

# PACKET MATERIALS

DATE: January 17, 2025 Item No. 4(A)

## LOCAL AGENCY FORMATION COMMISSION

### Agenda Packet Contents List

- Midtown Park Apartments, Community Vision
- Midtown Park Apartments, Physical Needs Assessment
- Physical Needs Assessment Data
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Completed by: Alisa Somera Date: January 10, 2025

(This list reflects the explanatory documents provided.)



# **Midtown Park Apartments COMMUNITY VISION**

**September 2024**

**Report prepared by Fernando Martí and Steven Suzuki  
for the Midtown Park Tenants Association  
and the SF Local Agency Formation Commission (LAFCo)**

# Midtown Park Apartments COMMUNITY VISION

DRAFT FOR REVIEW – September 2024

Report prepared by Fernando Martí and Steven Suzuki, community architects  
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## 1. Summary and Recommendations

Midtown Park Apartments is – first and foremost – a community. Today, in 2024, a hundred and six families call Midtown home. Located at 1415 Scott Street, Midtown is a 140-unit City-owned apartment complex in the Western Addition neighborhood that opened in 1964. Midtown Park is not simply a collection of “units.” Midtown is a community, home for almost 60 years to a middle-class Black and Brown neighborhood.



Midtown is not just any community, but a community that has weathered the hardships of urban renewal, seen their neighborhood disinvested for decades, confronted developers and attempts to redevelop their property and move them into tiny apartments, and attempts to increase their rents. They have had to endure habitability and health issues in their homes, including mold, leaks, and lack of heat.

At the same time, they have continued to build and strengthen community: building up a Midtown Park Tenant Association that meets weekly (since COVID, typically by Zoom) with meetings are open to all Midtown residents and to the public, gathering for barbecues in the



central courtyard, distributing food and supplies during COVID, organizing for rent strikes and rallies to protect their beloved community.

Midtown is exemplary of an integrated, multigenerational working-class and middle-class community. As of 2018, of the 118 households who reported their incomes at the time, 78% had incomes lower than 60% of AMI. Forty households were at 30% AMI or less (income less than \$27,660 for a single-person household), 39 households were between 31% AMI and 50% AMI (\$27,660 - \$46,100), 13 households were between 51-60% AMI (\$46,100 – \$55,320), and 18 households were between 61-100% AMI (\$55,320 - \$92,200). Moreover, 73 of 121 Midtown households, or over 60%, are seniors (age 62 and older).<sup>1</sup>

After a long struggle to keep Midtown from being redeveloped and to keep residents' rents from being raised dramatically, the City's selected developer abandoned its plans in 2019, creating an opening for the community to reconvene to shape its own vision for the future. In 2020, during the height of COVID, the community won a legislative win, by formally incorporating Midtown into the City's rent control ordinance.<sup>2</sup>

In 2024, Midtown's multi-generational community gathered again – this time to plan for their future. A steering committee of the Tenant Association was tasked with carrying out a visioning process to shape the future of the community. In 2022, through the Board of Supervisors add-back process, Sup. Preston setting aside funding for an independent Property Conditions Assessment (PCA) to review the current and future physical needs for Midtown's six buildings, including capital costs and ongoing reserve costs, and to facilitate an in-depth conversation among Midtown tenants on what they want for the future of Midtown, addressing affordability, resident control, equity and ownership, leasing policies, and rights of return.

This report is the result of the work of the Midtown residents, working with District 5 Supervisor's staff, with San Francisco's Local Agency Formation Committee (LAFCo), and with community architects Fernando Martí and Steve Suzuki. The report documents the findings of the PCA, and makes recommendations for the future management and resident control structure for Midtown Park Apartments.

One thing we heard over and over from residents was a feeling of being ignored and disrespected by the City and by its developer and property management contractors. There was also a feeling of lack of transparency and accountability, especially when agreements were not put in writing. Therefore, it is our intention here to document – in writing – the residents' goals

and priorities, as a starting point for negotiations with the City on the next phase of Midtown Park's future.

### **“Get it in writing!”**

This report is not meant to be a final plan, but a stepping-stone in the evolution of the community vision for Midtown Park. It outlines a series of steps that need to be taken and, critically, the order by which those steps should be taken to ensure that the community's goals and vision are carried out.

The report begins by summarizing the community engagement process, from January through September 2024, in a series of six community-wide workshops, as well as inspections and assessments conducted by the architect and engineer team. Setting this work in a reparations framework, and guided by the principles set by the residents themselves, we outline a series of recommendations for the future of Midtown Park Apartments developed through the workshops.

We included a short history of Midtown Park Apartments as necessary context to understand how we got here. This is followed by a summary of the physical needs assessment, both the immediate capital needs, and the ongoing financial sustainability of the complex. Our emphasis is on going beyond the City's framing of “emergency repairs” in order to address the critical habitability issues for residents in regards to aging in place and having dignified lives in their own community.

The next two chapters give the background to our recommendations on community control and ownership. We conclude with a set of recommendations for next steps to be taken, if the City is to address reparations for Midtown's residents.

As a supplement to this report, LAFCO has set up a web page archiving current and historical documents relating to Midtown Park Apartments, which can be found at <https://sfgov.org/lafco/midtown>.

# MIDTOWN PARK COMMUNITY RECOMMENDATIONS

## Building Renovations

RECOMMENDATION 1: Incorporate the residents' desire for greater accessibility, universal design, common space and elevators into the immediate scope of work for renovations.

RECOMMENDATION 2: Dedicate additional funding in the City's 2025-26 budget to include the resident's scope, dedicate funding in the City's two-year budget for 2026-27 for the work required for the second phase, and so on until the work is completed.

RECOMMENDATION 3: Avoid delays by resolving MOHCD/DPW issues as quickly as possible.

RECOMMENDATION 4: Avoid delays by working as quickly as possible to resolve PG&E/PUC issues in order to incorporate state-of-the-art green building and electrification renovations into future phases.

## Relocation and Return

RECOMMENDATION 5: Commit that temporary relocations should be within the complex, or for a similar size unit offsite within a 10-minute walk, depending on the resident's desire, and that multiple relocations will be avoided by doing all the work for each building at once.

RECOMMENDATION 6: Allow tenants who so desire to relocate upon return to vacant lower floor units or vacant accessible corner flats – but only on their own decision.

RECOMMENDATION 7: Residents will have a written right to return to their same unit, with the same number of bedrooms, and for the same rent amount.

## Operating Finances

RECOMMENDATION 8: Reduce insurance costs by expediting fire systems renovations as soon as possible.



RECOMMENDATION 9: Perform an audit of property management expenses to identify possible cost savings, with resident review and approval.

RECOMMENDATION 10: Rent renovated vacant units at workforce housing rents with resident review and approval, and seek project-based voucher allocations and subsidies for seniors and people with disabilities.

### **Resident Control**

RECOMMENDATION 11: Sign a memorandum of understanding to ensure transparency and outline the roles and responsibilities of MOHCD, property management, and the Midtown tenant association.

RECOMMENDATION 12: Develop leasing policies with resident review and approval, including rent rates, any income certifications, family preferences for open units, and succession rights for adult children.

RECOMMENDATION 13: Dedicate funding in the City's 2025-26 budget to hire a part-time or full-time organizer to support the tenant association and develop an elected governing body to interact with MOHCD and property management, and oversee any future ownership transition plan.

### **Ownership Transition Process**

RECOMMENDATION 14: Ensure that all existing households are in stable, senior-friendly rehabbed housing as a prerequisite to implementing an ownership transition.

RECOMMENDATION 15: Ensure that a funding plan is in place to cover any continuing operating income gaps including annual replacement reserve needs, as part of any ownership transition plan.

RECOMMENDATION 16: Dedicate funding in the City's 2026-27 budget to fund technical assistance to help the tenant association and resident organizer to develop an ownership transition plan.

## 2. Community Visioning Process

The Community Visioning process was carried out over the course of six workshops. Each meeting was preceded by extensive outreach through fliers to individual doors carried out by the Tenant Association, and summarized in notes published digitally by LAFCO. In addition to the workshops, a resident survey was conducted in June/July of 2024. Four workshops were held on Saturdays at Gateway High School, across the street from Midtown, and the last two workshops at the Midtown courtyard. Each workshop was attended by about 20 Midtown residents. The team thanks all the residents who showed up to represent their community and make their voices heard.



### **PRE-WORKSHOP: NOVEMBER 22, 2022**

Even before the community visioning process formally began, the Midtown Tenants Association hosted a workshop in the Midtown courtyard, with over 30 Midtown residents, facilitated by Fernando Martí and District 5 Legislative Aide Kyle Smeallie. The workshop was meant to kickstart the visioning process and to begin developing a set of standards to guide

future conversations. The workshop began by laying the groundwork of things important to the Midtown community: identifying COMMUNITY VALUES, identifying the things about Midtown Park that residents want to PRESERVE, and the things residents want to TRANSFORM. The core of the workshop was a discussion of what COMMUNITY CONTROL means to the Midtown residents and community:

1. Dignified homes that are (a) well-maintained, (b) with up-to-date plumbing and electrical systems, and (c) with elevators and handicap accessibility.
2. Decision-making, working collectively to make decisions in regards to (a) control of property-management and management of common space, (b) decisions on vacant apartments and moving between apartments, (c) decisions concerning development or physical changes to Midtown Park, and (d) decisions about ownership or rents.
3. Ownership, expressed as (a) every resident who wants can have a title to their unit (but acknowledging that some residents may wish to remain renters), (b) residents can pass units down to children, and (c) adult children of residents get preference for open units.
4. Affordability in perpetuity



#### WORKSHOP #1: JANUARY 20, 2024

**Community Goals.** We began the January 20 workshop reviewing the draft goals that had been identified in November 2022. In small groups, residents elaborated on these goals to come up with a more comprehensive list of Community Goals to guide future decisions. These goals are discussed in the Guiding Principles chapter. They include: 1) Prevent Displacement, 2.) Preserve



long-term affordability, 3) Ensure safe, accessible and sustainable housing, 4) Community control of property decisions, 5) Resident leadership and capacity-building, 6) Leasing priorities for family and children, 7) Community ownership & equity, and 8) Economic opportunities.

**Ownership Scenarios.** Consultant Fernando Martí presented six possible future scenarios for ownership and governance of Midtown Park Apartments, beginning with the current ownership structure and discussing various other structures that gave residents increasing amounts of control and ownership. Residents were clear that the nonprofit tax-credit housing developer (such as 2014-2019 Mercy Housing proposals) did not fit “the Midtown model” of resident control. While permanent affordability and stability was of primary concern, some residents were also interested in a mixed ownership model that would ensure generational ownership. Residents pointed out that there should be different approaches for those who chose to own and those who chose to remain renters.

**Building Renovations.** Architect Steve Suzuki summarized the work to be done by the third party architecture and engineering team, including cost estimates for renovations for all six buildings, and a reserve study to determine the ongoing costs for maintenance and replacement. Accessibility was a major concern for tenants, given that there is no wheelchair access to the units. Residents were concerned about the structural safety and age of buildings. Residents noted the need for additional security cameras and a transparent process for handling the footage. There was a particular desire for improvements to the laundries, including that machines be located closer to each building. Residents desired that the landscape be more family-friendly. City staff from the Mayor’s Office of Housing (MOHCD) clarified that they currently have a plan for “Emergency Repairs” for Building 1, but did not have funds for “Substantial Repairs,” which they defined as costs above \$100k/unit.

