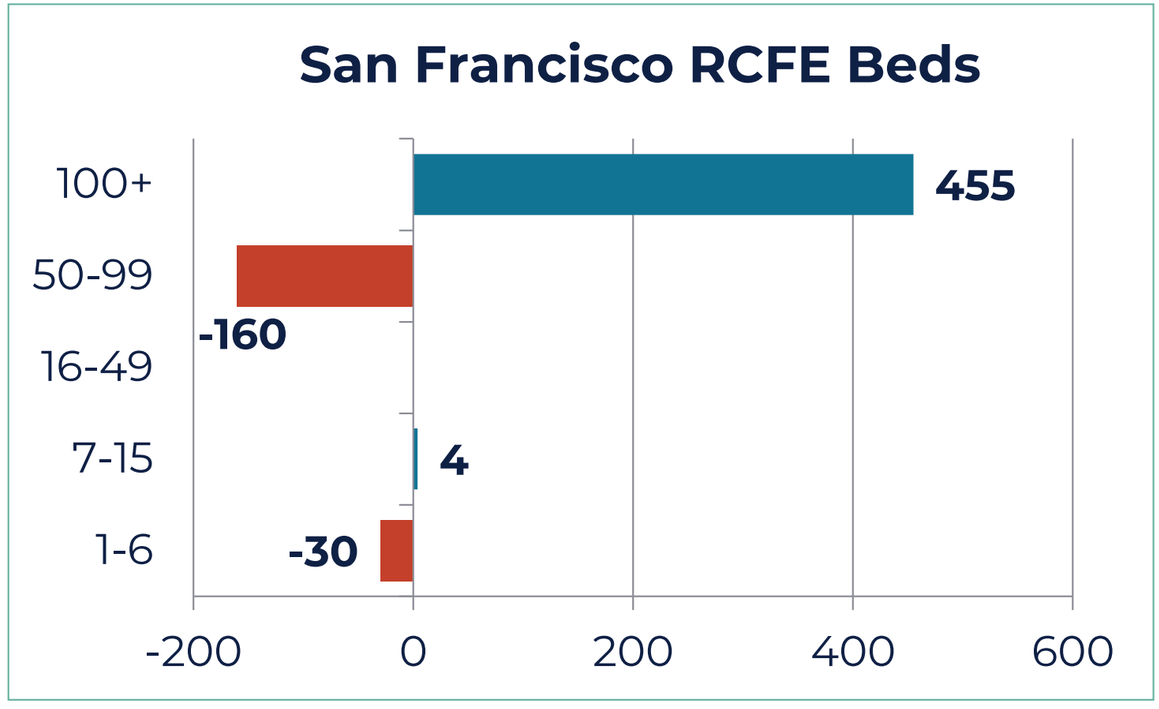
RCFE January 2021		
Size (# Beds)	**Facilities**	**Beds**
1-6	15	88
7-15	19	237
16-49	8	279
50-99	4	263
100+	9	1,442
Total	55	2,309

ARF January 2021		
Size (# Beds)	**Facilities**	**Beds**
1-6	24	142
7-15	7	80
16-49	6	161
50-99	1	55
100+	0	0
Total	38	438

Residential Care Facilities for the Elderly

Change Between 2018 and 2021

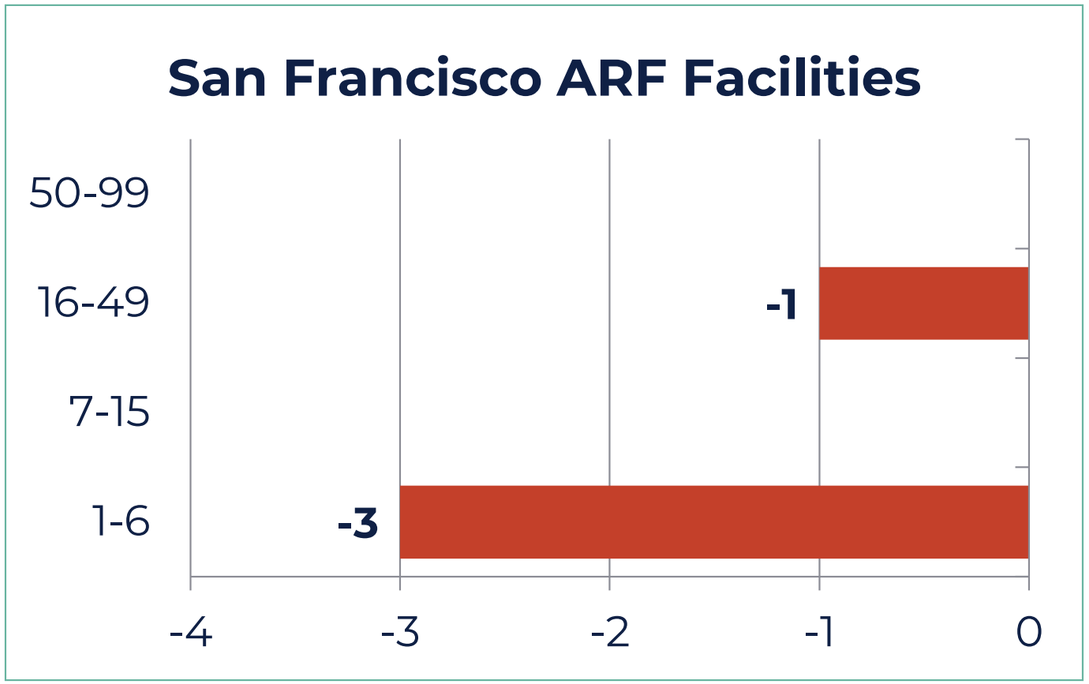


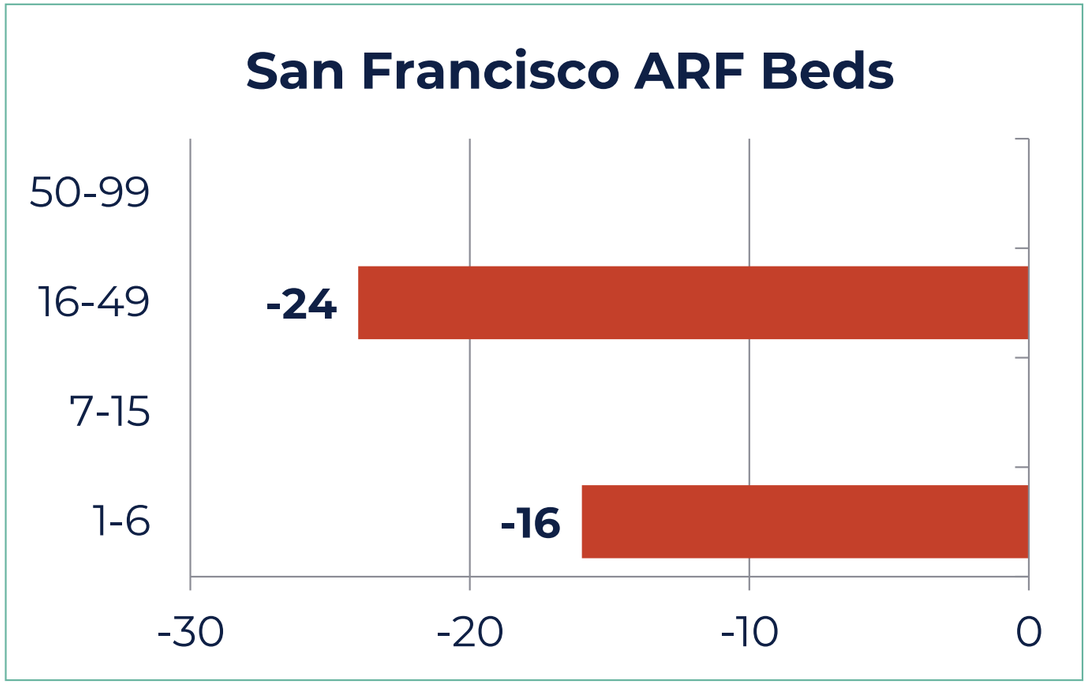


Source: CA Department of Social Services, January 2021

Adult Residential Facilities

Change Between 2018 and 2021





Source: CA Department of Social Services, January 2021

SAN FRANCISCO
HUMAN SERVICES AGENCY

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EXHIBIT C

[Planning Code - Conditional Use Authorization Requirements Regarding Residential Care Facilities]

Ordinance amending the Planning Code to eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in Residential, House (RH) Districts; require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility, and consideration of certain factors in determining whether to grant Conditional Use Authorization; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience, and general welfare findings pursuant to Planning Code, Section 302.

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
Additions to Codes are in *single-underline italics Times New Roman font*.
Deletions to Codes are in ~~*strikethrough italics Times New Roman font*~~.
Board amendment additions are in double-underlined Arial font.
Board amendment deletions are in ~~strikethrough Arial font~~.
Asterisks (* * * *) indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Land Use and Environmental Findings.

(a) The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 210535 and is incorporated herein by reference. The Board affirms this determination.

(b) On _____, the Planning Commission, in Resolution No. _____, adopted findings that the actions contemplated in this ordinance are consistent, on balance, with the City's General Plan and eight priority policies of Planning Code Section 101.1. The Board adopts these findings as its own. A copy of said Resolution is on file with the Clerk of the Board of Supervisors in File No. _____, and is incorporated herein by reference.

(c) Pursuant to Planning Code Section 302, the Board of Supervisors finds that this ordinance will serve the public necessity, convenience, and welfare for the reasons set forth in Planning Commission Resolution No. _____, recommending approval of the proposed designation.

Section 2. General Findings.

(a) Residential Care Facilities, as defined in Planning Code Sections 102 and 890.50(e) and established with or without the benefit of any permits required under City law, provide lodging, board, and care for 24 hours or more to persons in need of specialized aid by State-licensed personnel, and include board and care homes, family care homes, long-term nurseries, orphanages, rest homes, or homes for the treatment of addictive, contagious, or other diseases, or psychological disorders.

(b) San Francisco has the highest percentage of seniors and adults with disabilities of any urban area in California, and the number of seniors is steadily increasing, especially those over the age of 85.

(c) Over 40% of San Francisco's seniors live without adequate support networks, in part because their families cannot find affordable housing in the City or because they do not have children. This problem is especially acute among LGBTQ seniors.

(d) In January 2019, the San Francisco Long-Term Care Coordinating Council's Assisted Living Workgroup issued a report regarding affordable assisted living in the City,

which is on file with the Clerk of the Board of Supervisors in File No. _____, and which found:

(1) As of August 2018, there were 101 assisted living facilities with a total of 2,518 assisted living beds and since 2012, the City had lost 43 assisted living facilities which had provided 243 assisted living facility beds;

(2) The number of assisted living facilities in the City has decreased, and the decrease has primarily occurred through the closure of small facilities, particularly the board and care homes with six or fewer beds, which are generally more affordable than other facilities;

(3) Assisted living facilities in the City face economic challenges, such as slim profit margins and difficulty in finding employees, which make it difficult for them to continue to operate; and

(4) There is unmet need for affordable assisted living facility placements, and as of January 2019, available waitlist data indicated that at least 103 persons require such placements.

(e) In October 2019, the City adopted Resolution No. 430-19, which imposed interim controls for an 18-month period to require Conditional Use Authorization and specified findings for a proposed change of use from a Residential Care Facility.

(f) The Planning Department issued a report dated January 29, 2021, which found that, since the effective date of Resolution No. 430-19 on October 11, 2019:

(1) Two Conditional Use applications had been filed for the removal of a Residential Care Facility, one seeking to convert a previously closed facility with five assisted living beds into a single-family home, and the second to convert a closed facility with six assisted living beds into two residential units; and

(2) Residential Care Facilities are considered an Institutional Use that is permitted in Residential zoning districts, with the exception of the RH-1 and RH-2 zoning districts, where new Residential Care Facilities of seven or more beds are conditionally permitted; are not permitted in PDR districts; are not permitted on the ground floor in the North Beach and Folsom Street Neighborhood Commercial Districts and Regional Commercial Districts, and are conditionally permitted on the upper floors in those districts; and are conditionally permitted in the Pacific Avenue Neighborhood Commercial District.

(g) The circumstances that caused the City to adopt the interim controls continue to exist, with preliminary data provided by the Human Services Agency showing the loss of an additional 11 assisted living facilities from January 2019 to January 2021, accounting for a loss during that period of 226 assisted living facility beds in facilities with fewer than 100 beds.

(h) In April 2021, the City adopted Resolution No. 139-21, which extended the interim controls for an additional 6-month period to require Conditional Use Authorization and specified findings for a proposed change of use from a Residential Care Facility through October 11, 2021.

Section 3. The Planning Code is hereby amended by adding Section 202.11 and revising Sections 209.1 and 303, to read as follows:

* * * *

SEC. 202.11. LIMITATION ON CHANGE IN USE OR DEMOLITION OF RESIDENTIAL CARE FACILITY.

Notwithstanding any other provision of this Article 2, a change in use or demolition of a Residential Care Facility use, as defined in Section 102, shall require Conditional Use authorization pursuant to Section 303, including the specific conditions in that Section for conversion of such a use. This Section 202.11 shall not authorize a change in use if the new use or uses are otherwise prohibited.

SEC. 209.1. RH (RESIDENTIAL, HOUSE) DISTRICTS.

Table 209.1

ZONING CONTROL TABLE FOR RH DISTRICTS

Zoning Category	§ References	RH-1(D)	RH-1	RH-1(S)	RH-2	RH-3
* * * *						
NON-RESIDENTIAL STANDARDS AND USES						
* * * *						
Institutional Use Category						
Institutional Uses*	§ 102	NP	NP	NP	NP	NP
* * * *	* * * *	* * * *	* * * *	* * * *	* * * *	* * * *
Residential Care Facility	§ 102	P~~(3)~~	P~~(3)~~	P~~(3)~~	P~~(3)~~	P
* * * *	* * * *	* * * *	* * * *	* * * *	* * * *	* * * *

* Not listed below.

* * * *

(3) *[Note deleted]*~~*C required for seven or more persons.*~~

* * * *

SEC. 303. CONDITIONAL USES.