**Property Management and Operations.** Residents were concerned about the lack of resident involvement, and pointed out that they had experienced unprofessional behavior and attitude from previous unskilled workers. A large amount of time was spent discussing the vacant units, relocation concerns, and operating costs. MOHCD staff clarified that 34 of the total 140 units are currently vacant, and that MOHCD had been using them as “hotel units” for temporary relocation of residents from other affordable housing and public housing sites undergoing renovation. Residents expressed that the vacant units needed to be rented as soon as possible to increase cash flow to help cover operating costs. Nonetheless, residents felt that it was the City’s responsibility to support ongoing operating costs, not just the renovations, and that the City should guarantee operational costs for next 30-50 years, since they already do that for their portfolio of Master Leased buildings. Residents expressed their overriding concern that trust

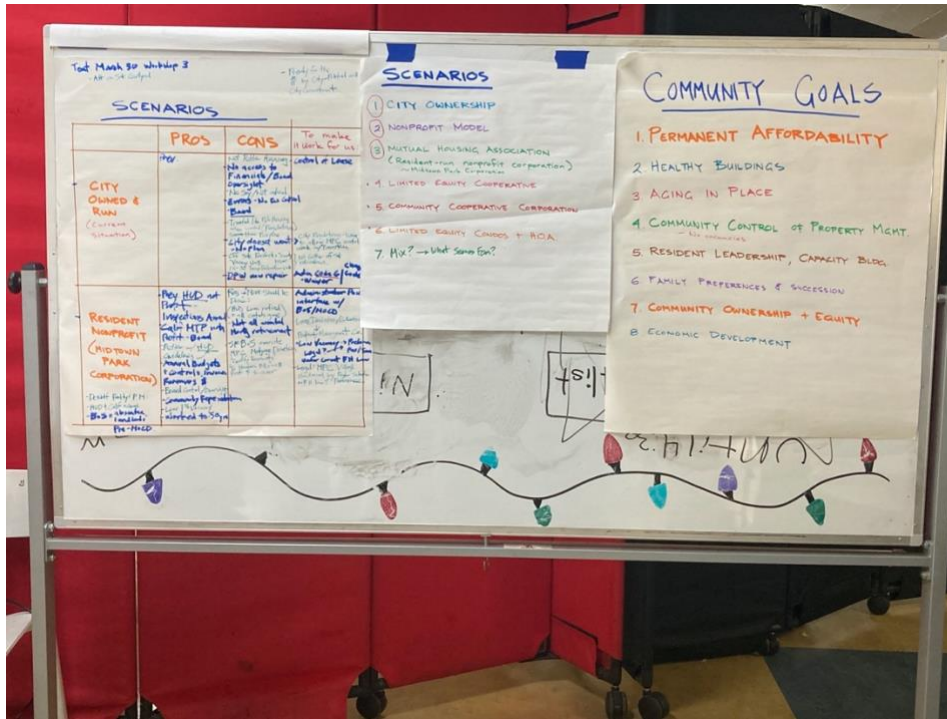
needs to be rebuilt, and invited the MOHCD Director to share what the City itself wants for Midtown.



#### **WORKSHOP #2: FEBRUARY 24, 2024**

**Building Renovations.** Architect Steve Suzuki led a discussion of the range of accessibility improvements desired by residents, as well as possible additional improvements to the property (laundries, storage, community room, courtyard). In particular, residents were concerned about previous plans to convert the current multi-bedroom townhouse units into smaller flats, even if those flats might be more accessible. Residents reacted negatively to the lack of participation in those decisions, and the loss of space and bedrooms for existing residents. The decisions seemed to be guided more by a desire to add more units to the complex, rather than giving residents an opportunity to discuss alternatives that tried to meet the accessibility goals while respecting resident's wishes to maintain the general size of their units. The consultant team was asked to develop a Building Renovations scope premised on keeping the units as the current predominantly townhouse model.

Residents were particularly surprised to hear from MOHCD staff that renovations were being delayed by a new interpretation of the Administrative Code which requires on-site construction, even at housing sites, to be carried out by the Department of Public Works, and would likely be much more expensive than if done under MOHCD. Residents asked why MOHCD could not get a waiver as has been done with other projects, so that the work could proceed with a standard MOHCD contract without additional delays.



**Resident Control – the Midtown Park Corporation experience.** At the February workshop, residents heard from fellow residents who had been deeply involved in the Midtown Park Corporation. From 1968 through 2014, Midtown Park Apartments was run through a resident-run nonprofit, the Midtown Park Corporation (MPC). Under the Midtown Park Corporation, residents had access to all financial information, had a board that hired the property manager and provided oversight over management decisions. MPC operated under HUD regulatory agreements, which provided protections and oversight, including annual inspections. The City of San Francisco, through the Board of Supervisors, was still the owner of the property, and was the only entity that had the power to allow rent increases – and vetoed several requests for resident-approved rent increases to deal with repairs and improvements. In 2014, several years after the HUD loan was retired, the City ended its lease with the Midtown Park Corporation. Not all residents wanted the mortgage to be retired, citing the need for improvements and the desire to maintain the HUD oversight. Under the new situation, the residents no longer have access to financial information, do not have a say in property management decisions, and have no say about the future of Midtown. The new system removed the previous wait-list for new rentals, and moved to implement income certification of all existing tenants. Moreover, the City has chosen to keep over 30 units vacant, leading to short-term strangers arriving in the complex, creating security issues, and affecting the operating income of the property. Residents repeatedly emphasized the wish that MOHCD should commit to work towards a transition to more resident control. They especially wanted a commitment of no further off-site resident relocations, and a plan for how and when the vacant units would be rented up.



Most of the ensuing discussion revolved around the lessons learned from the experience of the Midtown Park Corporation. Residents wished to return to a model like the previous Midtown Park Apartment model, with an elected board or association with formal standing, and to establish a (paid) Resident Administrator position to interface between Midtown and MOHCD.



### WORKSHOP #3: APRIL 6, 2024

**Building Renovations.** The consultant team prepared a resident-led “scope of work” for system renovations and accessibility improvements according to the resident’s wishes. Integral to this was the incorporation of ramps and elevators to the substantial repair plan.

**Resident Control.** Based on the in-depth discussion from the February workshop on the lessons learned from the experience of the Midtown Park Corporation, the consultant team presented a draft set of community control goals. The key elements of a resident control plan include: 1) resident review and approval of contracts with property management, and review and approval of financial documents; 2) resident review and approval over leasing policies for vacant units, including preferences and succession rights for family members; and 3) a funded resident administrator position, and capacity building and training for resident leadership.

**Community Ownership through Community Land Trusts.** Residents heard from Kyle Smeallie, former D5 staff and now policy director at the San Francisco Community Land Trust (SFCLT), on achieving community control and ownership through community land trusts.

SFCLT emphasizes creating BIPOC homeownership in SF through a limited equity housing cooperative (LEHC) and community land trust (CLT) partnership model, by taking land and housing off the speculative market and creating stable and affordable ownership opportunities. SFCLT has 14 permanently affordable properties across SF with 145 units of housing, and currently oversee one limited equity coop, with two more properties planned to convert to LEHCs within the next 3-5 years.

#### **WORKSHOP #4: MAY 4, 2024**

**Building Renovations.** Architect Steve Suzuki presented preliminary cost estimates for the building upgrades, including accessibility improvements. These are summarized in the Building Renovation chapter.

**Community Ownership through Housing Cooperatives: The experience of St. Francis Square.** Conny Ford shared the experience of St. Francis Square, another Western Addition complex just a few blocks down Geary Blvd, that was built at roughly the same time as Midtown Park Apartments. Conny spoke about the original vision for St. Francis Square: like Midtown, a racially integrated housing cooperative, but unlike Midtown, it was neither a private developer plan or HUD-financed. Instead, it was financed by the International Longshore & Warehouse Union (ILWU). St. Francis Square was originally a limited equity cooperative, with resale prices limited in order to maintain affordability from one generation to the next. Unlike Midtown, it had no support from the City or any nonprofit entity. In the early 2000s, the coop members voted to drop the limited equity restrictions, essentially “going market-rate,” with no income or resale restrictions. Over time, this has affected the demographics of the complex, and resident priorities. Now, like Midtown and many other Western Addition buildings from the 1960s, St. Francis is facing the need for major renovations, both for building systems and for accessibility upgrades, involving large cost impacts. Residents could vote to impose a large increase in their monthly “carrying charges” to cover these costs, but they are also starting to consider the possibility of forming partnerships with a non-profit or for-profit developer to either add to their existing parking lots and open spaces, or redevelop some of their buildings, in order to add density and income to pay for the renovation needs. They are also in conversation with other union funds for possible financing support in order to continue serving residents with working-class incomes.

## RESIDENT SURVEY

Over the summer 2024, we conducted a survey meant to both inform residents of the scope of the discussion, and to receive feedback from those who may not have been able to attend the workshops. We received 19 responses out of 106 surveys. The responses, representing 18% of households, help to round out where the folks who are interested in the future of Midtown stand. The survey questions and responses are summarized below.

1. ***Please rate the quality of the physical conditions of your own apartment.*** Almost half responded “Fair,” with about a quarter each responding “Poor” and “Good.” Reasons included habitability issues: insulation at doors, walls bubbling, leaks from the balcony above, leaks at sink, ventilation, noise abatement, mold and asbestos removal. Others had to do with cabinets, counter space, storage, window screens, and either new carpeting or replacement with wood flooring.
2. ***Please rate the responsiveness of the current property management at Midtown Park Apartments.*** Almost half responded “Fair,” with a few more saying “Good” and “Excellent,” indicating overall satisfaction with current property management staff.
3. ***Should Midtown residents have a say on property management decisions through monthly Tenant Association meetings with the property manager and the City?*** 79% responded “YES.”
4. ***Should Midtown go back to the waiting list system that prioritized family and relatives to fill vacant units?*** 84% responded “YES,” though one person made a note, “Depends on family need.”
5. ***Should adult children of Midtown tenants be allowed to continue their parent's lease, even if they were not named on the original lease?*** An overwhelming 89% responded “YES,” noting, “more info needed,” and “more older tenants.” The responses to these two questions indicate a very strong desire to prioritize families in the complex, but the notes also point to a concern about the process.
6. ***The City is planning “Emergency Repairs” for all six buildings, including seismic upgrades, fire safety upgrades, heating repairs, and new roofs. The repairs will require temporary relocation of residents. The city is NOT planning accessibility upgrades, ramps or elevators. Should the City include ramps/elevators as part of the immediate repair work, even if it causes a two-year delay in the work?*** 74% responded “YES.” A majority clearly want to see accessibility as part of the work, but many are also clearly concerned about additional delays.
7. ***Midtown residents have expressed an interest in having the property transferred to a community-controlled entity. Should the City commit to fully repairing all of Midtown***



*Park before any kind of transfer?* Three quarters of respondents want the City to take responsibility for repairing Midtown rather than saddling the community with that risk.

8. **If Midtown residents form a working group to create a new Midtown ownership entity or partnership, would you be willing to commit the time to be part of this effort?** Eleven people responded “YES,” and six responded “NO.” Notes included: “Need to be younger,” “I am 92 years old,” and “Only if the repairs are done.” There is a definite desire to put in the time among many residents, but there is also a need for resident organizing and leadership development to identify more folks – especially younger folks – willing to commit to this hard long-term work.

#### WORKSHOP #5: AUGUST 24, 2024



The August 24 workshop was held outdoors in the Midtown Courtyard.

**Construction Cost.** A cost summary was presented both for the present costs to rehab Midtown (separated by Building 1 and for all six buildings), as well as the reserve needs for the next 20 years. The main takeaway was that the addition of elevators, ramps, and universal design in the units would increase the cost to renovating Building 1 to 13.4 million, and addition of about \$4 million from the funds already allocated. For comparison, in 2024, the City allocated \$192 million for MOHCD’s budget.

**Operating Costs.** The consultants also shared information on how to potentially narrow the operating gap, which is currently covered by \$1.7 million in City subsidies. Renting the vacant units at affordable workforce rents could potentially bring in \$1-\$1.4 million. Lowering insurance costs by upgrading the fire safety systems, and finding other cost-saving measures, could save another \$400,000. However, this may still leave a gap in operations costs, and does not account for annual reserve costs.

**Accessibility and common space design.** At the workshop, residents reviewed the proposed plan for locations of ramps and elevators, and gave feedback on changing the proposed elevator location for Building 1. They also pointed out other potential common space improvements, including locations for seating and for dealing with areas that did not have much foliage along the borders, improvements to the deck, better mailbox locations, and better pedestrian-level lighting that did not impact people’s ability to sleep at night.

#### **WORKSHOP #6: SEPTEMBER 7, 2024**

The final workshop was held on September 7 in the Midtown courtyard. At this workshop, residents went over the 15 draft recommendations prepared by the consultants. Based on resident feedback, the consultants agreed to add another recommendation speaking specifically to the right to return. The consultant team also presented an expanded set of community control goals that could form the basis of a memorandum of understanding between the residents, MOHCD, and the property manager.



### 3. Guiding Principles and Goals

From the beginning, we've understood that the overall goal of the rehabilitation of Midtown is not only the renovation of the buildings, but the preservation of the community that inhabits it.

**Reparations.** Midtown is a diverse community in the middle of San Francisco's historic African American and Japanese-American Western Addition. Today, about 69% of Midtown residents are Black. In 2020, the City of San Francisco began a long-needed conversation around African American reparations, and in 2023 formally approved a San Francisco Reparations Plan, which includes as one its primary goals the development and continued growth of existing Black-led housing cooperatives, including by subsidizing purchases in cooperative communities and by making renovation grants available to existing Black-led housing cooperatives. This reparations frame – linked to the history of disinvestment from the Western Addition – provides a powerful rationale for public investment and support for community control and ownership at Midtown Park. This is an opportunity for the City of San Francisco to make a meaningful contribution toward reparations and racial equity, with real material outcomes for the city's Black community. Midtown Park could become a model for reparations work nationwide.

#### From SAN FRANCISCO REPARATIONS PLAN

##### Spatial Justice, Cooperatives and Community Space Ownership

Objective 3: Support and promote collective ownership models and “nontraditional” pathways to ownership. *Promote the development of new and continued growth of existing Black-led housing cooperatives by taking actions to expand available opportunities including:*

- a) Incentivize Black homeownership within Black-led housing cooperatives by subsidizing purchases in cooperative communities.
- b) Make renovation grants available to existing Black-led housing cooperatives.
- c) Offer Black-led housing cooperatives tax credits to offset property taxes.
- d) Seed Black-led housing cooperatives with an initial five years of operating expenses
- e) Create easier pathways to establish housing coops and provide public funding to do so.
- f) Waive fees associated with converting housing typologies, e.g. converting a multifamily home to a tenancy in common (TIC) or condo in eligible co-op communities.

**Preservation.** Politicians and policymakers are often enamored of constructing shiny new buildings with the latest technologies. In a built-out city like San Francisco, a reliance on demolishing and rebuilding is essentially a new kind of urban renewal, resulting in more expensive and unaffordable buildings, adding the embodied energy of the demolished building



to the embodied energy required to construct a new building. The construction sector already accounts for 37% of all climate emissions. The greenest building is the one you don't have to build. The most efficient and equitable approach for an existing community is to strengthen what they already have, making it more resilient and long-lasting. A climate justice solution requires seeing our existing housing as public infrastructure - just as we see rebuilding the sea wall or maintaining the water system. Midtown is one of those communities – a critical part of the housing infrastructure of our city. It is centered around a fantastic green space – a rare thing in the city – that is the physical center for the community. But Midtown’s buildings are aging, built in 1962, and the systems were designed before our new environmental codes. Nor were they designed for a population aging in place. This study will look at how we upgrade Midtown’s 60-year old infrastructure for another 60 years, allowing folks to stay in their communities as long as they can, rather than being forced out.

**2007 Guiding Principles.** In 2007, as Midtown residents got close to paying off their mortgage, the San Francisco Board of Supervisors approved a “Midtown Guiding Principles Resolution” to help steer Midtown’s future development. Here are the five key guiding principles of the 2007 resolution:

- 1) Prevent displacement
- 2) Involve tenants in any revitalization plans
- 3) Protect long-term affordability
- 4) Explore alternative ownership structures
- 5) Ensure decent, safe and sanitary housing

**Community Goals.** With reparations, preservation, and this past work on guiding principles as a starting point, Midtown residents engaged in deep discussions about what they wanted to preserve in their community, and what they wanted to transform. This led to a series of Community Goals that were developed in our first community visioning workshop, and expanded and affirmed at the second workshop.

## MIDTOWN COMMUNITY GOALS

1. Prevent Displacement
2. Preserve long-term affordability
3. Ensure safe, accessible and sustainable housing
4. Community control of property decisions
5. Resident leadership and capacity-building
6. Leasing priorities for family and children
7. Community ownership & equity
8. Economic opportunities

### **1. Prevent displacement**

One of the biggest fears of residents as they consider the future rehabilitation work on their buildings is the possibility that this could result in their displacement, whether intended or unintentional. Tenants must have a guaranteed right to return to their units, as has now been codified for public housing tenants and even for many of the HUD coops. We know that off-site relocation, and multiple relocations, causes severe hardships on families, especially seniors, and can result in permanent displacement, even with a “right to return.” A fundamental starting point is ensuring that any temporary relocation occurs within the Midtown community, and that folks only have to move once if necessary, rather than multiple times, in order to return to a fully rehabbed apartment.

### **2. Preserve long-term affordability**

Midtown has been an affordable community for folks in the Western Addition for sixty years. The second community goal is to maintain this affordability, and to allow residents to continue to pay their existing rental rates. This goal was the foundation of the rent strike, and is now codified in legislation by the inclusion of Midtown into the City’s rent control ordinance, which applies to all existing legacy residents. All future decisions need to be made with this in mind: guaranteed affordability in perpetuity for all residents.

### **3. Ensure safe, accessible and sustainable housing**

A key point of reparations is the responsibility of the public for righting past wrongs. In the case of Midtown, it has been sixty years of neglect and false promises. Residents deserve decent, safe, and sanitary housing – but not just because the City could face liability for the conditions of the buildings they own. Residents deserve the opportunity to age in place in the community they call home. By keeping community elders in their own homes, Midtown preserves their dignity and respects the bonds of community. We approach this goal through “universal design,” incorporating best practices of accessibility into all the work, even when full ADA is not possible. This means, for example, going beyond “emergency repairs” to a full upgrade including accessible ramps to all buildings, elevator access to all levels, and universal design improvements to all units. Community is also defined by its resilience and sustainability. Again, this means going beyond “emergency repairs” to plan for the community’s collective needs, providing a state-of-the-art green renovation that conforms to the City’s climate adaptation plans, and plans for family-friendly improvements and future electrification/decarbonization.

### **4. Community control of property decisions**

Residents deserve more than just the minimum level of “involvement” practiced by government and nonprofit entities. Residents were originally promised the full self-determination of a cooperative development in 1962, and when the developer reneged on that promise, the city at least allowed full control of property management and leasing decisions from 1968 to 2014, under HUD’s oversight. Reparations means fully respecting the resident’s right to have a say in decisions that affect them. At a minimum, this means resident control over property management decisions: the ability to review the finances, to have a say in improvements, in contracts, and in leasing decisions – formalized through a legally binding memorandum of understanding.

### **5. Resident leadership and capacity building**

The future of Midtown is predicated on residents having decision-making authority over their own lives. The ongoing strength of Midtown’s tenant association requires internal organizing capacity, leadership development, and commitments for residents to do the hard work of governing their complex, making hard decisions when needed, and developing new ownership structures. The City needs to commit to supporting this kind



of leadership, providing capacity building and leadership opportunities, including a paid resident organizing position.

## **6. Leasing priorities for family and children**

Midtown was able to maintain its sense of community through the control it exercised over leasing preferences during the 40-plus years that it was run under the Midtown Park Corporation. A big part of the desire for community control, is to regain that sense of community longevity. To the extent legally possible, residents should be able to set leasing policies so that extended family can return to Midtown when units are available, and so that units, irrespective of incomes, can be passed on to adult children.

## **7. Community ownership and equity**

The original guiding principles enacted into law in 2007 ended with “Explore alternative ownership structures.” This particular point was abandoned by MOHCD as “infeasible.” This should still be a central long-term goal. It must be balanced with the risk to losing affordability or to putting all the risk of repairs on the residents – and the potential that they could lose their property. In the context of reparations – and with the history of Midtown where the original developers declared bankruptcy while the City left residents saddled with the responsibility of managing the complex and paying off the mortgage, with no equity – it is imperative for the City to now work with the tenants on a new ownership structure. This can be the beginning of reversing racial structures that denied Black folks generational wealth.

## **8. Economic opportunities**

Any large renovation will involve millions of dollars in investment. The City should do all it can to involve local Black-led businesses, philanthropies, and financial institutions in the project, and at the very least require a commitment to hire locally and provide opportunities for residents in the development.

## 4. A Short History of Midtown Park Apartments

The history of Midtown Park is inextricably related to the history of urban renewal in San Francisco – which is why many residents also see the future of Midtown as inextricably connected to the work of reparations for the sins of urban renewal.

In the 1950s, the SF Redevelopment Agency designated the thriving, historically Black Fillmore District, known as the “Harlem of the West,” as blighted and ripe for urban renewal. One hundred square blocks of homes, small businesses, venues and churches were demolished, 2,500 Victorians were razed to the ground, and over 800 businesses closed. Somewhere between 20,000 and 30,000 people were displaced, largely African-Americans, as well as many Japanese-Americans.

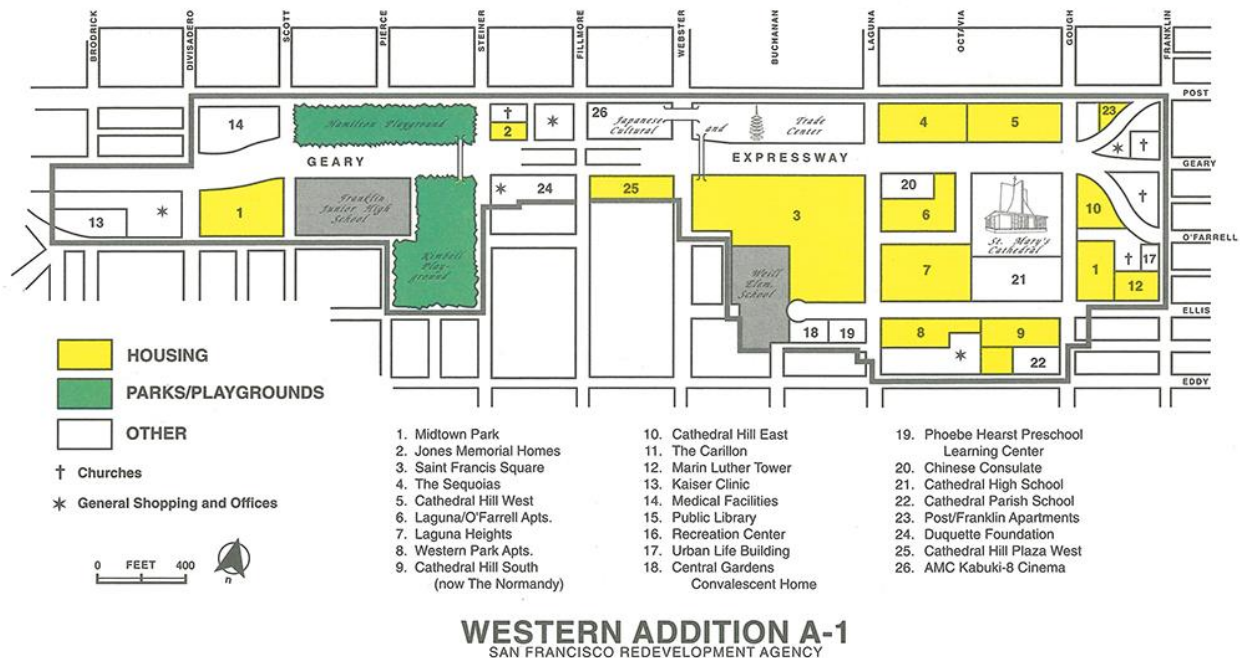


Figure 1: Western Addition Project Area A-1 plan, showing location of Midtown Park in yellow

In 1962, Midtown Park Apartments was proposed as a limited equity housing cooperative within the Western Addition Redevelopment Area A-1, with promotional pamphlets that advertised “Own your Own.” It was to be an integrated community that welcomed the Black middle class of the Fillmore and created an opportunity for stability and wealth creation. But from the very beginning, residents of Midtown were treated with disrespect by both private developers and by the City.

The buildings were completed in 1964. In the midst of the destruction of urban renewal, the new African-American and Japanese-American shareholders saw Midtown as a symbol of hope and prosperity. The developer, Barton-Western, Inc., financed the development with Housing and Urban Development (HUD) Section 213 federally-insured mortgage loans for cooperatives. After selling over 60 shares of cooperative homes, but before the property was formally turned over to a cooperative board of directors, Barton-Western reneged on their promise of cooperative homeownership and petitioned HUD to convert the units back to rentals. HUD, with no consultation with the shareholders, agreed. The billboards were changed overnight from “Own your Own” to “For rent or lease,” with no notice to the residents already living in the property. Barton-Western then began trying to interest the City of San Francisco in purchasing the property, and soon thereafter the property went into default and receivership. The coop shareholders sued, but the developers prevailed – another example of government siding for private developers and against Black residents. Barton-Western, a company that seemed to have been created solely for the development of Midtown Park, went bankrupt, but the parent company, Barton Development, went on to continue building for decades throughout the Bay Area, accumulating wealth for themselves and their heirs, built on the backs of a process that had denied equity to Black shareholders.<sup>3</sup>



Figure 2: Bait and switch

As Barton-Western was trying to offload Midtown, the City was coming under increasing pressure to find housing for people displaced by the adjacent Western Addition Redevelopment Area A-2. The City initially considered buying Midtown and making it available to those it had displaced through urban renewal. In about 1966, the City created a shell entity to acquire Midtown from HUD when the Barton-Western defaulted, and to become the holder of the HUD loan. The “Midtown Park Corporation’s” initial board was made up of city staff. The corporation then deeded the property back to the City, and enter into a long-term ground-lease



with the corporation. The corporation's primary purpose was to collect rents and pay off the HUD loan, but with no ownership stake in the property. Once the 40-year mortgage was paid off, the City's contract with the Midtown Park Corporation would end.

Midtown residents organized themselves into the "Committee for an Integrated Community" and protested in hearing after hearing, fearing the loss of their homes. After the developer's failed promises of resident ownership, here was an opportunity for the City to correct past errors, and revert the project to its original intention as a resident-owned cooperative. The City finally relented to allow the membership of the Midtown Park Corporation board to be composed of residents, but only AFTER the corporation deeded the property back to the City. That is, residents were allowed a measure of self-determination, including taking on the entire risk of the loan repayments, but without any real ownership or equity. Five board members, nominated and elected by the residents of Midtown, assumed control of the Corporation in February 1969.<sup>4</sup> From 1969 to 2014, the resident-controlled board was empowered to make decisions regarding Midtown's management and development. For over forty years, Midtown residents took on the responsibility of managing their own property, collecting rents, creating leasing policies, managing repairs, and paying off the mortgage, but without the benefit of ownership.