* * * *

*(aa) **Change in Use or Demolition of Residential Care Facility.** With respect to a change of use from or demolition of a Residential Care Facility, as defined in Sections 102 and 890.50(e) of the Planning Code, including a Residential Care Facility established with or without the benefit of any permits required under the Municipal Code, in addition to the criteria set forth in subsections (c) and (d) of this Section 303, the Commission shall take into account the following factors when considering a Conditional Use Authorization for the change of use or demolition of a Residential Care Facility:*

(1) Information provided by the Department of Public Health, the Human Services Agency, the Department of Disability and Aging Services, the Golden Gate Regional Center, and/or the San Francisco Long-Term Care Coordinating Council with regard to the population served, nature and quality of services provided, and capacity of the existing Residential Care Facility;

(2) Data on available beds at licensed Residential Care Facilities within a one-mile radius of the site, and assessment from any of the above agencies regarding whether these available beds are sufficient to serve the need for residential care beds in the neighborhoods served by the Residential Care Facility proposed for a change of use or demolition, and in San Francisco;

(3) Whether the Residential Care Facility proposed for a change of use or demolition will be relocated or its capacity will be replaced at another Residential Care Facility Use, and whether such relocation or replacement is practically feasible; and

(4) Whether the continued operation of the existing Residential Care Facility by the current operator is practically feasible and whether any other licensed operator or any of the above agencies has been contacted by the applicant seeking the change of use or demolition, or has expressed interest in continuing to operate the facility.

Section 4. Effective Date. This ordinance shall become effective 30 days after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board of Supervisors overrides the Mayor's veto of the ordinance.

Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors intends to amend only those words, phrases, paragraphs, subsections, sections, articles, numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal Code that are explicitly shown in this ordinance as additions, deletions, Board amendment additions, and Board amendment deletions in accordance with the "Note" that appears under the official title of the ordinance.

APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney

By: /s/ Victoria Wong
VICTORIA WONG
Deputy City Attorney

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City and County of San Francisco

Long-Term Care Coordinating Council

Assisted Living Workgroup

SUPPORTING AFFORDABLE ASSISTED LIVING IN SAN FRANCISCO

January 2019

CONTENTS

EXECUTIVE SUMMARY

Assisted living is a vital resource for many seniors and people with disabilities who are no longer able to live independently and safely. **These facilities are a key piece of the City's service system**, both supporting individuals living in the community to transition up to a more protective level of care when needed and also providing a more independent and community-like setting for consumers able to transition down from a more restrictive institutional setting. **Maintaining an adequate supply of assisted living in San Francisco supports the movement of individuals through medical and mental health systems**, ensuring that the right level of care is available and accessible when it is needed.

Over the last several years, **the City's supply of assisted living – particularly affordable assisted living – has been declining**. At the request of Mayor London Breed and Supervisor Norman Yee, the Long-Term Care Coordinating Council convened a workgroup to study this issue.

This report is the culmination of the **Assisted Living Workgroup**, which met between August 2018 and December 2018. Focusing primarily on the **availability of assisted living for low-income persons,** the scope of this work included facilities licensed as **Residential Care Facilities for the Elderly (RCFEs)** that support seniors age 60 and older and **Adult Residential Facilities (ARFs)** serving adults between ages 18 and 59. In this report, both types are collectively referred to as **Assisted Living Facilities (ALFs)**.

The Assisted Living Workgroup examined factors that impact the supply of assisted living, as well as sources of consumer demand and unmet need, before delving into strategies to support access to affordable assisted living in San Francisco. This included study of assisted living subsidy programs managed by the San Francisco Department of Public Health (DPH) and Department of Aging and Adult Services (DAAS). Key findings and recommendations are summarized below.

FINDINGS RELATED TO SUPPLY AND DEMAND

- **Small facilities are disappearing at a fast rate and are unlikely to return**. The decline in ALF capacity has primarily occurred through the closure of the small facilities that have been more affordable and accessible for low-income persons. In particular, this has resulted in a significant bed loss for adults under age 60. Due to increased costs and shifting family interest, this trend will be difficult to reverse; while efforts should be taken to support the viability of these existing small businesses, this small home-based model may prove to be unsustainable in the long-term.
- **Cost is – and will continue to be – a significant barrier**. Estimates suggest the monthly break-even rate per board and care home bed is, at minimum, well over two times higher than the $1,058 state-set rate for Supplemental Security Income (SSI) recipients residing in assisted living. Moreover, larger facilities tend to charge closer to $3,500 to $5,000, and this cost increases greatly for specialized care needs. Given business costs, it is unlikely that new ALFs will cater to a lower-income population without outside funding or support. To secure ALF placement, SSI recipients will require a meaningful subsidy.

- **The City is a key funder of ALF placement**. Through DPH and DAAS programs, the City supports 586 placements at an overall cost of about $11.2 million per year. Approximately 15% of ALF beds in San Francisco are supported with a City-funded subsidy. This is particularly pronounced among ARF beds: the City subsidizes approximately 42% of ARF beds. It is in the best interests of both the City and ALF operators to work together towards sustainability to ensure this critical resource remains available and clients are able to flow through systems of care.
- **There is unmet need for low-income ALF placement in San Francisco**. Available waitlist data suggests at least 103 individuals have expressed a need for subsidized ALF placement through the DPH placement program, the DAAS-funded Community Living Fund program, and the state's Assisted Living Waiver program.

RECOMMENDATIONS

Based on these findings, the Assisted Living Workgroup identified four major strategies to support the availability of affordable assisted living in San Francisco. Each strategy has two specific and actionable recommendations. While these require further conversation and planning to implement, these recommendations were identified by the Assisted Living Workgroup to have greatest likelihood of meaningfully supporting and/or expanding the City's supply of assisted living. These are:

Sustain existing small businesses by:

- **Supporting business acumen skills** to empower and support the viability of small ALFs
- **Develop a workforce pipeline** to provide trained caregiver staff with time-limited wage stipend

Increase access to existing ALF beds by:

- **Increasing the rate for City-funded subsidies** to ensure the City is able to secure ALF placement for low-income individuals
- **Increasing the number of City-funded subsidies** to increase availability of affordable ALF placement for low-income individuals

Develop new models by:

- **Piloting the co-location of enhanced services and affordable housing** to develop alternate resources for people on the verge of needing assisted living but able to live in the community with more intensive and coordinated supportive services
- **Making space available for ALF operators at low cost** to reduce a major operating expense and allow the City to more directly impact the resident population (e.g., support low-income ALFs)

Enhance the state Assisted Living Waiver program by:

- **Increase use of existing ALW slots** by individuals and facilities
- **Advocating for expansion of the program** to increase the number of Assisted Living Waiver slots

ASSISTED LIVING WORKGROUP MEMBERSHIP

The following individuals participated as members of the Assisted Living Workgroup and/or its subgroups on supply, demand, and strategies:

Alicia Neumann, UC San Francisco, Optimizing Aging Collaborative
Allegra Fortunati, Felton Institute, LTC Ombudsman Program
Anna Chodos, UC San Francisco, Optimizing Aging Collaborative
Benson Nadell, Felton Institute, LTC Ombudsman Program
Bernadette Navarro-Simeon, Progress Foundation
Catherine Omalev, Controller's Office
Cindy Kauffman, SF Department of Aging & Adult Services
Dan Kaplan, SF Human Services Agency
Dorie Paniza, 6Beds, Inc.
Gina Wasdyke, 6Beds, Inc.
Jarlene Choy, SF Board of Supervisors, Norman Yee
Juliana Terheyden, Homebridge
Kelly Hiramoto, SF Department of Public Health
Laura Liesem, Institute on Aging
Manish Goyal, SF Office of Economic and Workforce Development
Mark Burns, Homebridge
Max Gara, SF Department of Public Health
Melissa McGee, SF Department of Aging & Adult Services
Mike Wylie, Controller's Office
Nereida Heller, Mayor's Office
Roberta Mendonca, 6Beds, Inc.
Rose Johns, SF Human Services Agency
Ruth Zaltsmann, Dignity Health
Shireen McSpadden, SF Department of Aging & Adult Services
Valerie Coleman, SF Department of Aging & Adult Services
Wendy Lee, Controller's Office

INTRODUCTION AND BACKGROUND

In San Francisco, the decreasing availability and increasing cost of assisted living present real and significant barriers for individual consumers, as well as the service systems tasked with supporting older and disabled residents to live safely in the community. At the request of Mayor London Breed and Supervisor Norman Yee, the Long-Term Care Coordinating Council (LTCCC) convened a workgroup to study the need for assisted living, identify challenges that impact the ability of small facilities to stay open, and develop actionable recommendations to support the supply of assisted living beds in San Francisco. This report presents the key findings from the Assisted Living Workgroup and its recommendations to support the availability of affordable assisted living in San Francisco.

ASSISTED LIVING

Assisted living facilities offer supportive residential living for individuals who are no longer able to live safely independently. These facilities offer assistance with basic daily living tasks, provide around-the-clock supervision, and support medication adherence. While most people with disabilities can live safely in the community, many persons with a higher level of functional impairment require this higher level of care, including those with dementia, intellectual disabilities, and other behavioral health needs. Unlike skilled nursing facilities or other medical care paid for by Medi-Cal or Medicare, assisted living care is predominantly a private-pay service, and the cost of assisted living is often prohibitively expensive: the average rate for the least expensive facilities in San Francisco is approximately $4,300 per month.

Currently in San Francisco, there are 101 facilities and 2,518 total assisted living beds.[1] More specifically, this includes facilities licensed as Residential Care Facilities for the Elderly (RCFEs) that support seniors age 60 and older and Adult Residential Facilities (ARFs) serving adults between ages 18 and 59. Both types of facilities are collectively referred to as Assisted Living Facilities (ALFs) in this report. As shown below, the majority of facilities and beds are licensed as RCFEs.

Assisted Living Facilities and Beds by Type in San Francisco, 2018

Type	Facilities	Beds
Residential Care Facilities for the Elderly (RCFEs)	59	2,040
Adult Residential Facilities (ARFs)	42	478
Total	101	2,518

Source: CA Department of Social Services, August 2018

[1] This analysis does not include Continuing Care Retirement Communities (CCRCs), which provide a continuum of aging care needs – from independent living to assisted living to skilled nursing care – to support residents as their needs increase. CCRCs are targeted to higher-income individuals; in addition to high monthly rates, CCRCs require an initial entry charge or "buy in" fee. Because of the significant differences in the CCRC model and relative inaccessibility of its ALF beds to the general public, these four facilities (which contain 984 ALF-licensed beds) are excluded here.

These facilities range from large-scale facilities with over 100 beds to small homes that house six or fewer clients (often called "board and care homes"). As the name describes, these are typically residential homes that have been opened up for boarders who require assistance around the home; residents typically share a bedroom with another resident and historically have lived under the same roof as the ALF administrator. All of these facilities are licensed by the California Department of Social Services' Community Care Licensing division.

ASSISTED LIVING WORKGROUP

The **Assisted Living Workgroup** met monthly between August and December 2018. During this time, smaller research groups met more frequently to **investigate demand** for assisted living, **identify factors impacting the supply** of assisted living in San Francisco, and **develop potential strategies** to support assisted living capacity in San Francisco.

In particular, the **Assisted Living Workgroup focused on the availability of assisted living for low-income persons unable to pay privately for this service**. Through the San Francisco Department of Public Health (DPH) and Department of Aging and Adult Services (DAAS), the City provides subsidies for low-income individuals meeting certain eligibility criteria. However, this information had not been synthesized or studied in the context of broader trends affecting the industry, including overall system capacity, supply of affordable assisted living, and sources of consumer demand.

As part of this work, a **survey of small facility operators** was conducted to develop key information not available through existing reports and materials and to provide an additional opportunity for those directly impacted by these trends to have a voice in this work. The input ALF operators provided through this survey have directly informed the direction of this report and its recommendations; please see Appendix A for a detailed summary of findings.

Participants in the workgroup and smaller research teams included: representatives from community-based organizations that serve older adults and people with disabilities; ALF operators and advocacy organizations (including 6 Beds, Inc.); medical and healthcare professionals, including the UC San Francisco Optimizing Aging Collaborative; the local Long-Term Care Ombudsman; and staff from key City agencies, including DAAS, DPH, the Human Services Agency, Office of the City Controller, and Office of Workforce and Economic Development. Research and analytical support was provided by staff from DAAS, HSA, and the Controller's Office.

SUPPLY AND DEMAND: KEY FINDINGS

Building upon the Assisted Living Workgroup's first report, *Assisted Living: Supply and Demand*, this section presents key findings and trends impacting the supply and demand of assisted living in San Francisco.

KEY FINDINGS

- **Small facilities are disappearing at a fast rate and are unlikely to return**. Assisted living has declined across both RCFEs and ARFs but primarily has occurred through the closure of small facilities, particularly the "board and care homes" with six or fewer beds. This is concerning, because these facilities have typically been more affordable and accessible for low-income persons. Notably, because ARFs tend to be smaller facilities, this has resulted in a larger loss in capacity for adults under age 60. Due to increased housing, staffing, and business costs and shifting family interest, this trend will be difficult to reverse. While efforts should be taken to support the viability of these existing small businesses, this small home-based model may prove to be unsustainable in the long-term.
- **Cost is – and will continue to be – a significant barrier**. Cost estimates suggest the monthly break-even rate per bed is, at minimum, over $2,000 for small facilities. This is over two times more than the state-set rate for Supplemental Security Income (SSI) recipients residing in assisted living. Full rates for private pay clients in larger facilities are estimated to be closer to $3,500 to $5,000 but can increase greatly for specialized care needs. Given business costs, it is unlikely that new ALFs will cater to a lower-income population without outside funding or support. It is evident that SSI recipients will require a meaningful subsidy to secure ALF placement.
- **The City is a key funder of ALF placement**. Through DPH and DAAS programs, the City supports 586 placements at an overall cost of about $11.2 million per year. Approximately 15% of ALF beds in San Francisco are supported with a City-funded subsidy. This is particularly pronounced among ARF beds: DPH's 199 ARF placements in San Francisco account for 42% of ARF beds. It is in the interests of both the City and ALF operators to work together towards sustainability to ensure this critical resource remains available and clients are able to flow through systems of care.
- **There is unmet need for low-income ALF placement in San Francisco**. At the time of this report, available waitlist data suggests at least 103 individuals have expressed a need for subsidized ALF placement through the DPH placement program, DAAS-funded Community Living Fund program, and the state's Assisted Living Waiver program.