Unlike other housing complexes, Midtown Park Corporation's board took special care in maintaining the sense of community at Midtown in the face of the displacement of the Fillmore's African American community caused first by urban renewal and then by rising rents and lack of ownership. Midtown's leasing gave preference to extended family members and adult children, maintaining a tight-knit sense of community.

During this time, HUD provided oversight of the Midtown Park Corporation board, and helped the board lead a relatively successful project. Nonetheless, according to the lease agreements, rent increases always had to go through the City's Board of Supervisors. When San Francisco adopted its rent stabilization ordinance in 1978, the Board of Supervisors capped rent increases commensurate with the city's rent control limits, which were tied to the rate of inflation. According to residents, several times the City denied the Corporation's requests to raise rents to deal with needed repairs, despite the support of residents. Otherwise, the city acted more like an absentee landlord, with little involvement in the maintenance of Midtown – until the tenants finished paying off the HUD loan.

In 2007, as the conclusion of the HUD loan approached, residents began thinking of what a future ownership structure might look like. Guided by the concerns of Midtown residents, the

Board of Supervisors approved a “Midtown Guiding Principles Resolution,” sponsored by then-Supervisor Ross Mirkarimi, to help steer future development.<sup>5</sup>

**From MIDTOWN GUIDING PRINCIPLES RESOLUTION:**

The Board of Supervisors does hereby approve the following guiding principles for MOH's collaboration with the Resident Board to create an acceptable long-term ownership structure and development plan for Midtown Park Apartments:

1. To prevent displacement - No tenant will be evicted because his or her income is too high or too low,
2. To involve tenants - Tenants' input on a viable plan is important and the City is committed to creating forums for the tenants to discuss their ideas and concerns about Midtown Park Apartments with the City,
3. To protect long-term affordability - Creating a development that can be feasibly operated and maintained while keeping housing costs affordable to Midtown Park's low- and moderate-income tenants is essential,
4. To explore alternative ownership structures - Working with the Resident Board and other interested tenants, MOH will work with tenants to explore alternatives to the current City ownership,
5. To ensure safe, sanitary and decent housing - MOH will work with the Resident Board to find the funds that are necessary to upgrade the condition of the Midtown Park Apartment's buildings and grounds for the long-term.

In 2013, once the HUD loan was paid off, the City – now through the Mayor’s Office of Housing and Community Development (MOHCD) – acted on its prerogative under the original agreement with the Midtown Park Corporation that they had created, and broke the lease and took back full control of the property. The loan had been paid off not by the City, but by the rents of the residents and their diligence in operating the apartment complex.

The City selected Mercy Housing as property manager and developer. The City and their chosen developer had to contend with several issues: aging buildings in need of costly rehabilitation, rents insufficient to cover mounting replacement reserve costs, and an aging population living in four-story non-elevator buildings. The logical solution to MOHCD and the developer was to tear down some or all of the buildings, rebuild them as elevator-served buildings, reduce the size of the units, and increase the number of units in order to bring in more rental income.

In October 2013, Mercy received a “Preliminary Project Assessment” from the Planning Department to renovate the four buildings that front Scott, O’Farrell and Divisadero Streets, containing 96 homes, and to demolish the two buildings fronting Geary Boulevard, replacing those 44 homes with 114 new elevator-served units, including 67 senior units at the corner of Geary and Divisadero. Mercy’s project application states: “The project will be completed in phases. The New Senior Housing will most likely be constructed as the first phase to allow seniors currently living on site to relocate from existing buildings to the new senior units. All of the current residents will have the option of remaining on site once the project is complete, provided they continue to qualify under applicable income restrictions. Depending on the needs of current residents and on the availability of funding, up to 22 of the renovated units may be designated as market-rate units.”<sup>6</sup>



Figure 3: 2014 design proposal, new accessible “senior” and “family” buildings shown in pink and red

The primary way in which affordable housing developers (whether nonprofit or for-profit) fund housing development is by leveraging city subsidies with Federal “tax credit” investments, a program created in the 1980s under Ronald Reagan that gives private equity investors a “tax credit” in exchange for investing in low-income housing. Residents must be “low income,” verified with annual “income certifications,” and the rents are tied to the income bracket they fall under. Mercy Housing argued that this would result in rent reductions for some, and in rent increases for others. According to San Francisco’s Rent Ordinance, affordable housing buildings



were not formally subject to rent control, despite this having been the process for decades at Midtown. MOHCD and the developer moved to break the leases with tenants and implement a “Rent Modification Program.” Tenants were asked to sign new leases, with the understanding that failure to sign could result in eviction.<sup>7</sup> These leases included provisions that the residents had never been subject to, including restrictions on overnight visitors, regulations for the use of common space, and annual income certifications. In August, 2015, Mercy imposed new rents. While 33 households had their rents decreased to 30% of their income, the rest had their rent raised. According to the City’s budget analyst, 86 tenants saw their rents increase by a median of 75 percent, with the increase to be phased in over five years.<sup>8</sup>



Figure 4: Midtown protest. Photo by Joe Kulura, SF Weekly

Residents had once again been left out of the decision-making process. Residents demanded that rent levels be maintained, to have a guarantee to a right to return, and to maintain the sizes and number of bedrooms of their homes, which often housed extended families not formally on the lease. Mercy tried to create an “Advisory Committee” of tenants, but only invited tenants “in good standing” with Mercy, ie., those who had not pushed back on the rent increases or new leases. In response, residents organized their own Tenant Association, which has continued to meet continuously since 2014, to deal with the ongoing crisis between residents and the City and property manager and developer.

In 2014, residents appealed to the Rent Board for a determination that Midtown is subject to the Rent Ordinance, but the Rent Board Administrative Law Judge ruled that the property was exempt from the Rent Ordinance. At the beginning of 2016, 65 families started a rent strike,



refusing to pay the increased rents. The rent strike was unique in that it was entirely self-organized. At its conclusion and victory in 2020, it became the longest-running rent strike in San Francisco history.

By 2019, in response to tenant pushback, Mercy had downsized its plans to just major rehab of Building 1, which included ramps and an exterior elevator, and the conversion of all the townhouse units into much smaller apartments, and a new community room and laundry to be located between two of the buildings.<sup>9</sup>

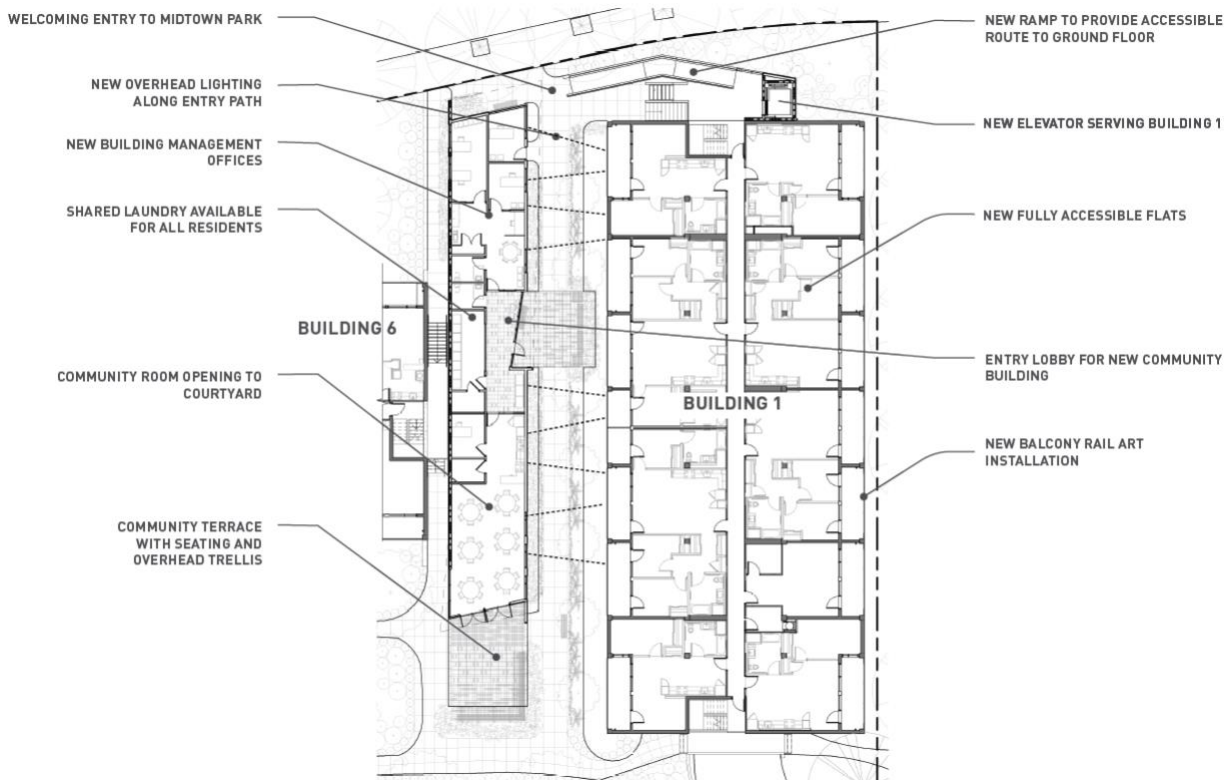


Figure 5: 2019 design proposal, note conversion of 3-bedroom townhouses to one and two-bedroom accessible flats

In the face of new pushback to the reduction in the size and bedrooms of units, Mercy pulled out at the end of 2019. In 2020 the Mayor’s Office of Housing and Community Development contracted with Kalco as property manager for Midtown. While Mercy is no longer part of the picture, Kalco retained Michael Simmons as “development consultant,” the same party who had worked over the years as development consultant to Mercy.

Over the years, more and more apartments at Midtown have been left vacant by MOHCD, as of 2024 numbering 34 vacant units. A number of these vacant units have been used by MOHCD for temporary relocation of other complexes under redevelopment, including the public

housing “RAD” projects. The temporary nature of these rentals, and the lack of resident involvement in the leasing, has created yet another layer of conflicts with the long-term residents. It is also ironically reminiscent of the City’s original plans for converting Midtown to “relocation housing” back in 1965.

The resident’s protest and rent strikes finally led to victory in 2020. Working with District 5 Supervisor Dean Preston, the Midtown Tenants Association finally got Midtown formally incorporated into the City’s rent stabilization ordinance. They held a formal vote to endorse the proposal, which was passed by the Board of Supervisors unanimously in 2020.<sup>10</sup>

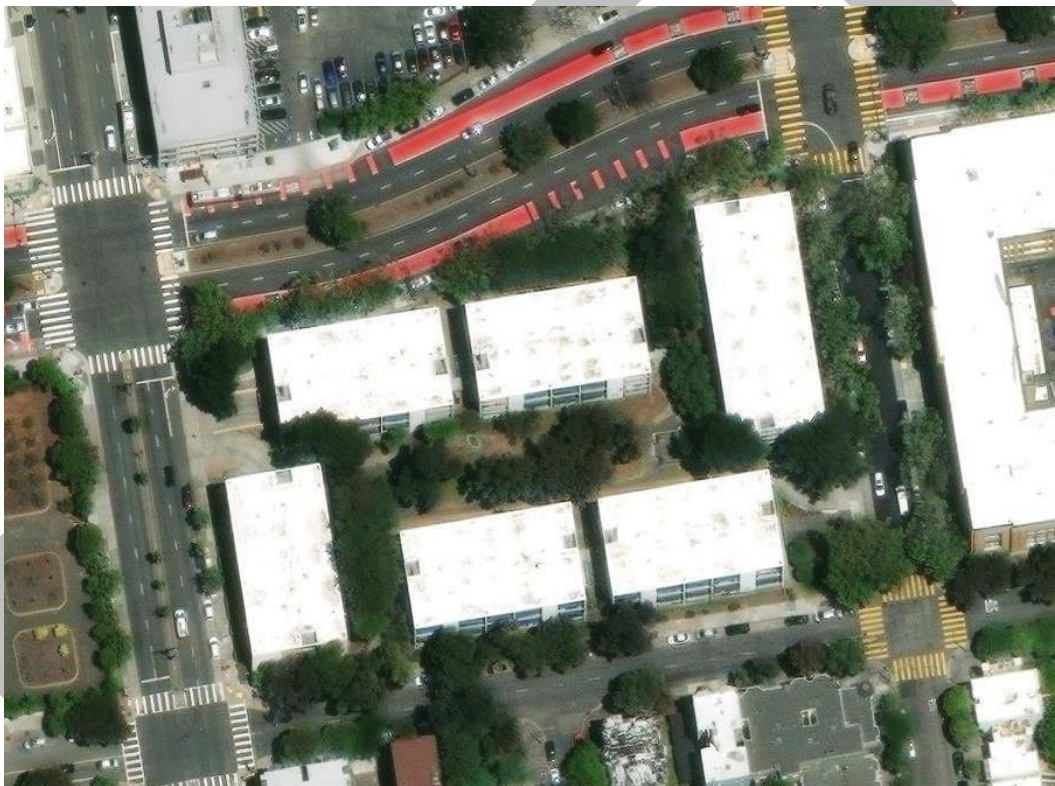
Without an outside developer making plans for them, with the assurance of affordable rents, but also with the same challenges of deferred maintenance and accessibility to be dealt with, the Midtown residents saw an opening for the community to shape their own vision for their future. Through the City’s budget “add-back” process, Supervisor Preston was able to set aside funding in the City’s 2022-23 budget for a community engagement process and Physical Conditions Assessment (PCA), independent of MOHCD. The purpose of the project was to review the current and future capital costs and ongoing reserve costs for Midtown’s six buildings, and to facilitate an in-depth conversation among Midtown tenants on affordability, resident control, equity, leasing policies and succession rights, and relocation and return rights – in effect, carrying out the process outlined in the 2007 Midtown Guiding Principles Resolution.