SMALL FACILITIES ARE DISAPPEARING AT A FAST RATE AND ARE UNLIKELY TO RETURN

Assisted living supply has declined across both RCFEs and ARFs. In total, San Francisco has 43 fewer ALFs in operation today than in 2012. This has resulted in a decrease of 243 ALF beds (a nine percent decline). The scale of this loss varies by licensure:

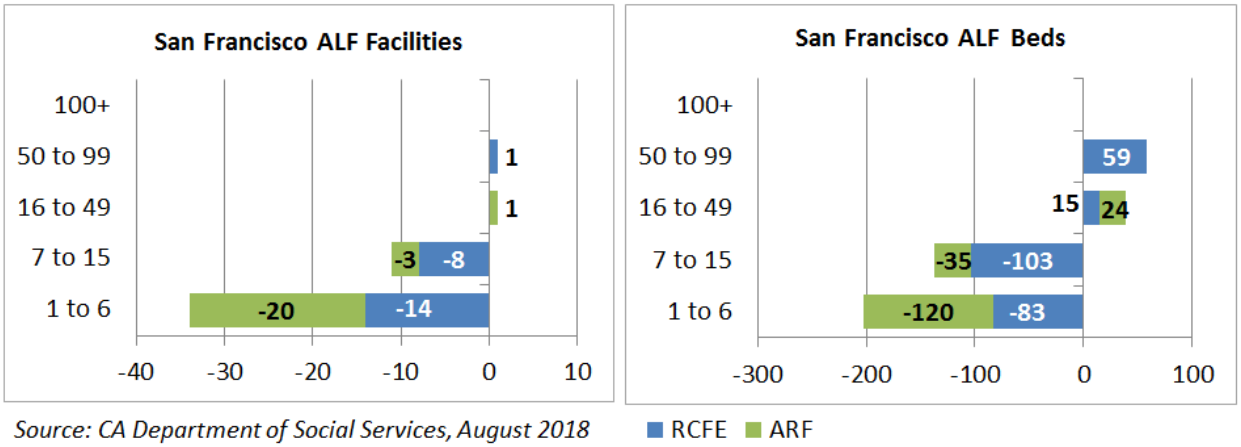
- **RCFE**: Today, San Francisco has 21 fewer RCFE facilities than 2012 – a 26% decline. However, because most of these closures were small facilities, the overall change in number of RCFE beds is small across this time period: a five percent decrease (112 beds).
- **ARF**: Both the supply of ARF facilities and beds has declined precipitously in recent years. Since 2012, there has been a 34% decline in the number of ARF facilities and 22% decline in the number of ARF beds in San Francisco. In total, San Francisco has 131 fewer ARF beds than in 2012.

San Francisco ALF Supply by Licensure: 2012 to 2018

Measure	Total				RCFE				ARF			
	2012	2018	#	%	2012	2018	#	%	2012	2018	#	%
# of Licensed Facilities	144	101	-43	-30%	80	59	-21	-26%	64	42	-22	-34%
# of Beds	2,761	2,518	-243	-9%	2,152	2,040	-112	-5%	609	478	-131	-22%

In both licensure categories, the **decline has been in smaller facilities – the ALFs that have traditionally been more accessible to lower-income residents** (including those supported with City subsidies). The scale of this small-facility loss has been somewhat obscured by growth in larger facilities, particularly on the RCFE side. Since 2012, the City has seen a net loss of 34 homes in the smallest facility category – ALFs with six or fewer beds (often called "board and care homes"). In total, there are 203 fewer beds available in board and care home settings.

Net Change in San Francisco ALF Supply by Facility Size
2012 to 2018



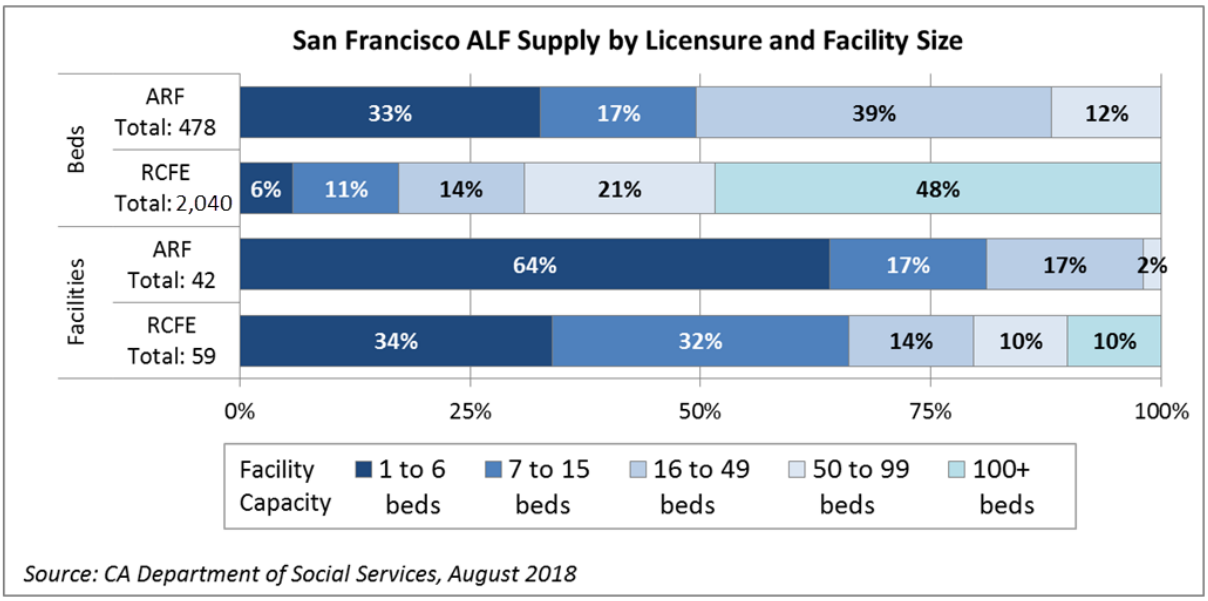
Source: CA Department of Social Services, August 2018

The **loss of small ALF facilities puts the City's supply of assisted living for adults under age 60 particularly at risk**. While RCFEs come in a variety of sizes, ARFs are much more likely to be small facilities. Half of the City's ARF beds are located in facilities with 15 or fewer residents. Conversely, large-scale RCFEs with 100 or more beds account for almost half of ALF beds for seniors age 60 and older. As shown below, about a third of ARF beds (and almost two-thirds of ARF facilities) fall into the smallest facility category, called "board and care homes," with six or fewer beds. **If the rapid loss of small ALF facilities continues, the City's ARF supply will be decimated**.

Assisted Living Facilities and Beds by Type in San Francisco, 2018

Facility Size (Total Beds)	Total		RCFE		ARF	
	Facilities	Beds	Facilities	Beds	Facilities	Beds
1 to 6 beds	47	276	20	118	27	158
7 to 15 beds	26	313	19	233	7	80
16 to 49 beds	15	464	8	279	7	185
50 to 99 beds	7	478	6	423	1	55
100+ beds	6	987	6	987	0	0
Total	101	2,518	59	2,040	42	478

Source: CA Department of Social Services, August 2018



This loss in board and care homes results from several factors, particularly increased costs and declining family interest. This is described in greater detail below, beginning with a cost analysis.

As private businesses, ALF costs and rates are typically considered confidential proprietary information, and this information is not made publicly available, making it difficult to identify the true cost of operating a board and care facility. Based on available research literature and reports on assisted living,

the ALF operator survey, and one-on-one consultation with current ALF operators, the ALF Workgroup has attempted to approximate costs and estimate a "break-even" monthly rate for a six-bed ALF.

More specifically, the Assisted Living Workgroup developed three cost estimates to represent a range of ALF ownership and cost scenarios. The first two scenarios below reflect the typical origin of a board and care home, in which a homeowner has opened their private residence up to boarders in order to provide a little extra income or help with mortgage costs. The third model attempts to simulate the cost for a new entity to operate.

- **Scenario A**: Family-owned and operated ALF with property owned outright (i.e., no mortgage). Owner serves as administrator and does not draw a salary. Facility is staffed by 2.0 FTE direct care workers; the administrator pitches in to help out as needed during the day and, since this is her home, lives onsite and addresses any needs that arise overnight. Other family members may also pitch in to help as needed without pay.
- **Scenario B**: Family-owned and operated ALF with property under mortgage. Owner serves as administrator and does not draw a salary. Facility is staffed by 2.0 FTE direct care workers; the administrator pitches in to help out as needed during the day and, since this is her home, lives onsite and addresses any needs that arise overnight. Other family members may also pitch in to help as needed without pay.
- **Scenario C**: Newer ALF with property under mortgage and providing a higher level of staffing: 1 paid administrator and 4.0 FTE direct care workers. This staffing level provides 1.0 FTE active at all times; that is, this model relies on paid staff available 24/7 and does not include free labor.

ALF Annual Cost Estimate and Monthly Break-Even Rate for Six Bed Facility[2]

ANNUAL EXPENSES	A	B	C
Administrative Costs (e.g., licensing, supplies)	$30,490	$30,490	$30,490
Property Costs (e.g., property tax, mortgage)	$22,346	$105,182	$111,614
Labor Costs (e.g., wages, healthcare)	$77,330	$77,330	$216,711
Staff Development (e.g., training, recruitment)	$3,685	$3,685	$3,770
Resident Supports (e.g., food, transportation)	$32,240	$32,240	$38,080
TOTAL ANNUAL EXPENSES	$166,091	$248,927	$400,665
MONTHLY BREAK EVEN RATE	**A**	**B**	**C**
100% Occupancy	$2,307	$3,457	$5,565
90% Occupancy	$2,563	$3,841	$6,183

Source: Assisted Living Workgroup analysis, see Appendix B for detail

From a business perspective, this cost analysis underscores the difficulty that long-time board and care home operators face in maintaining their business, particularly those that have historically served a low-income population. SSI recipients residing in assisted living receive an enhanced benefit known as the Non-Medical Out of Home Care payment standard. This benefit totals $1,173 and residents are

[2] See Appendix B for detail on costs included in each expense category and information source.

permitted to retain $134, leaving $1,058 available for ALF operators – less than half the break-even rate. From an ALF operator perspective, **it would not be feasible for a facility to accept the SSI rate for all residents or even a significant portion**. Moreover, for each resident that a facility accepts at a lower monthly rate, the cost difference must be made up in the rates charged to other residents.

Additionally, this analysis highlights that **it is unlikely that new board and care homes will open in San Francisco**. It is simply not a financially sustainable model unless the operator is the homeowner who lives onsite. As outlined in Scenario C, an investor entering the market anew would need to charge about $6,000 per month to break even. At those rates, an individual could likely purchase a bed in a larger, more upscale facility. From an investment perspective, other private business ventures are more likely to be readily profitable.

Shifting family dynamics and broader economic trends exacerbate these cost issues, particularly related to workforce. Historically, small ALFs have been family businesses with family members helping out and eventually taking over the business. However, through the ALF operator survey, board and care home owners shared that their children are less interested in maintaining the family business, and increased property values offer a lucrative opportunity to cash in on an unexpected retirement windfall. The City's increasingly high cost of living and low unemployment rate make it difficult for ALF operators to find people willing and able to work for minimum wage. But it is difficult for small ALF operators to pay above minimum wage given their slim profit margin and increasing operating costs. A key factor is the local minimum wage increase and its impact on operating costs in comparison to revenue opportunities: since 2012, minimum wage has increased by 46% while the SSI rate for assisted living residents has only increased by 8%.

COST IS – AND WILL REMAIN – A KEY BARRIER

As discussed in the prior section, cost estimates suggest that the **monthly break-even bed rate is over $2,000 per bed in a board and care home, more than twice what a low-income SSI recipient would be able to pay**. This estimate was based on a minimal cost model in which the ALF administrator is the homeowner who does not take a salary. This cost estimate climbs quickly depending on mortgage status and staffing levels. Additionally, to make a profit, a facility must charge higher rates. While most respondents in the ALF operator survey reported charging under $4,000 per month for a bed, they noted that their rates are largely defined by the state SSI rate and DPH subsidies. They shared that it is difficult to meet their business expenses, and this rate is not sustainable.

It is unlikely that new ALFs will cater to low-income consumers. As discussed in the prior finding, it is unlikely that many new small board and care facilities will open in future. Larger facilities tend to charge higher rates; they are profit-oriented businesses with all paid professional staff in newer facilities (often with significant costs associated with the building) and can attract a higher-paying clientele. The DAAS-funded Community Living Fund program provides a snapshot of market rate costs: on average, the full monthly rate for ALF placement is $4,382.[3]

Monthly ALF Placement Rate Comparison

Rate	Monthly Rate
State-Set SSI Payment for ALF Residents	$1,058
Board & Care Home Break-Even Estimate	$2,307
Average ALF Placement Rate*	$4,382

*Based on DAAS-funded Community Living Fund program (ALF placements in facilities of all sizes, from board and care homes to 100+ bed facilities)

It is evident from this information that **low-income individuals will need a meaningful additional subsidy to secure placement**. Given the disparity between the break-even rate and state funding level for SSI recipients, it is unreasonable to expect the market to provide ALF services for the low-income population – the cost and revenue does not pencil out to keep a facility in the black. In particular, this has implications for DPH. For clients with basic level of care needs, DPH provides a daily subsidy of $22 per day ($660 per month). It may be difficult for DPH to maintain access to this type of ALF placement in future. This is discussed further in the subsequent finding.

[3] As described in the subsequent finding, the DAAS-funded CLF program provides monthly subsidies to a small number of intensive case management clients who require ALF placement to avoid institutionalization in a skilled nursing facility. This program data provides a small sample of RCFE rates charged for 22 CLF clients placed in San Francisco in June 2018. CLF subsidizes the difference between a client's ability to pay and negotiated facility rate (as detailed later in this report, the average CLF subsidy is $2,943). Rates tend to be lower in smaller facilities. The maximum rate for a current CLF client is $6,856; higher cost is based on increased level of care for clients with more complex needs. See Appendix C for more detail.

THE CITY IS A KEY FUNDER OF ASSISTED LIVING

Assisted living is a critical support for San Francisco adults of all incomes and ages. While assisted living is primarily a private pay service, **many low-income individuals and clients enrolled in special programs are supported to secure ALF placement through City and other public programs**. These include:

- 586 locally-funded and managed subsidies:
  - 561 subsidies managed by Department of Public Health (DPH) for persons with behavioral health needs;
  - 25 subsidies managed by Department of Aging and Adult Services (DAAS) for persons at high risk of skilled nursing placement;
- Subsidies provided through the Medi-Cal Assisted Living Waiver program operated by the California Department of Health Care Services;
- 237 consumers supported through other specialized programs, including:
  - 120 placements managed by the Golden Gate Regional Center (GGRC); and
  - 117 clients in the Program for the All-Inclusive Care for the Elderly (PACE) program.

In total, at least 823 San Francisco seniors and adults with disabilities are currently supported with the financial cost of ALF placement. **The 604 clients placed locally in San Francisco account for 24% of ALF beds. This highlights the importance of this assisted living, its unaffordability for many people who need this level of support, and the role that public programs play in securing access to assisted living.**

Through DPH and DAAS programs, the City directly supports 586 placements at an overall cost of approximately $11.2 million per year.[4] Of these placements, 367 are in San Francisco facilities, meaning that 15% of San Francisco's ALF beds are supported with a city-funded subsidy. This trend is particularly staggering among ARF beds, which serve adults under age 60: **42% of ARF beds are subsidized by DPH**.

The nature of subsidy supply varies by program. DPH, DAAS, and the Assisted Living Waiver subsidy programs are capped by available funding. When a client transitions off of a subsidy, a new consumer can be placed. The City-funded DPH and DAAS subsidy programs are impacted by placement cost; if subsidy costs increase (e.g., due to rate increase or higher level of care needs), the number of subsidies DPH and DAAS programs can support decreases. The state's Assisted Living Waiver program has a set number of slots to fill.[5] Conversely, the number of slots supported by GGRC and those whose care cost is paid by PACE is based on the needs of clients enrolled in their programs. Thus, the number of supported ALF placements may fluctuate over time if additional or fewer clients need ALF placement.

The **best opportunity to impact supply of subsides is through the local and Medi-Cal programs**. The specialized programs are harder to influence and, by their nature, already required to be responsive to client needs. More specifics on these various subsidy programs are provided on the following pages.

[4] Funding estimate based on subsidy rate alone and does not include administrative or related costs.

[5] In FY 2018-19, the Assisted Living Waiver increased from 3,744 to 5,744 slots.

DEPARTMENT OF PUBLIC HEALTH

DPH provides **assisted living subsidies for persons with serious mental illness and San Francisco Health Network members with multiple complex characteristics** (e.g., mental health, substance use, medically compromised) with the goal of supporting stability in the most appropriate and least restrictive setting. In total, **561 DPH clients are subsidized for their ALF placements**. DPH spends approximately $10.2 million on these placements each year; daily subsidy rates are based on the level of care needed.[6] Most clients receive SSI. They are permitted to retain $134 per month for personal needs and contribute the remaining $1,058 of their income to their monthly placement cost. The DPH subsidy is layered on top of this payment. For clients with higher income, DPH funds the cost difference to its negotiated rate.

DPH Placements in ARF/RCFE – All Counties

Level of Care	ARF	RCFE	Total	Daily DPH Subsidy Rate	Monthly DPH Subsidy Rate
Basic	191	68	259	$22	$660
Specialty	77	139	216	$65*	$1,950*
Enhanced	12	74	86	$105	$3,150
Total	**280**	**281**	**561**	.	.

Source: DPH Transitions, August 2018 *San Francisco rate (out of county rate varies)

Notably, **about 39% of DPH-supported ALF placements are in facilities outside of San Francisco**. Out of county placement may occur due to clinical determination (e.g., stability is better supported in a new environment away from factors that encourage destructive behaviors). However, this also indicates a level of demand for higher levels of care that is not met by the current system in San Francisco or is unattainable at current funding levels. Please see Appendix D for additional details, including a breakdown of in and out of county placements by level of care.

DEPARTMENT OF AGING AND ADULT SERVICES: COMMUNITY LIVING FUND

Through the Community Living Fund (CLF) program, DAAS supports **people at risk of institutionalization (e.g., skilled nursing)** to live in the community. Since its creation in 2007, this program has supported 75 individuals to afford ALF placement and avoid or delay skilled nursing placement. In a given month, CLF funds ALF placement for approximately 25-30 clients. Historically, these subsidies have primarily been used to support individuals to transition out of Laguna Honda Hospital and Rehabilitation Center; in recent years, CLF has expanded its work to support transitions out of private skilled nursing facilities. The program focuses on placements in San Francisco.[7] Each month, CLF spends approximately $75,000 on ALF placements; in total, the program spent $926,000 on assisted living in FY 2017-18.

[6] See Appendix D for level of care definitions.

[7] Three current clients are placed out of county but were grandfathered in.

In June 2018, there were **25 clients receiving a monthly subsidy for ALF placement through CLF**. Clients receiving a subsidy are permitted to retain $134 per month (in keeping with the SSI personal needs allowance rate) and contribute the rest of their income to the monthly rate. CLF then patches the difference between the client's contribution and the ALF rate. The average monthly client contribution is $1,312, slightly higher than the SSI rate. The table below provides detail about the average subsidy amount funded through CLF for 22 clients placed in San Francisco.

Community Living Fund San Francisco ALF Placements

Subsidy Rate	Average	Minimum	Maximum
Daily	$98	$25	$195
Monthly	$2,943	$737	$5,854

Source: Community Living Fund, June 2018

MEDI-CAL ASSISTED LIVING WAIVER PROGRAM

The Assisted Living Waiver (ALW) is a **Medi-Cal Home and Community-Based Services waiver program that supports individuals who require skilled nursing level of care** to delay placement into a skilled nursing facility and instead reside in a lower level of care, either an assisted living or public subsidized housing setting with appropriate supports. This allows Medi-Cal funding to be used to pay for ALF placement for a limited number of individuals. Daily subsidies range from $65 to $102 depending on level of care.

In FY 2018-19, the ALW program capacity will increase by 2,000 new slots for a statewide total of 5,744 slots. The slots are allocated on a first come, first served basis, with 60% of placements reserved for skilled nursing facility residents and 40% for individuals already residing in an ALF or living in another community placement. As of January 2019, there were about 4,000 people on the centralized ALW waitlist managed by the California Department of Health Care Services (DHCS). It currently takes an average of 12-15 months to reach the top of the list. **While DHCS was unable to provide the exact number of San Franciscans currently supported with an ALW subsidy in time for this report's publication, they did share that 46 San Francisco residents are on the waitlist.**

Individual eligibility is assessed by state-certified Care Coordination Agencies (CCA), which are responsible for developing and implementing each client's individualized service plan and supporting clients to make decisions regarding their choices of living arrangements. When an individual reaches the top of the waitlist, the CCA that initially assessed the client's eligibility is responsible to help them secure ALF placement.

Facilities must also undergo a certification process for beds to be designated as ALW eligible. There is no limit on the number of facilities that can apply to become an ALW facility. **Currently, there are five San Francisco ALFs that have ALW-certified beds**. Because all are small board and care homes with six or fewer beds, the current supply of ALW-eligible beds located in San Francisco is relatively limited. An

individual may be placed in a facility outside of San Francisco if there are no available ALW-eligible beds within the City.

GOLDEN GATE REGIONAL CENTER

The Golden Gate Regional Center (GGRC) is a state-funded non-profit organization that serves **individuals with intellectual disabilities**. Per state regulations, GGRC must vendorize or rent out an entire ARF to place clients under age 60 in assisted living. For senior clients age 60 and older, GGRC can vendorize a single bed rather than an entire facility. Facilities must meet specific criteria and requirements to provide residential care to people with developmental disabilities. As the Regional Center for San Francisco, Marin, and San Mateo counties, GGRC places clients in all of these counties. GGRC reports that they no longer vendorize new facilities in San Francisco due to cost and availability issues. In total, **GGRC has approximately 120 San Francisco clients placed in ALFs**.

PROGRAM FOR THE ALL INCLUSIVE CARE FOR THE ELDERLY (PACE)

The Program for the All Inclusive Care for the Elderly (PACE) is a **healthcare program for Medicare and Medicaid clients**. In San Francisco, On Lok Lifeways operates a PACE program, serving individuals aged 55 and older. As a capitated managed care benefit model, On Lok Lifeways provides a comprehensive medical and social service delivery system and is responsible for meeting all of its clients' care needs. PACE clients who require ALF placement typically pay a portion of the monthly rate for room and board; On Lok Lifeways may cover the care-associated costs based on the individual's care plan needs. Currently, there are about **117 PACE clients residing in RCFEs**.

THERE IS UNMET NEED FOR AFFORDABLE ASSISTED LIVING

An individual's **need for assisted living level of care can develop under a variety of circumstances**. These circumstances may be distinct but also can overlap, including:

- Living in the community but experiencing increasing personal care needs that make independent living no longer a safe option;
- Currently institutionalized or at risk of institutionalization in a skilled nursing facility; and/or
- Experiencing behavioral health challenges and unable to meet basic needs, living in the community, on the street, or in a mental health facility.

The Assisted Living Workgroup has explored many potential data sources in its attempt to identify and quantify demand for ALF placement, but this effort is hindered by a lack of available data. **When a service or support (like assisted living) is not an option, systems are typically not set up to document the need for that service.** Consequently, few programs and organizations track information about individuals who would benefit from ALF placement but for whom it is not an option (i.e., due to cost).

However, even without clear cut data on consumer demand, the **limited available data combined with key informant interviews provide a sense that there is significant unmet need for assisted living placement**. This manifests in a number of trends, including: increasing rates of self-neglect among consumers attempting to live independently longer than is safely feasible; waitlists for ALF subsidies; out of county placements; and delays in client movement between levels of care.

City programs do capture some information on unmet need for *affordable* assisted living. In August 2018, **DPH had 32 clients awaiting placement** and 10 empty beds, the result of a mismatch between client needs and the available level of care in facilities with vacancies. As of June 2018, the **DAAS-funded CLF program had 25 individuals waitlisted for ALF placement** – they need this higher level of support but the program does not have financial resources to subsidize their placement at this time.

There is also **unmet need for the state's Assisted Living Waiver program**. As of October 2018, there are 46 San Francisco residents on the waitlist for this program. It is possible that these individuals will be served through this year's 2,000 slot expansion of the Assisted Living Waiver program authorized by Governor Brown, but it is unclear how these slots will be allocated across counties and how San Francisco may benefit. Moreover, once people see new enrollment through the expansion and even if the waitlist is cleared, it may be the case that new requests will come forward.

Hospitalized individuals who are unable to privately pay for assisted living or ineligible for a subsidy may end up stuck at the hospital without a clear discharge solution. As part of the Post-Acute Care Collaborative, a point-in-time 2017 survey of hospitals found that 50% of 117 hospitalized individuals awaiting discharge needed custodial care and 24% could be accommodated at a lower level in the community. Many of these patients had behavioral health characteristics, including substance use, severe mental illness, and/or dementia, that can make it difficult to find an affordable placement.

RECOMMENDED STRATEGIES

The Assisted Living Workgroup's Strategies Research Group identified and vetted 16 ways for the City to potentially support ALF capacity in San Francisco. These ideas ranged from business factors to workforce support to models of care and payment. These strategies were evaluated to identify which had the greatest likelihood of meaningfully supporting and/or expanding the City's supply of assisted living using the following criteria:

- **Cost**: What is the estimated cost or cost scale to implement the strategy?
- **Impact**: What level of impact is this strategy likely to have? For example, how many clients could be impacted? Will the strategy significantly improve the ability of ALF operators to stay in business?
- **Timeframe**: How long will it take to implement the strategy and see impact? Is the timeline: short (within six months), moderate (six to twelve months), or long-term (over a year)?
- **Feasibility**: Given competing priorities and needs in the City and State, how likely is the strategy to be implemented? Is there a clear path forward to implementation?

Based on these criteria, the ideas were prioritized and grouped into four main strategic areas with eight recommendations for specific ideas to support these goals.

Assisted Living Workgroup: Recommended Strategies

Strategy	Recommendation
Sustain existing small businesses	Support business acumen skills
	Develop workforce pipeline
Increase access to existing ALF beds	Increase the rate for City-funded subsidies
	Increase the number of City-funded subsidies
Develop new models	Pilot co-location of enhanced services and affordable housing
	Make space available at low cost for ALF operators
Enhance state Assisted Living Waiver (ALW) program	Increase use of existing ALW slots
	Advocate for ALW expansion (Assembly Bill 50)

The other eight potential strategies identified by the Assisted Living Workgroup's Strategies Research Group are worth review and continued conversation. Please see Appendix E. These are ideas that hold promise but may be a heavier lift, require additional discussion to ascertain next steps towards implementation, or have lower (but still potentially meaningful) impact. For example, one of these ideas is to develop local property tax breaks for ALFs that accept low-income residents. Further analysis is needed to identify the tax break scale needed to achieve a meaningful impact and to determine local interest in instituting such a policy.

SUSTAIN EXISTING SMALL BUSINESSES

Small facilities are a valuable resource, especially in providing more affordable placements. Particularly given that new board and care homes are unlikely to open in San Francisco, it would behoove the City to continue and expand its efforts to help sustain these businesses. The strategies within this recommendation are intended to empower small ALFs to remain viable for as long as possible by reducing costs and increasing revenue. These actions are all within the City's purview, can be implemented quickly, and have the potential to immediately provide positive impact while other larger-scale and long-term strategies are pursued.

RECOMMENDATION: SUPPORT BUSINESS ACUMEN SKILLS

Many small ALFs are long-held family businesses – a model based on private residents opening up their home to boarders. Outside of direct experience, many ALF operators do not have a background or formal training in business operation.[8] Moreover, they have indicated a desire for this type of support; 75% of ALF survey respondents indicated that business consultation support would be a useful resource.

The ALF Workgroup recommends that the City provide business acumen support to empower small ALFs to enhance their business skills and structure their practices to promote the overall viability of these facilities. There is precedent for this type of service. The Office of Economic and Workforce Development's (OEWD) Small Business Development Center (SBDC) provides training and consulting support to business owners in San Francisco. This resource could potentially be leveraged to develop expertise specifically focused on the field of assisted living, which may be outside the industries with which the SBDC commonly works.

Prioritization Criteria – Business Acumen Skills

Cost	Low	Cost will vary based on scale and format of support (e.g., group training could be lower cost than one-on-one coaching), as well as ability to leverage existing resources, but should be relatively low cost in context of other recommended strategies.
Impact	Moderate	Business strategic support has potential to reduce costs and improve efficiency for small operators with lean budgets. Per ALF survey, ALF operators see value in this type of support and can be expected to make use of it.
Timeframe	Short-term	Support strategies could likely be rolled out within the next fiscal year, particularly if existing resources (e.g., OEWD SBDC) are leveraged.
Feasibility	Moderate	OEWD is available to guide implementation

[8] As an example, 81% of ALF operator survey respondents indicated a need for help publicizing their business, and about half identified long bed vacancies as a main concern impacting business sustainability. However, few have an online presence or outreach/publicity strategy. When unable to find a new client, ALFs may end up using a placement registry that connects clients to open ALF beds but charges 100%-150% of the first month's rate for each placement. Using a placement registry three times per year can cost over $15,000, increasing costs by up to 10% for a business with a very tight margin.

RECOMMENDATION: DEVELOP WORKFORCE PIPELINE

At the same time that long-time ALF operators are aging and becoming more reliant on outside help to provide care to residents, procuring outside labor is becoming increasingly challenging due to minimum wage increases, low unemployment levels, and stricter staffing requirements (particularly for ARF). Having to train new caregiver staff, particularly for facilities experiencing frequent turnover, is an additional burden.