This community visioning process comes at a time when several other large housing complexes in the Western Addition are facing similar challenges: from the public housing Plaza East to the housing cooperatives at Freedom West and St. Francis Square. All were built at about the same time, in the mid-1960s, in the context of the Western Addition redevelopment, and all are now facing the challenges of almost 60-year-old buildings. Each in their own way, is an example of community struggles to take control of their own destiny. For Midtown residents, the struggle has been to create a truly dignified and diverse community, fighting against for-profit, non-profit, and public forces that seek to tell them what to do, to saddle them with all the risk of development but with little or no community control or ownership. In a decade where the City is finally acknowledging a need to take reparations seriously, this work by Midtown tenants themselves is a hopeful vision for starting to make amends.

## 5. Building Renovations

### Goal 3: Ensure safe, accessible and sustainable housing

Midtown Park Apartments was developed in the early 1960's with six separate buildings containing a total of 140 affordable dwelling units, with 140 off-street, below grade parking spaces. The buildings are located around the perimeter of the site, surrounding an open central courtyard which forms the heart of the community. The "walk-up apartments" have no elevator service and no internal or external accessibility for disabled residents. Most of the units are two-story townhouses, with internal stairs, except for a few one-story apartments located on the corners of the buildings.



**Current MOHCD plans.** Thanks to funds from 2019's Proposition I and budget recommendations from San Francisco's Housing Stability Fund Oversight Board (HSFOB), the City has allocated \$9.4 million for renovations to Building 1, as the first phase of renovations for all six buildings. Funding for the other five buildings have not yet been allocated. MOHCD is calling this scope of work "emergency repairs," to deal with immediate liability issues, including structural work, a new roof, a new boiler and space heating systems, fire protection systems, and exterior window replacements. While MOHCD is aware that residents want

elevators and greater accessibility, given limited budgets and time to make the necessary life-safety and systems repairs, MOHCD believes that adding elevators would unnecessarily extend the timeline and increase the overall cost. In MOHCD's view, greater accessibility means full ADA compliance, which would require transforming all of the occupied units into flats. MOHCD staff reminded us that residents have resisted this conversion to flats, although our understanding is that the proposed conversion was not just to "flats," but to small flats with less bedrooms, which the residents, understandably, resist.

As of January 2024, architects contracted by MOHCD had completed schematic designs for the Building 1 renovations, but this work was paused due to legal dispute over whether the work could proceed under MOHCD or under the Department of Public Works (DPW). Residents were surprised to hear that renovations were being delayed by a new City Attorney interpretation of the Admin Code which requires construction at City-owned sites to be carried out by the Department of Public Works, even if they are housing sites which have typically not been the purview of Public Works. If required to go through DPW, then the design work would have to start from scratch, with a new architect and engineering team, and different contracting rules than those followed by MOHCD for all their other buildings. Residents asked why MOHCD could not get a waiver as has been done with other projects, so that the work could proceed with a standard MOHCD contract without additional delays. As of September 2024, the City is still in the process of getting a legislative waiver to the DPW rules, eight months after it was brought to the residents' attention.

The renovation work would require the temporary relocation of all residents of Building 1 for the duration of the construction work. The emergency repairs being pursued by MOHCD includes the following scope:

- Structural Upgrade - Strengthen columns in garage and secure floor diaphragm to columns.
- Heaters / Hot Water - Replace heating and hot water system including new gas-fired boiler, new pump, radiators, thermostats, and plumbing.
- Fire Alarm - Install hardwire alarms in each bedroom.
- Fire Sprinkler - Install fire sprinkler system in hallways and units.
- Roof - Replace roof with 20-year roof.
- Windows and doors - Replace patio sliding doors with insulated windows.
- Balconies - Repair railing, remove existing awning.
- Exterior walls - Repair cement plaster.
- Add laundry room at basement garage level.



**Resident response.** Residents were concerned about the structural safety and age of building, as well as other life safety issues – and so welcomed MOHCD’s emergency repairs plan. Beyond all the items outlined in the emergency repairs scope, accessibility was a major concern for tenants, given that there is no wheelchair access to the units. It made no sense to them to delay this work or separate it from the “emergency repairs” scope. If done at a later phase, it would most likely mean a second relocation of tenants to deal with all the universal design improvements, new ramps, and installation of elevators.

**Structural upgrade.** In general, the buildings are in good structural condition. Midtown was built with a reinforced concrete and CMU podium, and full-height reinforced concrete shear-walls. The structural repair work calls for reinforcing the corner walls and floors, and column jackets at the basement level to secure the floor diaphragm to the columns. These recommendations are based on current practices, but we note that the City is currently revising its non-ductile concrete building requirements, which may affect this building once those recommendations are published.

#### **Accessibility and Universal Design.**

Residents not only deserve decent, safe, and sanitary housing, but they deserve the opportunity to age in place in the community they call home. We approach this through “universal design,” incorporating best practices of accessibility into all the work, even when full ADA is not possible. This means, for example, accessible ramps to all buildings, elevator access to all levels, and age-appropriate accessibility improvements to all units. While residents want greater accessibility in their units, they were almost universally opposed to the earlier plans (in 2014 and 2019) to convert the current multi-bedroom townhouse units into much smaller single-story flats, even if those flats could

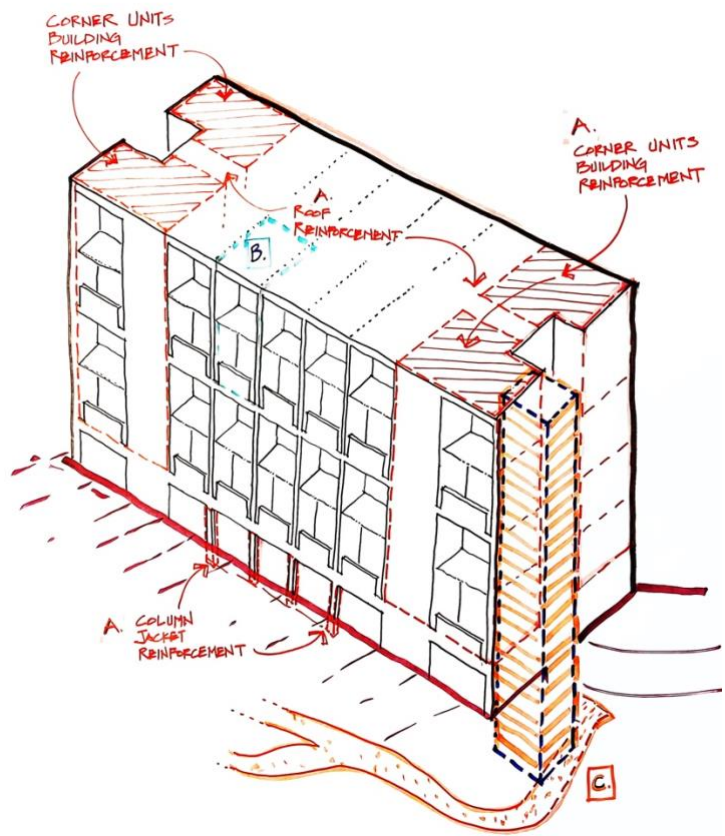


Figure 6: Structural reinforcement and exterior elevators

then be fully ADA compliant. Part of this concern stemmed from the fact that residents weren't just presented with a conversion of townhouses to flats, but a conversion to smaller flats with less bedrooms. While it may be physically possible to convert the townhouses to flats without a significant loss of space, the previous developer's downsizing proposals have soured the residents to this idea. A universal design approach would keep the units as the current predominantly townhouse model, accessible with an elevator, but making interior improvements such as grab bars, lower counter heights and controls, and wider door clearances. The existing corner single floor units could be made fully ADA accessible, with larger bathrooms and kitchen clearances.

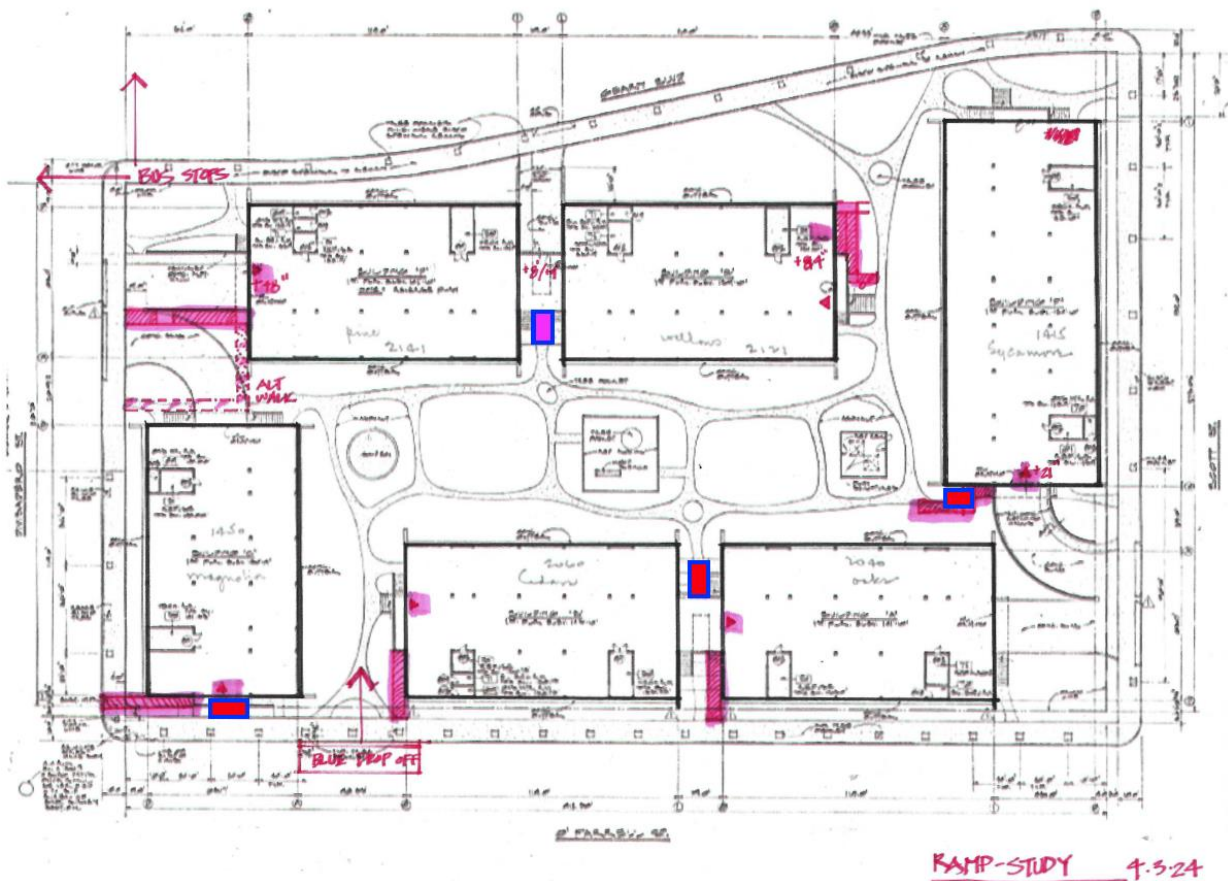


Figure 7: Potential location of new ramps and elevators given existing site topography

**Community Space Improvements.** Given the scale of the renovations, residents wanted particular attention to be placed in the courtyards, that would already be affected by new accessible ramps and elevator locations. Residents wanted to see new child-friendly courtyard improvements, some seating, and better community gathering spaces. The location of laundries was also a critical issue, as residents wanted to have access to laundries closer to their units –

possibly in the small storage closets in each hallway, but also in larger common laundries near each building.