The Assisted Living Workgroup recommends that the City consider opportunities to leverage its workforce development programs to support the ALF industry. Existing job training and wage stipend programs provide a potential opportunity to both address the training needs and also help offset one of the main cost drivers that small ALFs cite as a key threat to their viability. There may be opportunities to build this type of program into a larger caregiver career ladder, such as a partnership with the In-Home Supportive Services program and/or San Francisco City College.

Prioritization Criteria – Develop Workforce Pipeline

Cost	Moderate to High	Cost will vary based on scale. HSA's Workforce Development Division typically provides a wage stipend for up to six months through the JobsNOW! program for clients participating in public benefit programs (e.g., CalWORKs Welfare-to-Work). Existing program infrastructure can be utilized with minimal additional administrative cost.
Impact	Moderate to High	Labor costs have been cited as a key challenge in business viability. While the wage stipend is time-limited, the cost savings could be quite meaningful for small facilities with a lean operating budget and help buy time while longer-term strategies are implemented. Moreover, this model reduces the burden on ALF operators to train new workers.
Timeframe	Medium-Term	While existing job placement programs can be utilized, it will require time to integrate new training curriculum into the program model and then to train the first cohort(s) of participants for placement.
Feasibility	High	This can likely be built off or implemented within existing workforce development programs.

INCREASE ACCESS TO EXISTING ALF BEDS

As primarily a private pay service, assisted living is financially out of reach from many people who need this level of care. This can result in crisis situations for those unable to meet their needs in the community; it also contributes to capacity issues in higher levels of care, such as hospital and psychiatric beds, when persons ready to transition out are unable to afford assisted living or secure a subsidy. To ensure continued access to assisted living and to meet current demand, the Assisted Living Workgroup recommends a rate increase and also an increase in the number of City-funded subsidies.

RECOMMENDATION: INCREASE RATE FOR CITY-FUNDED SUBSIDIES

The cost estimates included in this report suggest that a minimum monthly break-even bed rate for a small board and care home is over $2,000 per month. Larger facilities tend to charge closer to $4,400. However, the state-set rate for SSI recipients living in assisted living provides only $1,058 per month for the ALF operators, leaving an operating cost gap of over $1,200 per month. Low-income SSI recipients will need a meaningful subsidy on top of the SSI benefit to procure ALF placement. However, while small ALF operators identified the steadiness or reliability of City-funded subsidies as valuable, they described the rate as unsustainable, particularly for the "basic" level of care. Moreover, larger facilities (that charge higher rates) are unlikely to accept the lowest subsidy rates, particularly as their costs increase.

In particular, the Assisted Living Workgroup recommends that the City consider an additional rate increase for the "basic" level of care supported by DPH. Currently, there are 259 individuals in a basic level of care (all are placed in San Francisco). In July 2018, the subsidy rate was increased from $19.75 to $22 per day or $660 per month as part of a $1 million two-year budget enhancement from Mayor Breed. Even if this enhanced rate is continued, it will be difficult to continue securing placements at this rate.

The Assisted Living Workgroup does not make a specific recommendation regarding rate levels – leaving this to city policymakers and relevant departments to discuss in further detail – but notes that any rate increase would need to be funded with a new allocation to avoid an overall reduction in the number of subsidies available.

Prioritization Criteria – Increase Rate for City-Funded Subsidies

Cost	Moderate to High	Cost will depend on the number of subsidies impacted and scale of the rate increase. For example, a $5 rate increase for the 259 current residents with a "basic" level of care would cost approximately $437,000 per year.
Impact	Moderate to High	Current subsidy rates are the most often cited business challenge for ALFs. An increase would immediately impact all facilities that currently take DPH "basic" level of care placements.
Timeframe	Short-Term	This would support an existing program that could quickly implement a rate increase.
Feasibility	High	The primary challenge is funding availability (the subsidy program, partner facilities, and process for procuring beds are in place).

RECOMMENDATION: INCREASE NUMBER OF CITY-FUNDED SUBSIDIES

Through DPH Transitions placement team and DAAS Community Living Fund, the City supports almost 600 ALF placements for low-income San Franciscans. While it is difficult to develop a comprehensive estimate of unmet need for assisted living due to lack of data, the information that is available suggests at least 103 individuals have expressed a need for affordable ALF placement. This includes 32 DPH clients in need of ALF placement but for whom there is not an appropriate bed that meets their level of care needs, as well as 25 individuals that have been assessed as in need of assisted living by the DAAS-funded CLF program.[9]

The Assisted Living Workgroup recommends that the City provide additional funding to increase subsidies for assisted living placement for low-income individuals. To determine an appropriate number and avenue for distribution will require additional discussion by city policymakers and relevant departments and programs.

Prioritization Criteria – Increase the Number of City-Funded Subsidies

Cost	Moderate to High	Cost depends on number and rate of additional subsidies. For example, the Community Living Fund client population tends to have more complex needs; based on the average subsidy rate, it would cost about $883,000 annually to support the 25 individuals waitlisted for ALF placement financial support.
Impact	High	This would immediately support consumer access to assisted living.
Timeframe	Short-Term	Existing programs are ready to implement.
Feasibility	High	The primary challenge is funding availability. The subsidy program, partner facilities, and process for procuring beds are in place.

[9] An additional 46 individuals are on the state's Assisted Living Waiver waitlist.

DEVELOP NEW MODELS FOR MEETING NEEDS

The loss in smaller ALF facilities is unlikely to be reversed, and the high cost of entry makes it likely that new ALF facilities will be targeted to a higher-income clientele. Even with a subsidy, high-end facilities may be hesitant to bring in residents with more complex behavioral needs or a history of homelessness. Given this, the City should consider alternative strategies to increase affordable assisted living supply beyond funding subsidies in existing facilities, particularly strategies that offer more control over the resident population (e.g., low-income or LGBTQ).

RECOMMENDATION: CO-LOCATE ENHANCED SERVICES WITH AFFORDABLE HOUSING

Assisted living provides a level of support beyond what is typically available in the community, and most residents truly need the supervision and care provided around-the-clock. However, for individuals on the margin of needing assisted living, it may be the case that a more robust and coordinated community-based model of care can adequately meet needs and preempt or delay ALF placement. This diversion would benefit both the consumer (by providing a less restrictive option) and also the broader system of care (by preserving assisted living for those most in need and ultimately supporting client movement between levels of care).

The Assisted Living Workgroup recommends that the City explore and expand preventative models that provide enhanced, targeted, and coordinated long-term care services within the community to support independent living. Many existing services offer key components of the support provided in assisted living. However, to remain stable in the community, individuals on the verge of needing assisted living would benefit from enhanced or hybridized services and more defined coordination beyond what is currently available. These efforts may be: structured similarly to permanent supportive housing (e.g., with enhanced on-site care components); provided as targeted supportive services within a geographical area (e.g., same SRO or affordable housing building); or as a partnership with a specific affordable housing partner. The Assisted Living Workgroup notes that such a program would need to be structured carefully to avoid establishing an unlicensed ALF.

Prioritization Criteria – Co-Locate Enhanced Services with Affordable Housing

Cost	Moderate	Depending on how the model is structured, existing programs may be leveraged to provide key resources (e.g., meal programs, home care through In-Home Supportive Services). However, there will also likely be new costs incurred, such as specialized case management, housing subsidies, and pilot program administration and evaluation.
Impact	Low (initially)	As a pilot program to start, the initial impact will be relatively low. If the pilot is successful, the program could be scaled up or replicated and achieve a higher impact.
Timeframe	Long-Term	It will take time to develop the pilot model, identify an appropriate residential location, and implement.
Feasibility	Moderate	Need to assemble a team to identify tangible next steps, barriers, opportunities to leverage existing programs, and potential funding sources.

RECOMMENDATION: MAKE SPACE AVAILABLE FOR ALF OPERATION AT LOW COST

As with all businesses, a key barrier to entry in San Francisco is real estate; the cost to purchase or rent space can be prohibitively expensive and typically must be recouped through high costs passed on to the consumer. In the ALF world, new facilities are unlikely to be able to accept low-income residents who cannot afford to privately pay high rates for services – if they can afford to open at all.

The Assisted Living Workgroup recommends that the City consider supporting future ALFs (or existing facilities struggling to meet monthly real estate costs) by making space available at low cost to ALF operators. This could be implemented in many ways, such as making use of existing City-owned buildings, purchase of new sites, or including space for assisted living in plans for new developments. This could be modeled after the Mayor's Office of Housing and Community Development's Small Sites Program, making use of "in rem" properties available through property tax seizure, or early access to probate buildings. The City could also consider opportunities to partner with a foundation to develop a public-private partnership that supports the availability of low-cost space.

Prioritization Criteria – Make Space Available for ALF Operation at Low Cost

Cost	Moderate to High	Overall cost will be dependent on costs to purchase, lease, and/or rehabilitate properties (all likely at market rates).
Impact	Moderate	Impact will depend on facility size (e.g., greater size will have greater impact).
Timeframe	Long-Term	Based on time to identify buildings, identify and interested ALF operator, carry out contracting process, and outfit space appropriately.
Feasibility	Moderate	It is unclear whether there are currently City-owned properties available and appropriate for this type of use or if there are foundation partners interested in this type of work. Each site would require significant work to identify and, where necessary, procure. The City has many competing priorities and populations for new housing projects and foundation partnerships. However, this may fit well into current or future strategic plans at City agencies. For example, many DPH-ALF clients are formerly homeless, so this may fit into a larger HSH strategic plan.

ENHANCE STATE WAIVER PROGRAM

The Assisted Living Waiver (ALW) program provides a limited number of subsidies to delay skilled nursing placement for Medi-Cal clients. While this year's addition of 2,000 new slots will help address the current 4,000 person waitlist, there are additional opportunities to maximize utilization of this program locally by increasing the number of San Francisco residents applying for slots coupled with supporting the availability of ALW-eligible beds within the City. The impact of such efforts will increase significantly should the state further expand the ALW program by passing AB 50.

RECOMMENDATION: INCREASE USE OF EXISTING ASSISTED LIVING WAIVER SLOTS

Local ALW participation is driven both by client applications and facility certification of beds as ALW-eligible. As San Francisco residents rise to the top of the statewide ALW waitlist, they will be able to secure an ALW-subsidized placement (that is, the more San Franciscans who apply, the more that will be able to make use of this program). However, their ability to remain in San Francisco is impacted by the availability of ALW-eligible beds in San Francisco facilities. Currently, there are five San Francisco ALFs that have completed the state process to be certified as ALW eligible.

Another key component in the ALW process is the Care Coordinator Agency (CCA) that assesses for eligibility and works with a client to develop and implement an individualized service plan. Currently, there are three CCAs that support San Francisco ALW clients; however, none of these are actually based in San Francisco.

The Assisted Living Workgroup recommends the City develop a targeted strategy for maximizing the utilization of the ALW within San Francisco, both with regard to individual applications and facility certification as ALW eligible. While the immediate impact may be limited due to the current ALW waitlist, this lays a critical foundation for future access; moreover, the impact in San Francisco would be significant should AB 50 pass (see next recommendation).

Prioritization Criteria – Increase use of Existing Assisted Living Waiver Slots

Cost	Low	The cost of ALW subsidy is paid by Medi-Cal. The City may need to provide technical support for ALFs to complete the state certification process.
Impact	Moderate	At minimum, increasing ALF participation within the program could increase the number of available beds. Should AB 50 pass and further increase the number of ALW slots, the impact would increase.
Timeframe	Moderate-Long Term	Further analysis is required to identify next steps, but it will take time for new applicants to reach the top of the waitlist and for ALF facilities to complete the certification process.
Feasibility	Moderate	Need to clarify a few key considerations, including what barriers prevent ALFs from participating within the ALW program and how best to support individual clients to apply for a slot.

RECOMMENDATION: SUPPORT EXPANSION OF THE ASSISTED LIVING WAIVER PROGRAM

The Assisted Living Waiver program reached its capacity of 3,700 participants in March 2017. In FY 2018-19, the program will be expanded by an additional 2,000 slots, authorized by Governor Brown. However, this growth is anticipated primarily to address the existing waitlist, which includes 46 San Francisco residents. Last year, Assemblymember Ash Kalra (AD-27, San Jose) introduced legislation to further expand the Assisted Living Waiver program by an additional 12,800 over five years, which would bring the total number of slots of 18,500. Though the state legislature passed the bill, it was vetoed by Governor Brown on the basis of allowing time for the 2,000 slot expansion to be implemented and assessed. Assemblymember Kalra has reintroduced his legislation this year as Assembly Bill 50.

The Assisted Living Workgroup recommends that the City advocate at the state level for the passage of AB 50. Further, the City should explore options to advocate for a significant number of slots to be assigned to San Francisco and for reimbursement rates to be regionally-based to account for the higher costs in urban counties.

Prioritization Criteria – Support Expansion of the Assisted Living Waiver Program

Cost	Low	Cost depends on scale of advocacy – existing processes and resources can likely be leveraged. If passed, Assisted Living Waiver slots will be funded by Medi-Cal funding and would not require City contribution.
Impact	Moderate	Dependent on the number of Assisted Living Waiver slots allocated to San Francisco but anticipated to increase capacity at some level.
Timeframe	Medium to Long Term	Dependent on 2019 state legislative process and care coordinator agency implementation process.
Feasibility	High	The City has existing advocacy processes and infrastructure that can be utilized for this recommendation.

CONCLUSION

Assisted living facilities (ALFs) are a key component of the City's support network to ensure people are able to age in place and remain in the most independent and community-like setting. In particular, the availability of affordable assisted living is critical for many seniors and people with disabilities who are no longer able to live independently and safely in San Francisco. From a systems perspective, an adequate ALF supply supports the movement of consumers through medical and mental health systems, flowing between levels of support as appropriate for their individual needs.

In recent years, San Francisco has experienced a precipitous decline in smaller facilities, which historically have been a key resource for low-income individuals in need of ALF placement. Operating costs have increased, making the SSI rate for the lowest-income individuals not a viable payment for ALF operators to sustain their business. Shifting family interests and increased property values have interrupted the tradition of family-managed business passing down to younger generations.

The City can and should support the viability of these small facilities for as long as possible through the recommendations outlined in this report. At the same time, to support the long-term availability of affordable assisted living, the City must pursue additional solutions that include increasing access to existing ALF beds through City-funded subsidy programs, developing new models to support people with increased personal care needs, and enhancing the state's Assisted Living Waiver program.

APPENDIX A. ALF OPERATOR SURVEY.

As both the Demand and Supply Research groups began their work, it became evident there was important information that work group members did not have access to, such as the monthly operating budget of ALFs, how operators determine rate models and whether those rates covered their monthly expenses, and what, if any, potential strategies or resources would ALFs be most interested in.