**Sustainability and Resilience.** Community is shaped by its resilience and sustainability. Residents did not just want “emergency repairs” that would have to be improved again in a few years, but a state-of-the-art green renovation that conforms to the City’s climate adaptation plans – like any other City-funded housing development. The buildings need to be readied for another sixty or more years of use. Long-term plans should include photovoltaic panels and full decarbonization. San Francisco’s Climate Action Plan commits the city to 100% renewable energy via Hetch Hetchy power and Clean Power SF by 2040, and the City’s Municipal Green Building Code<sup>11</sup> requires major renovations to replace HVAC systems with all-electric equipment (Environment Code Section 704.b.3). Despite this, MOHCD’s scope of work calls for replacing Midtown’s gas-fired boilers with new gas-fired boilers. MOHCD staff expressed that a move from natural gas furnaces and water heaters to electric heat pump, elevators and photovoltaic power would entail an electrical upgrade, which, as a City-owned building, would then trigger a transition from PG&E power to Clean Power SF. This would add another layer of complications and possible delays, possibly up to two years according to City staff. Knowing that the entire complex needs to be fully decarbonized by 2040 (ie, in 16 years), the City should begin this transition process as quickly as possible, without delaying any of the immediate work phases, such as Building 1. Since all four onsite boilers were replaced within the last decade, we did not think they needed to be replaced. Our engineers also assume that the existing 400A service is sufficient to handle a new 15HP elevator load without a service upgrade. Our immediate scope of work includes the elevators, but does not replace the boilers. We recommend that the City immediately begin preparing for the replacement of the existing gas-fired boilers with all-electric heat pump system to comply with 2040 deadline (including an upgrade to the electrical service to 600A), and the installation of photovoltaic panels on the roof. If it takes two years to accomplish this transition, the scope for future phases should be amended to include this work. There are potential funding sources the City could leverage for electrification at Midtown, including both decarbonization and solar photovoltaic, such as the “Direct Pay/Elective Pay” provisions of the Inflation Reduction Act, or programs like the GGRF Solar for All.

**Resident-led Scope of Work.** We prepared a resident-led “scope of work” for system renovations and accessibility improvements according to the resident’s wishes, that go beyond MOHCD’s “emergency repairs” scope. Integral to this resident scope was the incorporation of ramps and elevators. The big differences between the resident-drive scope and MOHCD’s “emergency repairs” scope, are as follows:

1. Accessible path of travel throughout complex and accessible ramps to building entries, with power doors at corridor entries where needed for accessibility
2. Elevators to serve all buildings
3. Universal design (aging-in-place) improvements in all units, and full ADA access at one-story corner flats.
4. Patio doors: replace full-width sliding patio door system, but use a lighter, more accessible system rather than swing doors
5. Awnings: replace awning structure to extend the full width of the balconies
6. Site improvements: including child-friendly improvements, better site lighting and camera system, and no fencing or stair enclosures

**RECOMMENDATION 1: Incorporate the residents' desire for greater accessibility, universal design, common space and elevators into the immediate scope of work for renovations.**

**RECOMMENDATION 2: Dedicate additional funding in the City's 2025-26 budget to include the resident's scope, dedicate funding in the City's two-year budget for 2026-27 for the work required for the second phase, and so on until the work is completed.**



## RESIDENT-DRIVEN RENOVATION SCOPE OF WORK

Underlined items indicate additions to current MOHCD scope

- **Building systems**
  - Structural retrofit: corner floors and walls, secure floor diaphragm to columns
  - Roof: new diaphragm, new tapered insulated 20-year roof, flashing
  - Fire safety upgrades: hardwired fire alarm, fire sprinklers in corridors and units.
  - Heating/Hot water: replace hydronic baseboard heaters and piping, add individual room thermostats. Boilers do not need to be replaced at this time.
  - Windows & Doors: replace exterior sliding patio doors with insulated sliding door/window system, DO NOT REPLACE sliding doors with swinging doors, unless tenants request
  - Balconies: Repair/patch Cracks, repair guardrails, repair drainage
  - Awnings: replace awnings & frames, expand awning coverage to improve rain protection
  - Exterior: Replace exterior spauled concrete/sub-surfaces
  - Plumbing: Replace Plumbing lines and Fixtures
  - Electrical: Modify Electrical/updates: GFCI Outlets, controls and switches; Data/communication/security systems
  - Mechanical: replace Kitchen and Bath Ventilation (Fans/Ducts)
  - Lighting: upgrade corridor lighting.
  - Health abatement: as needed, mold, asbestos, lead paint
  - Insulation and moisture control
  
- **Senior-friendly unit renovations (“Universal Design”)**
  - Corner flats to be fully ADA compliant
  - Doors: Replace all door hardware with levers, offset hinges as necessary
  - Baths: Install grab bars at Tub/Showers, w/ hose controls; replace w/ ADA toilets at bedroom levels; convert units with lower-level bath/half-bath tubs to walk-in showers
  - Appliances: front control @ counter level (Stove/Ranges and Hoods)
  - Common Stairs: Contrast stripping/ handrail
  - Signage: accessible units #'s and directional signage
  
- **Common spaces and accessibility**
  - Entries: power-operated doors where required due to limited clearance
  - Elevators: Install 5-stop, 5x7, 2500# hydraulic elevator, exterior shaft enclosure. Existing 400A service can currently handle new elevator load (15HP max) without service upgrade.
  - Laundries: Add laundries at each building, including in corridor closets if possible
  - Community Room: Accessibility upgrades for existing community room.
  - Accessible path of travel throughout all common areas of the property
  - Building access ramps at the first level entrances of all buildings, 2% max slope throughout site, grind buckling concrete, repair exterior sidewalks
  - Accessible parking: Accessible (blue) ADA parking/drop-off zones with curb cuts at streets, re-stripe ADA parking near elevators
  - Site improvements: Child-friendly landscape improvements and seating, with clear sightlines and visibility throughout the complex, signage
  - Lighting: Relocate site lighting to illuminate ground, not walls and windows
  - Security: Master security system with central panel, 6 cams/building, sensors, dedicated booth for storing camera footage
  - Fencing: NO perimeter fence or gates, and NO enclosures of exterior staircases

## 6. Construction and Reserve Costs

**Construction Costs.** Our architecture and engineering team prepared a cost study, looking at the immediate work for Building 1, as well as for the later phases encompassing upgrades to Buildings 2-6. These costs are based on the resident-driven scope of work identified through our community workshops. The costs are in 2024 dollars. Our scope includes elevators for Building 1 as part of the immediate work phase, and assumes that the existing 400A service is sufficient to handle a new 15HP elevator load without a service upgrade. Nonetheless, if a service upgrade is needed, the Building 1 scope can proceed with everything spelled out here, including the universal design upgrades, the ramps to the buildings, and the structural work needed to accommodate the elevators. Since the elevators would be located attached to the exterior of the building, that work could happen as soon as the electrical upgrade issue is resolved, without causing another relocation or delay to the immediate repairs.

**The estimated construction cost for Building 1 renovations, including the recommendations of the residents for universal design and elevator service, is \$13.1 Million. The overall construction cost for the entire complex is \$67.9 Million.**

**Replacement Reserve Costs.** We also looked at additional costs that would be incurred at years 5, 10, 15, and 20. Some items, such as the boilers, did not require immediate replacement but would probably be replaced within the next decade, while others need to assume new systems that will nonetheless need to be replaced after a certain number of years (for example, a 20-year roofing system). The replacement reserves assume an inflation cost escalation. These costs assume best practices of replacement reserves, though of course, these replacements are often delayed depending on the conditions at the time. A reserve study identifies major components, their remaining life span, the cost to repair/replace them, and how much money is needed and when. Reserve studies are required by California law to be updated every three years for condominium and coop developments; the board then decides how to fund the reserve costs and is required to share the funding plan with the residents every year. The last reserve study Midtown was done as part of the 2012 Physical Needs Assessment.

**The annual reserves to cover 20-year replacement costs is \$2.5 Million / year.**

**Cost summaries.** The cost study is summarized below: first for Building 1 only, and then for the entire complex, including replacement reserve needs for the next 20 years. The complete

itemized study, including engineering reports, can be found in the separate Physical Conditions Assessment prepared by Steve Suzuki.

### MIDTOWN PARK APARTMENTS 20-YEAR COST STUDY (SUMMARY)

Item	Building 1 costs ONLY (2024)	Total costs Bldgs 1-6 (2024)	Annual reserve based on 20-year costs	Year 5 costs	Year 10 costs	Year 15 costs	Year 20 costs
Building systems (hard + soft costs)	\$8.9 M	\$48.7 M		\$0.4 M	\$11.7 M	\$0.7 M	\$12.8M
Universal design unit renovations (hard + soft costs)	\$2.5 M	\$12.6 M		\$0.5 M	\$5.9 M	\$2.8 M	\$9.2 M
Common space, accessibility, elevators ((hard + soft costs)	\$1.6 M	\$6.5 M		\$1.3 M	\$0.9 M	\$0.5 M	\$2.7M
<b>Totals</b>	<b>\$13 M</b>	<b>\$67.9 M</b>	<b>\$2.5 M/yr.</b>	<b>\$2.2 M</b>	<b>\$18.5 M</b>	<b>\$4.0 M</b>	<b>\$24.7 M</b>

**MIDTOWN PARK APARTMENTS - COST ESTIMATES - BUILDING 1 REHAB**

DRAFT: Fernando Marti and Steve Suzuki for Midtown Park Apartments  
9/18/24

Immediate Costs		
A - System upgrades	\$	8,963,876
B - Universal Design	\$	2,452,953
C - Common Space + New Elevators	\$	1,612,690
<b>Total (A + B + C)</b>	<b>\$</b>	<b>13,029,519</b>
<b>Cost/unit</b>	<b>\$</b>	<b>434,317</b>

\* Note, rehab costs do not include relocation costs within the complex, see relocation calcs below

A - System upgrades										
	Scope	Units	Life	Low	High	Avg.	Notes	Quantity	Sub-total	
Structural-Foundations	Six-Garage/Lower level-Column Jackets	EA	50+	\$ 12,000	\$ 17,000	\$ 15,000	8 vs 4	8	\$ 120,000	
Structural Framing **	Per Holmes Structural Engineer: Scope Strengthen Lateral load path at shear wall/diaphragm (4 corners/building @ all floors/10 Units per Building)	EA	50+	\$ 250,000	\$ 350,000	\$ 300,000	10 units/Bldg	10	\$ 3,000,000	
Unit Improvements**	NOTE: Assume potential retrofit of Type 'E' Single floor/1BR unit to ADA compliant 1 BR/Studio unit=4 units total at 1st & 2nd levels. Bathroom & Kitchen reconfig, full door clearances, hardware. Remaining Type A1 double floor/3BR units problematic for full ADA compliance; insufficient space within (E) unit perimeter	EA	30+	\$ 60,000	\$ 80,000	\$ 70,000	4 units/Building	4	\$ 280,000	
Waterproofing	walking	EA	50+	\$ 1,800	\$ 2,500	\$ 2,150		30	\$ 64,500	
Building Envelope-Concrete	Wall spaul/patch/repair (Allowance 200SF/Bldg)	EA	50+	\$ 45,000	\$ 55,000	\$ 50,000	Bldg 1-33 larger	6	\$ 66,500	
Building 1-Exterior Paint (Incl conc repairs)	Exterior prep/prime/paint 2x Bldg 1	SF	10	\$ 4	\$ 5	\$ 5	Bldg 1	295,000	\$ 1,327,500	
Building 2-6 Exterior Paint (Incl conc repairs)	Exterior prep/prime/paint 2x (5 Buildings)	SF	10	\$ 4	\$ 5	\$ 5	Bldgs 2-6	250,000		
Roof-Building 1	Built-up/TPO over tapered Insul/drains	SF	20	\$ 50	\$ 70	\$ 60	Bldg 1	9,600	\$ 576,000	
	Roof-Canopies at units	EA	20	\$ 8,000	\$ 10,000	\$ 9,000		24	\$ 216,000	
Water-Hydronic system plumbing/riser replacement	Include demo/wall repair/cover	EA	50	\$ 70,000	\$ 100,000	\$ 85,000	ASSUME HIGHER by .33	6	\$ 113,050	
Heating-Boiler	Maintain until system upgraded	EA	25	\$ 35,000	\$ 45,000	\$ 40,000	Maintain	6		
Hot/Cold Domestic Water Distribution	Retrofit as part of structural rehab	SF	50	\$ 2	\$ 8	\$ 5	Res SF: 37724	179186	\$ 188,620	
Domestic HWH unit-gas	Source: Comely sample proposal	EA	40	\$ 35,000	\$ 45,000	\$ 40,000	Maintain	6		
Corridor Ventilation	Corridor supply air - roof mounted fan w/ MERV 13 filter w/chase to 4 levels	EA	25	\$ 6,000	\$ 10,000	\$ 8,000	Maintain	6		
Sanitary Waste/Vent -testing	Provide inspection/test of system - Allowance, //D.General Repairs Allowance of \$ 30K/building for anticipated repair/replacement TBD after inspection	EA	50+	\$ 4,000	\$ 6,000	\$ 5,000	Test-Evaluate	6	\$ 6,650	
Air Exhaust fan/Duct-Fixed Louver	Six Garage Locations (Code)	EA	25	\$ 6,000	\$ 10,000	\$ 8,000		6	\$ 10,640	
Electric-Relocate(E) meters	1st floor hallway meter banks protrude into corridor	EA	40	\$ 62,000	\$ 80,000	\$ 70,000	rehab/Elect upgrade	6		
Electric-Circuit/panels/Distribution	Unit line distribution outlets/lights - Allowance/unit	EA	40	\$ 8,000	\$ 12,000	\$ 10,000	rehab/Elect upgrade	140		
Electrical New Main Service	New 600A 3PH - PG&E install fees IF triggered by other improvements	EA	40	\$ 60,000	\$ 100,000	\$ 80,000	rehab/Elect upgrade	6		
Fire Alarm System	Six building- central Panel - Installation in progress		15				Completed MOHCD 2024			
Fire Extinguishers	Located at middle corridors- assume active (Maintenance)		10				N/A			
Fire Sprinkler system	New Main service + full throughout buildings	EA	50	\$ 400,000	\$ 600,000	\$ 500,000	.33 larger	6	\$ 665,000	
Ground Floor Conc Access/Ramp	New -non existing-Ground floor access Ramps	EA	0	\$ 50,000	\$ 65,000	\$ 55,000		6	\$ 55,000	
									<b>SUB-TOTAL A - Hard Cost</b>	<b>\$ 6,689,460</b>
									<b>SUB-TOTAL A /Hard+soft</b>	<b>\$ 8,963,876</b>

\*\* Units counted as either part o seismic/structural rehab or remaining units



B - Universal Design										
	Scope	Units	Life	Low	High	Avg.	Notes	Quantity	Sub-total	
Reserve Fund: Unit accessibility- Stair lift/elevator/mult turns	10% reserve/10 an fund availbl efor resident to install own-as needed	EA		20 \$	12,000 \$	20,000 \$	18,000 \$		14	
Reserve Fund: Unit accessibility- Walk in tub/shower	10% reserve/10 an fund availbl efor resident to install own-as needed	EA		20 \$	5,000 \$	8,000 \$	6,000 \$		14	
	Int Floor -LVT @ LR/BR	SF (.75/unit)		7 \$	13 \$	18 \$	15 \$	SF for 30 Units	134,390	\$ 431,966
	Int Floor -Cer Tile @ bathrooms	SF (.05/unit)		20 \$	14 \$	20 \$	18 \$	SF for 30 Units	8,959	\$ 34,557
	Int Floor -Relsi Sheet @ kitchens	SF (.1/unit)		10 \$	5 \$	8 \$	6 \$	SF 30 Units	17,919	\$ 23,038
	(not count in seismic unit retrofits)									
Unit Entry Doors**		EA		25 \$	1,000 \$	1,400 \$	1,200 \$		20	\$ 24,000
Unit Sliding Glass/Patio Door**	6"	EA		25 \$	3,500 \$	4,100 \$	3,800 \$		20	\$ 76,000
Unit Window	Bedrooms & Livrms(Alum/Fiber) 4/unit	EA		30 \$	1,500 \$	2,500 \$	2,000 \$		80	\$ 160,000
	Replace accessible-lever/hinge hardware-retain E doors*									
Room Doors-SC	Allowance (4 doors/unit)	EA		15 \$	1,500 \$	3,000 \$	2,500 \$		26	\$ 65,000
Kitchen Counter top/Sink	Solid Surface/SS sink ADA/6LF	EA		20 \$	2,500 \$	3,500 \$	3,000 \$		26	\$ 78,000
	Plywood casework/Adaptable config /6LF wall & base	EA		20 \$	14,000 \$	18,000 \$	15,000 \$		26	\$ 390,000
Kitchen Appliances-Electric	Front mount controls Range/Refrig	EA		10 \$	3,000 \$	5,000 \$	4,000 \$		26	\$ 104,000
Kitchen hood/Vent	Provide accessible control	EA		10 \$	1,000 \$	3,000 \$	1,500 \$		26	\$ 39,000
	Sink/Shower/faucets @ El o cations									
Bathroom Fixtures/Faucets	Bathrm	EA		20 \$	1,000 \$	2,500 \$	1,500 \$		32	\$ 48,000
Bathroom-Toilet	Components=5 yr EUL	EA		50 \$	250 \$	500 \$	350 \$		32	\$ 11,200
Bathroom Exhaust	Replace-E ducts	EA		15 \$	200 \$	400 \$	300 \$		26	\$ 7,800
	Hydronic baseboard/wall panel units and thermostat									
	Remove/replace-assume 4/unit	EA		15 \$	7,000 \$	9,000 \$	8,000 \$		26	\$ 208,000
Wall/Ceiling Paint/Unit	Prep/Prime/Paint 2 coats & trim	EA		10 \$	3,000 \$	7,000 \$	5,000 \$		26	\$ 130,000
									SUB-TOTAL B Hard Cost \$ 1,830,562	
									Sub-Total B Hard+Soft Cost \$ 2,452,953	

C - Common Space + New Elevators										
	Scope	Units	Life	Low	High	Avg.	Notes	Quantity	Sub-total	
Parking-Driveway Paving	Six Buildings Patch/repave sections (Allowance)	EA		50					4	
	Perimeter sidewalks-Grind/re-level Tripping hazards (Allowance 20% pavement area)			50 \$	30 \$	40 \$	35 \$	Split/4 sides of site	2,800	\$ 24,500
Garage Security Metal gate	Four Locations	EA		10 \$	12,000 \$	20,000 \$	15,000 \$		4	
Building Mounted Exterior Lighting	Six Buildings x 4/EA(E) circuits	EA		10 \$	1,000 \$	1,500 \$	1,200 \$		24	
Building Entry Exterior Doors-steel (2/floor)	Six buildings x 4 floors plus parking	EA		30 \$	25,000 \$	30,000 \$	27,000 \$		6	
Front Entry Intercom/Security	Six buildings	EA		30 \$	8,000 \$	12,000 \$	10,000 \$		6	
	perimeter	SF		20 \$	3 \$	7 \$	5 \$		18,900	
Landscaping-Central Courtyard	Tree, bushes, grade (Allowance)	SF		40 \$	3 \$	7 \$	5 \$		19,500	
Landscaping-Central Courtyard Paving	Repairs of crack/gaps (Tripping hazard)	LF		40 \$	30 \$	40 \$	35 \$	Pending scope-	1,000	\$ -
	At Garage, 1/building near elevator access point	EA		15					4	
	Directional/Units/ Area/ ADA compliant (Allowance)	EA		15					30	\$ 75,000
Disabled Parking	Designated Street ADA Drop-off w/ curb cut/stipping/signage	EA		30					1 @ NE Geary St	\$ 4,000
	1 @ NE Geary St								1 @ NE Geary St	\$ 4,000
Elevators/Deck Accessramps (Floors 1 and 3)	Not Existing-Future Install-Coord with other improvement potential (N) Electric service upgrade trigger	EA		25 \$	900,000 \$	1,500,000 \$	1,100,000 \$		1	\$ 1,100,000
									SUB-TOTAL C Hard Cost \$ 1,203,500	
									SUB-TOTAL C Hard+Soft Cost \$ 1,612,690	

Grand Total Bldg. 1 \$ 13,029,519

Tenant Relocation Costs		
	Cost/household	x2 Moves
Movers & Boxes Assume 2 BR typ (\$1,200 + \$300)	\$ 1,500	\$ 3,000
Packing Assistance	\$ 300	\$ 600
Storage (for FF&E not fitting) -should be OK if 1:1 Unit relocation size	\$ 150	\$ 300
Cable/Phone/Internet transfer fees	\$ 125	\$ 250
Relocation unit clean up	\$ 500	\$ 1,000
Reasonable accommodation (grab bars, etc.) Relocation unit only	\$ 1,500	\$ 3,000
SUB-TOTAL/UNIT:		\$ 8,150
Relocation Consultant: Assume 24Hrs (12 hr/move) consultation/Unit @ \$ 100/Hr	\$ 24	\$ 2,400
TOTAL/Unit		\$ 10,550
Total for 30 units		\$ 316,500

Assumes all Bldg. 1 unit are occupied

Soft Costs		
GC OH&P (15%)	0.15	\$ 1,954,428
Permits (4%)	0.04	\$ 521,181
Contingency (15%)	0.15	\$ 1,954,428
<b>Sub-total soft cost</b>	<b>0.34</b>	<b>\$ 4,430,037</b>
Relocation costs	30	\$ 316,500
Total soft cost + Relocation		\$ 4,746,537

Cost in Year 1-no escalation

## 7. Relocation and Return Timeline

### Goal 1: Prevent Displacement

**Current MOHCD timeline.** MOHCD's current plans are first for Kalco to finish repairs to all the vacant units in Buildings 2-6. These repairs have been delayed pending resolution of internal City contracting issues. Once the vacant units are repaired and MOHCD finalizes the construction plans and permits for the Building 1 "emergency repairs," tenants from Building 1 would be relocated into the vacant units elsewhere in the complex. Building 1 construction was supposed to begin in early 2025, but has been delayed pending resolution of the MOHCD/DPW contracting issue. \$9.4 Million from Prop I funds has been set aside for this work in MOHCD's budget. The long-term plan is to follow this phasing approach for all the buildings. Given that the other buildings are smaller than Building 1 (22 units versus 30 units), there is a possibility that two buildings could be rehabbed concurrently, requiring 44 families to be relocated during construction (note that there are currently only 34 vacant units).

The timeline for MOHCD "Emergency Repairs" is a moving target, as resolution of the MOHCD/DPW issue keeps being delayed. When we began this process, the repairs to the 12 vacant units needing work were to begin in June 2024, and are now scheduled to begin September 2024. The Building 1 "Emergency Repairs" were to begin in Fall 2024, and residents are now being told these will begin in September 2026 by DPW – unless a waiver is obtained.<sup>12</sup> No timeline has been set or budget allocated for Buildings 2-6.

**Resident response.** Residents are particularly concerned about the lack of transparency from MOHCD and Kalco in terms of the timeline for renovations and relocation. In the workshops, residents related their experiences with previous relocations: the impact it had on residents in terms of time, money, and quality of life. Residents were adamant that they did not want to relocate more than once.

For the residents, this meant that repairs should be done in full, rather than done piecemeal and being forced to move multiple times between "emergency repairs" and later "substantial renovations." They wanted a guarantee of certainty, that they were going to be able to move back into their same apartment, or to another vacant apartment, depending on their own decision. Residents also asked that current residents receive priority or seniority to designate currently vacant units to community members or their families (as is the case in many co-op models).

**Resident-led timeline.** The immediate need was to move forward with a scope of work that included the accessibility and universal design unit plans, including elevators, as outlined in the “Resident-driven Scope of Work.” The following phases should move immediately after this, meaning that MOHCD needs to incorporate the budgets for the future phases into their budgeting, and that these budgets should show up in the City’s two-year look-ahead budget. MOHCD needs to be transparent with residents about the reasons for delays, whether it is about a contracting issue with DPW, delays caused by PG&E, or whatever other issue. It is the only way to maintain trust. The timeline also needs to include that MOHCD immediately begin working towards long-term electrification through Clean Power SF, and incorporating that work into future phases as soon as possible.

**RECOMMENDATION 3: Avoid delays by resolving MOHCD/DPW issues as quickly as possible.**

**RECOMMENDATION 4: Avoid delays by working as quickly as possible to resolve PG&E/PUC issues in order to incorporate state-of-the-art green building and electrification renovations into future phases.**

**RECOMMENDATION 5: Commit that temporary relocations should be within the complex, or for a similar size unit offsite within a 10-minute walk, depending on the resident’s desire, and that multiple relocations will be avoided by doing all the work for each building at once.**

**RECOMMENDATION 6: Allow tenants who so desire to relocate upon return to vacant lower floor units or vacant accessible corner flats – but only on their own decision.**

**RECOMMENDATION 7: Residents will have a written right to return to their same unit, with the same number of bedrooms, and for the same rent amount.**

## 8. Operating Finances

### OPERATING INCOME

The majority of operating incomes for Midtown have come from rents. To a smaller extent, some income is derived from laundry fees and from HUD Section 8 vouchers (currently, for three units). The total operating income in 2023, after the rent control ordinance was passed, was \$939,000. This comes out to an average income of about \$750 per unit for the 106 occupied units.

**City Operating Subsidy.** In the last few years, Midtown operations have been increasingly dependent on City subsidies. Currently, rents received a Midtown are insufficient to cover the cost to operate. The City provides Midtown an operating subsidy to fill the gap between operating income from rents and operating expenses. In 2020 and 2021 the operating subsidy was \$500K. In 2022, after the implementation of Administrative Code 37B, the operating subsidy went up to \$1.2 million and in 2023 the operating subsidy was \$1.7 million.