As a result, the workgroup decided to conduct a phone survey of board and care homes (ALFs with six or fewer beds) in San Francisco, as well as some larger ALFs known to accept City-subsidized placements, to better understand several key questions the workgroup had not been able to answer.

METHODOLOGY

A phone survey was conducted with a total of 16 facilities[10] from October through November 2018. The survey consisted primarily of categorical, ordinal, and interval response questions with opportunities for respondents to provide open-ended comments. Respondents included 10 RCFEs (two facilities with 20 or more beds and eight facilities with six or fewer beds) and six ARFs (one facility with 20 or more beds and five facilities with six or fewer beds).

The focus was primarily on the small facilities (6 beds or less) as those facilities tend to serve more low-income residents than larger facilities, particularly those reliant on SSI. The group did decide to also include a small number of larger facilities, primarily to serve as a point of comparison.

SURVEY KEY FINDINGS

Key findings from the survey are highlighted below:

- The majority of small facilities interviewed rely on City funded subsidies, primarily DPH but also CLF, GGRC, and On Lok (PACE Program);
- Finances were the primary concern with regards to financial sustainability, including current rates, staffing costs, and additional business costs such as mortgage, insurance, and required trainings; and
- Most facilities have been open for many years, have two or fewer staff (often bolstered by informal family support), and are operating within residential neighborhoods.

[10] The Assisted Living Workgroup intended to survey a total of 30 facilities (15 RCFEs and 15 ARFs), with a primary focus on small board and care homes. However, the analysts conducting the survey encountered a number of challenges, including that some facilities had already closed or were in the process of closing and administrators who were unresponsive to outreach efforts or unwilling to talk. Still, the information gathered from the 16 facilities surveyed provides valuable insight into the experience of ALF operators in San Francisco.

- The survey confirmed anecdotal information that a majority of board and care homes are long-term family businesses in which operators develop family-like relationships with residents and typically charge much less than larger or newer facilities. Therefore, they generally serve a lower-income population (often times relying only on SSI residents).
- Conversation with ALF operators revealed a number of nuanced challenges or obstacles that are not captured by categorical survey questions. For example, one African-American operator noted the racial discrimination she faced from potential residents and/or their family. Many operators noted that their business was inherited from family but 50% of survey respondents said that there were no plans for future family to continue the business.
- While there are many challenges cited within this specific industry, the vast majority of operators expressed the desire to remain open and even expand if financially feasible.

SURVEY QUESTIONS AND RESPONSES

1. Of your current clients, please estimate what percentages come directly from the following three places: hospital, home or community placement, or formerly homeless.

Placement prior to ALF	Respondents
Home or community	81%
Hospital (short or long term placements)	94%
Formerly homeless	94%

Responses reflect individual facilities responses to former placement, not total number of clients, and responses also differed among ARFs and RCFEs. For example, five out of six ARF operators said that the majority or all of their clients were from hospitals and/or formerly homeless. However, half of the RCFEs received residents primarily (or entirely) from either a community or hospital placement, while the other half received residents from a mix of the three placement locations.

2. Who is your preferred referral source and why?

Referring Agency	Respondents
City/County of San Francisco	50%
No Particular Agency	25%
Hospitals	13%
GGRC	6%
On Lok	6%

Of the four facilities that listed no particular agency as their preferred referral source, only one facility did not receive referrals from any agency. The key takeaway is that the vast majority of facilities interviewed (94%) works with at least one referring agency (of those listed above) to obtain new residents.

3. **Have you declined admission to your facility?**

A majority (64%) have denied admission of a resident, with the level of care needed by the resident as the most common reason (eight out of 10 operators). The second most common causes were problematic residents or no current openings (two out of 10 operators).

4. **Including yourself, how many full-time staff do you employ? And do you have any part-time staff? If so, how many?**

Staffing differed quite a bit among facilities. Among the small bed ALFs, 44% reported two staff. In addition to full time staff, 25% also reported relying on part-time staff, family members, or volunteers to supplement their staffing. For example, one RCFE with two full-time staff members also depended on her two adult children to help out but did not include them within the staffing count.

5. **How many of your beds are currently vacant? Is this a typical vacancy rate? On average, how long will a bed remain vacant?**

Current Vacancy Rate (out of 6 beds)	Respondents
0	54%
1	38%
2	8%

About half of facilities reported at least one vacancy at the time of the survey. However, most facilities (62%) reported that a more typical vacancy rate of zero. About 23% reported a typical vacancy rate of one bed, and 15% (two respondents) reported a typical vacancy rate of two beds.

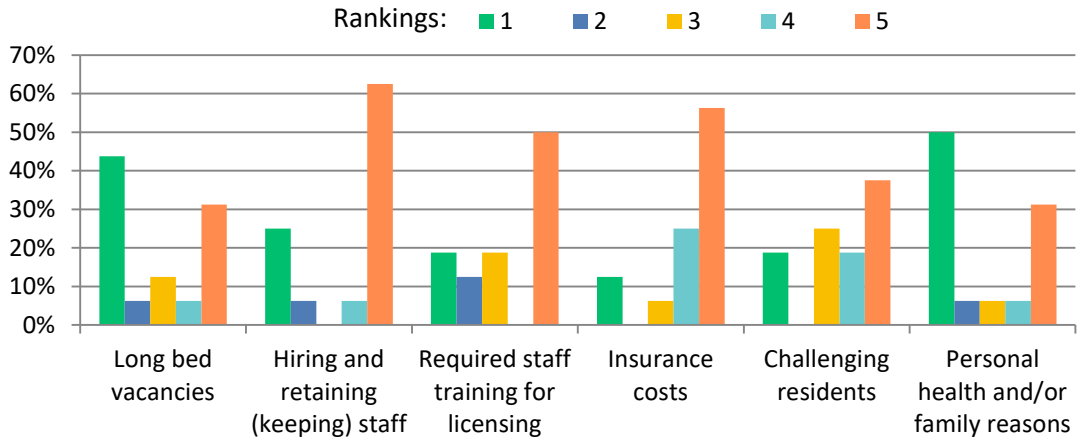
Most commonly, respondents indicated a vacant bed would be filled within a month (43% of board and care home participants). A small number (2) have had beds remain vacant for up to six months. A handful was unable to identify a common trend – vacancy length varies or they do not track this information.

6. **Can you describe the challenges experienced, if any, with filling a vacant bed?**

Small bed facilities were pretty evenly split between those that experience challenges filling an empty bed (54%) and those that do not (46%). Of the facilities that experience challenges, their reasons all differed and added insight into the unique experiences faced by ALFs. These included:

- Needing to fill a bed by gender;
- Placement varying by season, such as having a lower vacancy rate in the summer and a greater demand for beds during the winter holiday season;
- Relying on referral agencies for placements;
- Not being able to afford to accept SSI clients;
- Resident or family bias about placing in the Bayview District or with an African American operator; or
- Clients not abiding by facility rules or having greater ADL needs than facility could accommodate.

7. **Our current research shows six main concerns that impact business sustainability. Operators were asked to rate on a scale of one to five (with one being of little-to-no concern and five being a major concern):**



Above are a breakdown of all facility responses and their ranking. The following topics were listed as a primary concern with the highest ranking:

- Hiring and retaining staff (63% ranked as high concern);
- Insurance costs (56% ranked as high concern); and
- Required staff trainings (50% ranked as high concern).

Conversely, below are the issues of lowest concern to ALFs (ranked as a one), which include:

- Personal health and/or family reasons (50% ranked as a low concern); and
- Long bed vacancies (44%).

Notably, topics ranked as low concerns by some facilities were listed as high concerns by other facilities. By analyzing the individual responses, it became clear that all facilities struggle with all of these issues to some degree. This variability highlights that all of these factors have the potential to impact the City's supply of small ALFs and support our original assumption, that these are the primary concerns faced by operators.

8. **Are there any additional barriers or challenges that make it difficult for you to sustain your business?**

Survey respondents did not identify any additional concerns beyond what was covered in prior question.

9. **On a scale of one to five, how financially stable is your business for the next five years? (one being unstable/unsustainable and five being very stable)**

Sustainability Ranking (1 being unstable to 5 being very sustainable)	Respondents
1 (Unstable)	6%
2	31%
3	25%
4	19%
5 (Very Stable)	19%

10. **Based on available data, our staff have tried to capture the annual business costs of running a six bed in San Francisco and estimated it to be about $425,000 a year (OR, costs of running a 20 bed in SF and estimated it to be about $689,000 a year). Does that amount seem to you to be: Really high, a little high, about right, a little low or really low?**

Answers reflect only the 13 small bed facilities:

- Four facilities felt the amount was "about right"
- Three facilities felt the amount was "a little high" or "really high"
- Three facilities felt the amount was "a little low"
- Three facilities skipped, weren't sure, or had never considered tracking an annual budget

Notably, this was a harder question for which to capture adequate data; generally, respondents were not used to considering their average annual business costs or did not answer.

11. **We understand that in the (RCFE/B&C/ARF) world, there are a variety of monthly rate models that facilities charge residents. For example:**
    - **A flat rate or comprehensive fee;**
    - **Base rate with additional costs for add-on services; or**
    - **Tiered fee system based on the level of care a patient requires**

From the three models listed what rate structure do you use and/or prefer?

Monthly Rate Model	Respondents
Flat rate system	53%
Tiered fee system	33%
Unclear/didn't answer	20%

12. What are your minimum and maximum rates for a single and shared room?

The table below highlights responses from board and care operators only:

Monthly Rate Model	Shared Room	Private Room
Less than $4,000 per month	77%	30%
Between $4,000-6,000	15%	8%
Between $6,000-8,000	0%	8%
Declined to State	8%	0%
N/A	0%	54%

This confirms the Assisted Living Workgroup sense that the small ALFs generally charge considerably less than larger facilities.

13. Do these rates cover your business expenses? How frequently do you increase your rates?

Response	Respondents
Rate **does** cover business expenses	56%
Rate **does not** cover business expenses	44%

The table below provides the frequency by which ALF operators increase their monthly rates.

6-12 Months	1-2 Years	2-5 Years	5+ Years	Did not respond
6%	31%	6%	13%	44%

14. We are also assessing how current subsidy levels relate to business costs. Therefore I'd like to know if any of your residents receive a subsidy towards their monthly rates:

Agency providing subsidy or patch	Respondents
Department of Public Health	75%
Golden Gate Regional Center	25%
On Lok (PACE Program)	13%
Community Living Fund	13%
Health Plan or Hospital	13%
No Subsidies/patches from any agency	25%

15. If the answer to Question 14 was yes: By your estimate, what percentages of your total residents have a subsidy or monthly patch? If they answered no: is there a specific reason for that?

Below is a summary of the responses specifically of the small bed facilities:

- 30% of facilities noted that a majority of their residents (80% or more) and 15% noted that a minority of their residents (20% or less) receive a subsidy from DPH;
- Only one facility mentioned a mix of subsidies for their residents; and
- 40% or five facilities did not respond.

16. Which of the following resources do you think would be useful to support your business?

Types of Potential Resources	Respondents
Low interest business loans	88%
Help with challenging clients	88%
Publicizing your business	81%
Providing required education and training to administrators and staff	81%
Support related to planning, building, and permitting processes	75%
Business consultation	75%
Workforce programs designed to onboard new staff	75%
Operating your business in a low-rent subsidized facility	44%

Note: There was no limit on the number of resources operators could choose, so many chose more than one.

17. Have you considered, or are you interested in, expanding your business?

Half of respondents (50%) answered yes and the other half (50%) answered no.

18. With regards to your facility, do you own your building, have a mortgage, or rent your building?

Building Ownership	Respondents
Own building (no mortgage)	21%
Own building (with mortgage)	64%
Rent building	14%

19. Do you have any feedback, recommendations, or suggestions about how to best support ALFs in San Francisco? Is there anything else that is important for us to know?

Below are a few additional or unique comments mentioned by facilities:

- Children are resistant to taking over the family business;
- Getting permits takes too long and causes delays in the building processes;
- Would like more places to take residents during the day;
- Need to know how to help clients quickly in an emergency;
- Needing additional support for clients with dementia; and
- SSI payments are not feasible for San Francisco

APPENDIX B. COST ESTIMATES.

This appendix details the methodology underlying the board and care home cost estimates described in this report. As private businesses, ALF costs and rates are typically considered confidential proprietary information, and this information is not made publicly available, making it difficult to identify the true cost of operating a board and care facility. To estimate the cost of operating a small six-bed ALF, the Assisted Living Workgroup primarily drew on a March 2018 Adult Residential Facilities report by the California Behavioral Health Planning Council, the ALF Operator Survey, and one-on-one consultation with board and care home operators.

ALF Cost Estimate Scenarios

Scenario	Description	Mortgage	Property Taxes	Administrator Salary	Direct Care Worker Wages
A	Family-owned and operated ALF with property owned outright (i.e., no mortgage). Owner serves as administrator and does not draw a salary. Facility is staffed by 2.0 FTE direct care workers; the administrator pitches in to help out as needed during the day and, since this is her home, lives onsite and addresses any needs that arise overnight.	$0	$9,420	$0	$62,400 (2 FTE)
B	Family-owned and operated ALF with property under mortgage. Owner serves as administrator and does not draw a salary. Facility is staffed by 2.0 FTE direct care workers; the administrator pitches in to help out as needed during the day and, since this is her home, lives onsite and addresses any needs that arise overnight.	$82,836	$9,420	$0	$62,400 (2 FTE)
C	Newer ALF with property under mortgage and providing a higher level of staffing: 1 paid administrator and 4.0 FTE direct care workers. This staffing level would support one paid direct care worker available at all times (that is, 24/7 paid staffing).	$82,836	$15,852	$52,000	$124,800 (4 FTE)

Assisted Living Six-Bed "Board and Care Home" Cost Estimates by Expense Category and Scenario

EXPENSE	Cost	Notes	Source	A	B	C
Administrative Costs	.	.	.	**$30,490**	**$30,490**	**$30,490**
Contract Services	$13,200	Includes legal and accounting	Consultation with ALF operators	$13,200	$13,200	$13,200
Insurance (liability/property)	$7,200	Property, professional, liability, general liability	Consultation with ALF operators	$7,200	$7,200	$7,200
Other Supplies	$4,380		CA Behavioral Health Planning Council, 2018 ARF report	$4,380	$4,380	$4,380
Office Expenses	$3,190		CA Behavioral Health Planning Council, 2018 ARF report	$3,190	$3,190	$3,190
Payroll & Bank Fees	$1,800	Payroll processing and bank fees	Consultation with ALF operators	$1,800	$1,800	$1,800
Facility Licensing Fee	$495		California Department of Social Services, Community Care Licensing (CDSS-CCL)	$495	$495	$495
Administrator's Continuing Education Units	$175	Calculating as 50% of cost (required every 2 years)	Assisted Living CEU programs advertised online	$175	$175	$175
Administrator Certification Fee	$50	Calculating as 50% of cost (license is valid for 2 years)	CDSS-CCL	$50	$50	$50
Property Costs	.	.	.	**$22,346**	**$105,182**	**$111,614**
Mortgage Payment	varies	Scenario B based on refinanced mortgage; Scenario C based on cost to purchase new property at market rate	Property listings on Zillow	$0	$82,836	$82,836
Property Tax	varies		Property listings on Zillow	$9,420	$9,420	$15,852
Maintenance and Repairs	$7,670		CA Behavioral Health Planning Council, 2018 ARF report	$7,670	$7,670	$7,670
Utilities	$5,256	Based on average home costs scaled for increased occupancy	California Public Utilities Commission	$5,256	$5,256	$5,256

EXPENSE	Cost	Notes	Source	A	B	C
Labor Costs	.	.	.	**$77,330**	**$77,330**	**$216,711**
Wages: Direct Care Staff	varies	Based on $15/hr wage	Consultation with ALF operators	$62,400	$62,400	$124,800
Wages: Facility Administrator	varies	Based on $25/hr wage	Consultation with ALF operators	$0	$0	$52,000
Worker's Comp	varies	Approximately 12% of wages	CA Department of Insurance, Workers Comp Base Rate	$7,488	$7,488	$21,216
FICA/Medicare	varies	Based on 6.2% Social Security + 1.45% Medicare		$4,774	$4,774	$13,525
Health/Dental/Life Vision Insurance	varies	Assuming $600 month/employee. Rate is for minimal insurance.	CA Behavioral Health Planning Council, 2018 ARF report	$1,800	$1,800	$3,000
Unemployment Insurance	varies	Max tax of $344 per employee	CA Employment Development Department	$868	$868	$2,170
Staff Development	.	.	.	**$3,685**	**$3,685**	**$3,770**
Staff Development/Training	$2,400		Consultation with ALF operators	$2,400	$2,400	$2,400
Staff Recruitment/Advertising	$1,200		Consultation with ALF operators	$1,200	$1,200	$1,200
Staff Background Check	varies	$85 per person; assumes half of staff turnover annually	Consultation with ALF operators	$85	$85	$170
Resident Supports	.	.	.	**$32,240**	**$32,240**	**$38,080**
Food		$8/day x (clients + staff)		$26,280	$26,280	$32,120
Transportation	$3,360		CA Behavioral Health Planning Council, 2018 ARF report	$3,360	$3,360	$3,360
Telephone/Internet/Cable	$2,400	$200 per month	Consultation with ALF operators	$2,400	$2,400	$2,400
Subscriptions	$200	Magazines, newspapers	Consultation with ALF operators	$200	$200	$200
			TOTAL ANNUAL EXPENSES	**$166,091**	**$248,927**	**$400,655**
			Break-Even Rate at 100% Occupancy	$2,307	$3,457	$5,565
			Break-Even Rate at 90% Occupancy	$2,563	$3,841	$6,183

APPENDIX C. DAAS-SUBSIDIZED ALF PLACEMENTS.

The DAAS-funded Community Living Fund (CLF) program provides monthly subsidies to a small number of intensive case management clients who require ALF placement to avoid institutionalization in a skilled nursing facility. This program data provides a small sample of RCFE rates charged for 22 CLF clients placed in San Francisco.

Clients receiving a subsidy are permitted to retain $134 of their monthly income – in keeping with the Supplemental Security Income (SSI) personal needs allowance rate – and contribute the rest of their income to the monthly rate; CLF then patches the difference between the client's contribution and the ALF rate.

The table below provides detail about the average subsidy amount funded through CLF for 22 clients placed in San Francisco. The average client contribution is $1,312.

Community Living Fund San Francisco ALF Placements

Subsidy Rate	Average	Minimum	Maximum
Daily	$98	$25	$195
Monthly	$2,943	$737	$5,854

Source: Community Living Fund, June 2018

CLF program data also provides a snapshot of the full monthly rate charged by ALFs in San Francisco. These rates are broken down in the table below by facility size. On average, the monthly rate for CLF clients is $4,382. Rates tend to be lower in smaller facilities. The maximum rate for a current CLF client is $6,856; higher cost is based on increased level of care for clients with more complex needs.

Community Living Fund San Francisco RCFE Placements: Full Monthly Rate by Facility Size

Facility Size	# Clients	Average	Minimum	Maximum
1 to 6	1	$2,073	$2,073	$2,073
7 to 15	0	.	.	.
16 to 49	3	$3,597	$2,790	$4,000
50 to 99	9	$4,943	$2,735	$6,856
100+	9	$4,339	$4,339	$4,339
Total	**22**	**$4,382**	**$2,073**	**$6,856**

Source: Community Living Fund, June 2018

APPENDIX D. DPH-SUBSIDIZED ALF PLACEMENTS.

DPH provides assisted living subsidies for persons with serious mental illness and San Francisco Health Network members with multiple complex characteristics (e.g., mental health, substance use, medically compromised) with the goal of supporting stability in the most appropriate and least restrictive setting. In total, 561 clients are subsidized for their ALF placements. This appendix provides information about placements by county (i.e., in and out of county placements) and describes the level of care definitions that govern daily rate.

DPH LEVEL OF CARE DEFINITIONS

- **Basic**: Provides only minimum standard services as laid out in the Title 22 ALF regulations
    - *Examples*: Transport assistance to 1-2 medical appointments per month, basic recreational activities (TV, board games, unstructured access to outdoor space, smoking area)

- **Specialty**: Provides above standard services as laid out in the Title 22 ALF regulations
    - *Examples*: Transport assistance to 3-4 medical appointments per month; accepts clients with moderate behavioral management issues, minimal-to-moderate redirection, medical conditions that require more time to provide med monitor/oversight (e.g., needs clear direction/cuing for blood glucose check/insulin self-administration), verbally abusive or generally loud clients, clients with hygiene issues; and/or hoarding/clutterers who are not resistant to direction.

- **Enhanced**: Provides additional staffing, supervision, and other services to address clients with functional impairment that requires enhanced behavioral supports, which are beyond the above categories and are laid out in the Title 22 ALF regulations.
    - *Examples:* Delayed egress/secure homes, provide unlimited transport assistance, have LVN/RN on staff so can assist with medication administration, most frequently insulin, willing to take O2 concentrators, accept high behavioral clients, such as mod-high redirection/frequent engagements, consistent verbal or threatening behaviors, hospice clients, offer rehab and pre-voc programming on site, offer substance use disorder treatment onsite, high hygiene issues.

DPH PLACEMENTS BY LICENSURE, LEVEL OF CARE, AND COUNTY

DPH Placements in ARF/RCFE – All Counties

Level of Care	ARF	RCFE	Total	Daily Subsidy Rate	Monthly Subsidy Rate
Basic	191	68	259	$22	$660
Specialty	77	139	216	$65*	$1,950*
Enhanced	12	74	86	$105	$3,150
Total	**280**	**281**	**561**	.	

Source: DPH Transitions, August 2018 *San Francisco rate (out of county rate varies)

DPH Placements in ARF/RCFE – San Francisco

Level of Care	ARF	RCFE	Total	Daily Subsidy Rate	Monthly Subsidy Rate
Basic	191	68	259	$22	$660
Specialty	8	29	37	$65	$1,950
Enhanced	0	49	49	$105	$3,150
Total	**199**	**146**	**345**	.	

Source: DPH Transitions, August 2018

DPH Placements in ARF/RCFE – Out of County

Level of Care	ARF	RCFE	Total	Daily Subsidy Rate	Monthly Subsidy Rate
Specialty	69	110	179	$40 to $70/day	$1,774
Enhanced	12	25	37	$91 to $191/day	$3,556
Total	**81**	**135**	**216**	.	.

Source: DPH Transitions, August 2018

APPENDIX E. ADDITIONAL STRATEGIES.

The Assisted Living Workgroup's Strategies Research Group identified and vetted 16 ways that the City could potentially support ALF capacity in San Francisco. These strategies were evaluated to identify which had the greatest likelihood of meaningfully supporting and/or expanding the City's supply of assisted living using the following criteria:

- **Cost**: What is the estimated cost or cost scale to implement the strategy?
- **Impact**: What level of impact is this strategy likely to have? For example, how many clients could be impacted? Will the strategy significantly improve the ability of ALF operators to stay in business?
- **Timeframe**: How long will it take to implement the strategy and see impact? Is the timeline: short (within six months), moderate (six to twelve months), or long-term (over a year)?
- **Feasibility**: Given competing priorities and needs in the City and State, how likely is the strategy to actually be implemented? Is there a clear path forward to implementation?

In total, eight of the strategies were prioritized as immediate recommendations by the Assisted Living Workgroup. Grouped by overarching strategic area, these ideas are discussed in the body of this report.

This appendix describes the other eight potential strategies identified by the Assisted Living Workgroup's Strategies Research Group. These ideas are categorized by type: business factors, workforce supports, and models of care and payment. These strategies hold promise but may be a heavier lift, require additional discussion to ascertain next steps towards implementation, or have lower (but still potentially meaningful) impact. The City and key partners should review and continue to consider opportunities to pursue these ideas.

BUSINESS FACTORS

LICENSING/REGULATORY CHALLENGES

Strategy	**Support with licensing and/or permitting processes**	
Description	Provide support with state licensing and/or local permitting process, which can be particularly complex for new applicants. A primary burden is the lengthy state approval timeline.	
Considerations	Many possible options to consider: a. Support with initial application (e.g., accuracy, business acumen). The CA Department of Social Services-Community Care Licensing Division (CDSS-CCL) has expedited in past for specialty ALFs, such as dementia and non-ambulatory beds. b. Advocate for CDSS-CCL resources to improve processing time. c. Develop and publicize a "how to" guide (could be developed and promoted in partnership with CDSS-CCL, 6Beds Inc, OEWD, small business associations) d. Publicize opportunities and support transfer of existing license *Note: City services can only advise; business entity remains liable*	
Key partners	OEWD, DPH, Office of Small Business	
Cost scale/ estimate	Low	Cost will vary based on method. One-on-one support may be absorbable through existing programs.
Impact	Low	It is unlikely that many new small facilities will try to newly open – due to large barriers to entry (i.e., cost, processing time) and limited anticipated revenue. The main impact opportunity is likely to support the license transfer process to a new owner, which would provide a big impact for small number of existing residents (option d above).
Timeframe	Short-term	Could be implemented relatively quickly
Feasibility	High	Somewhat dependent on strategy/strategies implemented, but most of these ideas can leverage existing resources.
Priority	Moderate	While unlikely to have significant impact on overall supply, these strategies are relatively low cost and have potential to help at the margin. In particular, the license transfer process (option d) preserves supply for existing clients and mitigates the initial entry barriers.

CAPITAL-RELATED COSTS

Strategy	Develop business and/or property tax breaks	
Description	Explore opportunities to reduce costs through local business and property tax policies.	
Considerations	Potentially would want to limit tax break eligibility by facility size or population served (e.g., facilities that accept X% low income). Requires additional analysis to determine tax break size needed to achieve impact. Board and care (B&C) facilities are exempt from business taxes (such as registration fee, gross receipts, payroll, etc.).[11]	
Key partners	Controller's Office	
Cost scale/ estimate	Further research required	Further analysis needed to identify scale of tax break needed to have meaningful impact and corresponding cost to City.
Impact	Low	B&C currently receive a business tax break. Property tax break impact dependent on property tax cost; 35% of B&C licensed pre-2000.
Timeframe	Moderate/ Long-term	Requires financial analysis (beyond the scope of this project) and then would have to go through political/government process to implement
Feasibility	TBD	Depends on city interest and cost
Priority	Low	Due to potential cost and amount of time needed to implement

Strategy	Make City-owned land available for private ALF development	
Description	Make city-owned land available for businesses to build and operate new ALF	
Considerations	This could be limited to ALF operators who commit to serving certain target populations (e.g., percentage of low income, dementia, and/or non-ambulatory residents)	
Key partners	Dept. of Real Estate; Fly Away Home model; Northern California Community Loan Fund	
Cost scale/ estimate	Moderate	Building costs to be incurred by developer/not city, but there is an opportunity cost – what else could land be used for?
Impact	Moderate	Dependent on size of facility (greater size will have greater impact)
Timeframe	Long-term	Requires significant time to identify land and interested builders, navigate city process, and then time to construct
Feasibility	Low	Unclear how much city-owned land is available and appropriate for this type of project (e.g., park space, industrial area). The City has many competing priorities and populations for new development projects, particularly land available for housing construction.
Priority	Low	Due to potential cost, feasibility, and amount of time needed to implement

[11] California Community Care Facilities Act, Article 7: Local Regulation 1566.2.

OPERATING-RELATED COSTS

Strategy	Compliance costs related to labor law	
Description	Explore compliance cost of labor laws and opportunities to streamline, minimize, and/or alleviate costs while still fully complying with requirements (e.g., minimum wage, unemployment, other SF specific)	
Considerations	The primary cost is increasing minimum wage[12]. However, there are other costs that the City could potentially help defray by: a. Continuing education requirements: Publicize city-funded opportunities for Continuing Education Units and make available to ALF operators for a low fee b. Background check costs: Subsidize or cover these costs for small facilities	
Key partners	CCSF	
Cost scale/ estimate	Low	CEU estimated cost per year:[13] Approximately $8,400 per year for six beds ($13,000 per year if all facilities with fewer than 16 beds included)
Impact	Low-Moderate	While these costs (CEU, background check) are not large in comparison to labor and mortgage expenses, could be useful for small ALF with lean budget
Timeframe	Short-term	If funding is made available, funding mechanism could likely be identified relatively easily
Feasibility	Moderate	Cost is low. Funding mechanism would need to be identified.
Priority	Moderate	Low cost for City but could be meaningful for small ALFs with lean operating budget.

Strategy	Joint purchasing power	
Description	Small facilities could potentially benefit from joint purchase agreements to develop economies of scale and reduce costs	
Considerations	ALF Workgroup discussed potential topics (see below) but identified that ALF facilities (through 6Beds, Inc) are best suited to identify needs and helpful strategies. --Food: Club/membership model (but how would this be different than Costco?) --Insurance: Small business coalition; some B&C have found Covered CA to be cheapest option; could potentially use 6Beds, Inc as non-profit organization to buy in through Nonprofits Insurance Alliance Group	
Key partners	TBD	
Cost scale/ estimate	Low	
Impact	Low	Low cost options are already available through other sources (e.g., Costco, Covered CA)
Timeframe	Moderate-term	Time required to determine ALF interest and preferred structure, identify facilitator, and establish joint venture.
Feasibility	Moderate	Unclear how this would be facilitated (e.g., establishment of co-op)
Priority	Low	Unlikely to significantly improve on existing systems and resources that provide this type of purchasing power.

[12] This topic is addressed in Workforce category strategies.

[13] ALF administrators are required to complete continuing education courses every two years. Estimates based on cost estimate of $350 for 20 in-person and 20 online hours.

WORKFORCE

STAFF HIRING AND RETENTION

Strategy	Sector training/workforce development	
Description	Provide training to prepare current and future staff for home care work, reducing a burden for ALF operators to find and train staff	
Considerations	This could be an opportunity for City College partnership, perhaps as part of a career ladder program. Existing homecare training programs could potentially be leveraged, such as homecare trainings for IHSS providers. Such a program might provide incentive for larger facilities to partner with DPH/DAAS to place clients.	
Key partners	OEWD, HSA Workforce Development Division, IHSS contractors	
Cost scale/ estimate	Moderate	May vary based on mechanism but can be anticipated as ongoing cost
Impact	Low-moderate	From the ALF operator survey, most facilities employ small number of staff. Historically, small ALFs have often hired family members. However, this this trend may be shifting. Approximately 75% indicated workforce programs designed to onboard new staff would be helpful.
Timeframe	Moderate-term	May vary based on mechanism – leveraging existing training resources would be faster than developing new partnerships and curriculum
Feasibility	Moderate	Potential to leverage existing resources
Priority	Moderate	The strategy to provide subsidized job placement would provide more support

MODELS OF CARE AND PAYMENT

PAYMENT STREAMS AND CLIENTS

Strategy	Identify and advocate for new additional CMS waiver options	
Description	Analyze alternate Medicaid waiver options, including 1915c and 1115, for applicability and assess feasibility for advocating for local application and implementation.	
Considerations	First step will be to research how other states use other waiver programs and assessing their feasibility for California and San Francisco	
Key partners	DHCS, possibly policy bodies such as the California Area Agencies on Aging (C4A), etc	
Cost scale/ estimate	Low	The primary cost would be staff time to conduct research. Advocacy for implementation of new waivers could entail new costs. However, as a Medicaid waiver, ALF placement would be covered by Medi-Cal.
Impact	Low	Would not address current residents (likely a 2-4 year time investment, at the very minimum)
Timeframe	Long-term	In addition to the initial research, this effort would likely require advocating for state level policy.
Feasibility	Low	Developing consensus and passage at state level of a separate ALF waiver option would likely be challenging, particularly given existence of ALW program.
Priority	Low	Clear next steps with possible long-term impact but only if an appropriate waiver and a coalition of advocates are identified

Strategy	Insurance Plans as Payers of ALF Placements	
Description	Explore opportunities for residents in need of ALF to utilize existing Life Insurance policies as a means of payment, such as swapping Life Insurance for Long Term Care Insurance, and help publicize this option to increase public awareness.	
Considerations	The City's primary role in this area would be to publicize and potentially help educate individuals about these options. There may be existing advocacy efforts on this topic with which the City could partner.	
Key partners	AARP, Leading Age, and representatives of the insurance industry (such as the SF Insurance Professionals)	
Cost scale/ estimate	Low	Public awareness efforts would likely be low cost. The majority of the cost related to this strategy would be borne by the insurance company or policy holder if/when individuals access benefits.
Impact	Low	It is unclear how many people would benefit from this resource. Those holding insurance policies are likely not low-income, so need may not be as urgent, and this is on the outer bounds of this project scope.
Timeframe	Long-Term	Requires developing partnership with new organizations/ profession to better understand the need and options available. Would require outreach to build awareness and have impact; those impacted would likely be City residents who do not actually need this service yet.
Feasibility	Low	This would require partnering with more experienced agencies or organizations already familiar with insurance.
Priority	Low	A moderate priority if there already exists an option within existing insurance plans to fund ALW and next steps primarily involve increased outreach to existing policy holders. Considered a low priority if option does not currently exist or it is determined that a limited number of SF residents would benefit from this option.

San Francisco Planning

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PLANNING DEPARTMENT REPORT

INTERIM ZONING CONTROLS

To:	Angela Calvillo, Clerk of the Board
From:	Aaron Starr, Manager of Legislative Affairs
Date:	January 29, 2021
Regarding:	Six-month Report for the Interim Zoning Controls - CU Authorization to Remove Residential Care Facility
Reporting Date:	June 22, 2019
Expiration Date:	April 11, 2021
Case Number:	Board File No. 190908/ Enactment Number 430-19

STATEMENT OF PURPOSE

Per Planning Code Section 306.7(i), the Planning Department is required to conduct a study of the zoning proposal(s) contemplated in interim controls enacted by the Board of Supervisors and propose permanent legislation. For any control that is placed in effect for more than six months, a report to the Board of Supervisors is required six months from the date of the imposition of the controls and at least every six months thereafter. This report is intended to satisfy that requirement.

BACKGROUND

This report was prepared in response to Resolution 430-19, introduced by Supervisor Mandelman on September 3, 2019, and passed into law on October 11, 2019. This Resolution imposed, for 18 months, interim zoning controls requiring Conditional Use authorization for the conversion of a Residential Care Facility to another use.

REQUIRED ANALYSIS

Per Planning Code Section 306.7, this report is required to address the interim controls; any required study; and an estimate the timeline needed to create permanent controls.

(1) Status of Interim Controls:

The proposed Interim Controls were adopted by the Board on October 1, 2019 and became effective on October 11, 2019 for 18 months. The 18-month period will expire on April 11, 2021.

Summary of Interim Controls

The interim controls require Conditional Use authorization for changing the use from a Residential Care Facility to

another use. In addition to the standard CU findings the Commission must also consider the following findings:

a. Any findings by the Department of Public Health, the Human Services Agency, the Department of Aging and Adult Services, or the San Francisco Long-Term Care Coordinating Council regarding the capacity of the existing Residential Care Facility Use, the population served, and the nature and quality of services provided;

b. The impact of the change of use on the neighborhood and community;

c. Whether there are sufficient available beds at a licensed Residential Care Facility within a one-mile radius of the site; and

d. Whether the Residential Care Facility Use to be converted will be relocated or replaced with another Residential Care Facility Use.

(2) Findings and Recommendations To Date:

Residential Care Facility Conversions To Date

Since the interim controls became effective, there have not been any Conditional Use applications considered by the Planning Commission for the removal of a Residential Care Facility. There is one application pending before the Commission that is subject to the interim controls (628 Shotwell Street). This project would convert an existing Residential Care Facility to two Dwelling Units. The item has been calendared at the Planning Commission but recently continued due to community concerns.

During this same period, there have also been two applications approved to create new Residential Care Facilities (1535 Van Dyke Ave and 5500 Mission St.), and two applications approved to increase the capacity of existing Residential Care Facilities (1301 Bacon Street and 658 Shotwell St.) for a total increase in 107 beds. There was also one application to convert a small Residential Care Facility into a single-family home (801 38th Ave.), but the application was withdrawn.

The Department is also aware of three sites that wish to delicense out of residential care and operate as group housing facilities. The sites are Leland House (Catholic Charities) at 141 Leland Avenue, Assisted Care (Larkin Street Youth Services) at 129 Hyde Street, and Richard M. Cohen House (Dolores Street Community Services) at 220 Dolores Street.

The sites are tied together through the Mayor's Office of Housing Community Development and are HIV/AIDS related care facilities. Because of treatment advancement in HIV/AIDS, the residents of these sites no longer need the in-house medical care that was required in the early days of the epidemic. MOHCD's intent is to have these sites delicensed and converted to group housing before the next fiscal year. This conversion will help lower the operational costs of the facilities by removing the licensing fees and related costs running a Residential Care Facility.

Existing Controls for Residential Care Facilities

Residential Care Facilities are categorized as an Institutional Use and permitted in most zoning districts. However,

they currently require Conditional Use authorization RH-1 or RH-2 Districts if the facility serves seven or more persons; they are not permitted in PDR zoning, which is intended to protect the city's small amount of industrial land; they are not permitted on the ground floor in North Beach, Folsom Street and Regional Commercial Districts, and require CU on the upper floors in those districts; and they require a CU in the Pacific Avenue NC District.

Estimated Completion Time of Study

Because there haven't been any projects to date that have gone before the Planning Commission under the interim controls it is difficult to assess their effectiveness. The controls will be effective for about two and half more months, in which time we will likely only see one application (628 Shotwell) go before the Planning Commission. To get a more complete understanding of how the interim controls are working and their effectiveness, a six-month extension is likely needed.

REQUIRED BOARD ACTION

This Report is required to be considered in a public hearing duly noticed in accordance with the basic rules of the Board. The Board has the option of accepting or rejecting this report.

BOARD of SUPERVISORS

City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco 94102-4689
Tel. No. (415) 554-5184
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TDD/TTY No. (415) 554-5227

May 19, 2021

Planning Commission
Attn: Jonas Ionin
49 South Van Ness Avenue, Suite 1400
San Francisco, CA 94103

Dear Commissioners:

On May 11, 2021, Supervisor Mandelman introduced the following legislation:

File No. 210535

Ordinance amending the Planning Code to eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in Residential, House (RH) Districts; require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility, and consideration of certain factors in determining whether to grant Conditional Use Authorization; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience, and general welfare findings pursuant to Planning Code, Section 302.

The proposed ordinance is being transmitted for review. The ordinance is pending before the Land Use and Transportation Committee and will be scheduled for hearing upon receipt of your response.

Angela Calvillo, Clerk of the Board

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

c: Rich Hillis, Director
Scott Sanchez, Deputy Zoning Administrator
Corey Teague, Zoning Administrator
Lisa Gibson, Environmental Review Officer
Devyani Jain, Deputy Environmental Review Officer
Adam Varat, Acting Director of Citywide Planning
AnMarie Rodgers, Legislative Affairs
Dan Sider, Director of Executive Programs
Aaron Starr, Manager of Legislative Affairs
Joy Navarrete, Environmental Planning

BOARD of SUPERVISORS

City Hall
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TDD/TTY No. 554-5227

May 19, 2021

File No. 210535

Lisa Gibson
Environmental Review Officer
Planning Department
1650 Mission Street, Ste. 400
San Francisco, CA 94103

Dear Ms. Gibson:

On May 11, 2021, Supervisor Mandelman submitted the following legislation:

File No. 210535

Ordinance amending the Planning Code to eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in Residential, House (RH) Districts; require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility, and consideration of certain factors in determining whether to grant Conditional Use Authorization; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience, and general welfare findings pursuant to Planning Code, Section 302.

This legislation is being transmitted to you for environmental review.

Angela Calvillo, Clerk of the Board

By: Erica Major, Assistant Clerk
Land Use and Transportation Committee

Attachment

c: Joy Navarrete, Environmental Planning
Don Lewis, Environmental Planning

BOARD of SUPERVISORS

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M E M O R A N D U M

TO: Trent Rhorer, Executive Director, Human Services Agency
Dr. Grant Colfax, Director, Department of Public Health
Shireen McSpadden, Executive Director, Department of Disability and Aging Services

FROM: Erica Major, Assistant Clerk, Land Use and Transportation Committee

DATE: May 19, 2021

SUBJECT: LEGISLATION INTRODUCED

The Board of Supervisors' Land Use and Transportation Committee has received the following proposed legislation, introduced by Supervisor Mandelman on May 11, 2021:

File No. 210535

Ordinance amending the Planning Code to eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in Residential, House (RH) Districts; require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility, and consideration of certain factors in determining whether to grant Conditional Use Authorization; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience, and general welfare findings pursuant to Planning Code, Section 302.

If you have comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102 or by email at: erica.major@sfgov.org.

cc: Elizabeth LaBarre, Human Services Agency
Greg Wagner, Department of Public Health
Dr. Naveena Bobba, Department of Public Health
Sneha Patil, Department of Public Health
Arielle Fleisher, Department of Public Health
Shireen McSpadden, Department of Disability and Aging Services
Bridget Badasow, Department of Disability and Aging Services

Member, Board of Supervisors
District 7

City and County of San Francisco

MYRNA MELGAR

DATE: September 8, 2021

TO: Angela Calvillo
Clerk of the Board of Supervisors

FROM: Supervisor Myrna Melgar, Chair, Land Use and Transportation Committee

RE: Land Use and Transportation Committee
COMMITTEE REPORTS

Pursuant to Board Rule 4.20, as Chair of the Land Use and Transportation Committee, I have deemed the following matter is of an urgent nature and request it be considered by the full Board on Tuesday, September 14, 2021, as a Committee Report:

File No. 210535 **Planning Code - Conditional Use Authorization Requirements Regarding Residential Care Facilities**
Sponsors: Mandelman; Ronen

This matter will be heard in the Land Use and Transportation Committee at a Regular Meeting on Monday, September 13, 2021, at 1:30pm.

City Hall · 1 Dr. Carlton B. Goodlett Place, Room 244 · San Francisco, California 94102-4689 · (415) 554-6516
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Print Form

Introduction Form

By a Member of the Board of Supervisors or Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

[X] 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).

[ ] 2. Request for next printed agenda Without Reference to Committee.

[ ] 3. Request for hearing on a subject matter at Committee.

[ ] 4. Request for letter beginning :"Supervisor [ ] inquiries"

[ ] 5. City Attorney Request.

[ ] 6. Call File No. [ ] from Committee.

[ ] 7. Budget Analyst request (attached written motion).

[ ] 8. Substitute Legislation File No. [ ]

[ ] 9. Reactivate File No. [ ]

[ ] 10. Topic submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

[ ] Small Business Commission [ ] Youth Commission [ ] Ethics Commission

[X] Planning Commission [ ] Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.

Sponsor(s):

Mandelman, Ronen

Subject:

Planning Code - Conditional Use Authorization Requirements Regarding Residential Care Facilities

The text is listed:

Ordinance amending the Planning Code to eliminate the requirement of Conditional Use Authorization for Residential Care Facilities for seven or more people in Residential, House (RH) Districts; require Conditional Use Authorization for a change of use or demolition of a Residential Care Facility, and consideration of certain factors in determining whether to grant Conditional Use Authorization; affirming the Planning Department's determination under the California Environmental Quality Act; and making findings of consistency with the General Plan, the eight priority policies of Planning Code, Section 101.1, and public necessity, convenience, and general welfare findings pursuant to Planning Code, Section 302.

Signature of Sponsoring Supervisor: [ ]

For Clerk's Use Only