**Section 8.** In 2023, Midtown had three residents with tenant-based Section 8 vouchers. This means that for those units, while the tenant only pays one-third of their income in rent, Midtown can charge the “Fair Market Value” allowed by the Housing Authority, with the difference paid by the Housing Authority.

**Vacancies.** Residents have been clear that they wanted a right to relocate on-site during renovations because they worried that if relocated off-site they would not be able to return. To this end, MOHCD has allowed 34 units to be kept vacant for the duration of the emergency repair work. 34 of the total 140 units are currently vacant, with no rental income coming from these units. All the vacant units in Buildings 2 through 6 can be occupied except for 12 units. These 12 units will be repaired before the Building 1 repairs occur, in order for these 12 units to be used for onsite temporary relocation from Building 1.

### OPERATING EXPENSES

The total operating expenses in 2023 was about \$2.5 million. This comes out to an average of about \$2,300 per unit to run the building, for the 106 occupied units.



**Major operating costs.** In 2023, Midtown paid the property management, Kalco, \$130,104. MOHCD allows a 3.5% annual increases on expenses. On top of that, \$555,360 was spent on day-to-day building maintenance, repairs and contracts. This includes items such as maintenance payroll (\$154,885), grounds, maintenance, janitor and cleaning supplies (\$13,920), grounds, maintenance, janitor and cleaning contracts (\$152,735), exterminating contracts (\$10,306), fire protection (\$ 14,992), garbage/trash removal (\$ 161,470), security services contracts (\$ 301,259), HVAC and non-emergency repairs (\$23,942), and unit improvements (\$23,109).

**Building Insurance.** One of the biggest drivers of increased expenses is the skyrocketing cost of property and liability insurance, which is not unique to Midtown. However, the reason given by the insurance company for the huge increase in 2023 was the state of Midtown's fire safety systems. Insurance costs went up dramatically in 2023 and 2024, now at \$453,748.99, as opposed to an average cost of \$76,000 in 2021 and 2022.

**Reserves.** Currently, Midtown's budget does not have a reserve for major repairs. If an emergency impacting habitability of units occurs, MOHCD has to cover the funding for the repair. Basic repairs are prioritized based on MOHCD's "availability of funds," according to MOHCD staff. The last reserve study was included in the Physical Needs Assessment (PNA) dated November 1, 2012, completed by Elizabeth McLachlan Consulting. The PCA that accompanies this report includes an updated replacement reserve study, and a summary of the estimated costs can be found in the chapter on construction and reserve costs.

**Taxes.** As a government owned property, Midtown does not pay property taxes. The building pays a small annual business tax and an apartment license fee. However, if Midtown were to someday be an independent entity, it would have to start paying property taxes, or apply for a state "Welfare Tax Exemption," which is available for housing units serving residents at or below 80% of the Area Median Income. Residents would have to be "income certified" to prove their income in order to qualify for the welfare tax exemption. If Midtown, as an independent entity, were to start renting above 80% of median income, it would have to start paying property taxes. If it were to become a housing cooperative or condominium, the shareholders or condominium owners would be liable for the property taxes.

## Midtown Park Net Operating Income Summary 2020-2023

Cash basis	Total 2020 YTD	Total 2021 YTD	Total 2022 YTD	Total 2023 YTD
<b>Operating Income</b>				
APARTMENT RENT (INC BACK RENT, FDH)	\$ 1,396,050	\$ 1,397,161	\$ 662,454	\$ 849,254
SFHA ASSISTENT PAYMENT	\$ 113,824	\$ 89,767	\$ 67,656	\$ 58,126
EMPLOYEE UNIT RENT	\$ 7,476	\$ 7,476	\$ 7,476	\$ 7,476
LAUNDRY & VENDING REVENUE	\$ 10,429	\$ 10,926	\$ 10,013	\$ 9,690
MISC INCOME	\$ 38,330	\$ 4,072	\$ 5,244	\$ 14,166
TOTAL INCOME BEFORE MOHCD SUBSIDY	\$ 1,566,110	\$ 1,509,403	\$ 752,843	\$ 938,713
MOHCD SUBSIDY	\$ 500,000	\$ 500,000	\$ 1,200,000	\$ 1,700,000
<b>Total Income</b>	<b>\$ 2,066,110</b>	<b>\$ 2,009,403</b>	<b>\$ 1,952,843</b>	<b>\$ 2,638,713</b>
<b>Operating Expenses</b>				
MANAGEMENT FEES	\$ 2,020	\$ 2,021	\$ 2,022	\$ 2,023
MANAGEMENT FEES	\$ 136,762	\$ 130,104	\$ 130,104	\$ 130,104
OFFICE SALARIES	\$ 47,252	\$ 60,779	\$ 28,938	\$ 45,822
ON-SITE MANAGER PAYROLL	\$ 45,926	\$ 51,899	\$ 49,548	\$ 52,607
OFFICE EXPENSES	\$ 28,571	\$ 30,697	\$ 25,217	\$ 21,937
LEGAL, LEGISLATIVE, BOOKKEEPING	\$ 103,452	\$ 71,444	\$ 86,345	\$ 59,772
DEVELOPMENT CONSULTANT	\$ 25,500	\$ 35,500	\$ 72,156	\$ 100,972
ELECTRICITY	\$ 43,016	\$ 48,909	\$ 52,227	\$ 56,060
WATER	\$ 101,539	\$ 114,151	\$ 102,589	\$ 114,332
GAS	\$ 101,223	\$ 175,810	\$ 268,880	\$ 242,009
SEWER	\$ 108,696	\$ 159,671	\$ 144,060	\$ 161,218
JANITOR & CLEANING PAYROLL	\$ 69,340	\$ 83,049	\$ 80,708	\$ 88,737
MAINTENANCE PAYROLL	\$ 69,347	\$ 140,284	\$ 152,611	\$ 154,885
SUPPLIES	\$ 36,206	\$ 22,285	\$ 12,406	\$ 13,920
EXTERMINATING CONTRACTS	\$ 7,885	\$ 7,730	\$ 11,970	\$ 10,307
FIRE PROTECTION	\$ 7,673	\$ 161,682	\$ 17,786	\$ 14,992
GROUPS, JANITOR, CLEANING, MAINTENANCE CONTRACTS	\$ 120,209	\$ 142,719	\$ 156,088	\$ 149,736
GARBAGE/TRASH REMOVAL	\$ 135,892	\$ 106,454	\$ 129,532	\$ 161,470
SECURITY SERVICES CONTRACTS	\$ 322,822	\$ 300,184	\$ 300,850	\$ 301,259
HVAC REPAIRS & CONTRACTS	\$ 26,368	\$ 56,469	\$ 10,274	\$ 16,523
REPAIRS AND IMPROVEMENTS	\$ 54,451	\$ 85,332	\$ 22,943	\$ 30,528
TAXES - PAYROLL	\$ 19,898	\$ 28,277	\$ 27,215	\$ 28,170
INSURANCE / PROPERTY & LIABILITY	\$ 76,249	\$ 75,955	\$ 84,923	\$ 461,491
INSURANCE / OTHER	\$ 25,881	\$ 52,932	\$ 46,616	\$ 62,025
RESIDENT INITIATIVES	\$ 4,268	\$ 5,123	\$ 8,248	\$ 3,780
<b>Total Expenses</b>	<b>\$ 1,718,427</b>	<b>\$ 2,147,437</b>	<b>\$ 2,022,232</b>	<b>\$ 2,482,654</b>
<b>NET OPERATING INCOME (NOI)</b>	<b>\$ 347,683</b>	<b>\$ (138,034)</b>	<b>\$ (69,389)</b>	<b>\$ 156,059</b>

## ADDRESSING THE OPERATING GAP

Any future model for Midtown will have to address the operating gap: the difference between the sum of what tenants pay for their individual units and the actual cost of operating the development.

**Lowering operating costs.** The first target for lowering operating costs would be to address the insurance costs, by upgrading the fire alarm and sprinkler systems as quickly as possible. However, given the current insurance market, insurance will be reduced but will probably will not return to the 2022 level. A careful audit of the property management expenses may also find places to cut as part of the annual budget (for example, a large line item is for “development consultant,” which typically does not fall under operating expenses). Residents may also want to make some hard decisions about things to cut, whether in grounds services or security, or they may wish to develop their own home-grown business to take on some of those tasks.

**Increasing operating income.** Operating income can be made up by a combination of filling vacant units at higher rents, and by applying to federal Section 8 subsidies.

- **“Workforce” rents.** Renting the vacant units would reduce the operating gap if all the vacant units were rented, but may not be sufficient to close the entire operating gap. The 34 vacant units could be rented out as workforce units.<sup>13</sup> 80% AMI is about what a tenured SFUSD educator family earns, and is also the standard below which properties don't have to pay property taxes (if Midtown were to transition away from City ownership someday). If the 34 vacant units were rented right now at 80% of median income, there would be approximately \$1 Million in additional annual income. These would be monthly rents between \$2,400 and \$3,000 for the one- to three-bedroom units.<sup>14</sup>
- **Section 8.** Vacant units can be marketed to households with portable Section 8 vouchers, who often have a hard time getting private landlords to accept their payments. MOHCD could also work with the SF Housing Authority (SFHA) to obtain project-based vouchers (PBV) for Midtown units serving low-income tenants. In 2024, the SFHA awarded 125 PBVs to existing older affordable buildings – 9 to Mercy Family Plaza, 12 to 1100 Ocean Avenue, 17 to Coleridge Park Homes, 6 to Mosaica Senior, 38 to the Coronet, 7 to Juan Pifarre Plaza, 5 to Good Samaritan, 6 to Del Carlo Court, and 25 to Rich Sorro Commons.<sup>15</sup> The housing authority rarely grants many project-based vouchers to any one project at a time. Priority projects may receive more – 730 Stanyan, for example, under construction at the intersection of Haight and Waller Streets, will have 32 units supported by Project Based Vouchers.<sup>16</sup> MOHCD staff told us they were not counting on receiving project-based vouchers because SFHA prefers new units that are fully accessible. The resident-led renovation plan includes both full ADA-accessible flats at

the corners, and universal design townhouse units throughout the complex. Receiving rents for these units would not start until all the renovations are done, probably over the next six years, but the applications could be staggered over several years. If the 34 vacant units were rented right now at the SFHA standard rents, there would be approximately \$1.4 Million in additional income.

- **Market-rate rents.** If Midtown were to become a private entity (ie, not City-owned), it could rent the vacant units at a maximum 80% AMI, retaining property tax exemptions in California (“welfare tax exemption”). It could also look into possible market-rate rents for the vacant units, but this would trigger property taxes, essentially diluting the financial benefit and losing the “affordability” and community of Midtown. It could also make it much harder to address one of the residents’ core goals: of meeting the housing needs of extended family members.

The table below summarizes two potential operating income sources based on the 34 vacant units.

### MIDTOWN PARK RENTAL ANALYSIS

2024 Figures

Type	Total	MOHCD 80% AMI Monthly Rent	Monthly income	SFHA Payment Standard for PBV	Monthly income
1-BR	11	\$2,398	\$26,378	\$3,198	\$35,178
2-BR	18	\$2,698	\$48,564	\$3,826	\$68,868
3-BR	5	\$2,998	\$14,990	\$4,694	\$23,470
<b>Total Monthly</b>	34		\$89,932		\$127,516.0
<b>Total Annual</b>			\$1,079,184		\$1,530,192
<b>5% Vacancy Assumption</b>			<b>\$1,025,225</b>		<b>\$1,453,682</b>

**Replacement reserves.** While a combination of increasing operating incomes by renting out the 34 vacant units and reducing operating expenses in insurance and other items may approach closing the \$1.7 Million gap, this would still not account for replacement reserve needs identified in the previous section. Reserves, including such things as elevator maintenance and replacement, new roof and paint every 20 years, or electrification of the heating system, would still be dependent on City subsidies or other pathways (see below).



**Development ground lease option.** In the long term, Midtown as a private entity could explore a partnership with a developer, much like what Freedom West or St. Francis Square are currently exploring. This, of course, would be dependent on a possible building demolition, that would add more density and units, and therefore more operating income. This was part of Mercy Housing's original plan, which the residents rejected. But it is possible to explore such a change with a starting assumption that existing households would not be subjected to losing bedrooms or the size of their units. To proceed on any such a development pathway, which carries large risks and changes for the community, would require the consensus of the residents. This is probably an option that should not be considered until at least the first five buildings have been renovated and ALL current residents permanently housed in elevator-served universal design apartments.

**RECOMMENDATION 8: Reduce insurance costs by expediting fire systems renovations as soon as possible.**

**RECOMMENDATION 9: Perform an audit of property management expenses to identify possible cost savings, with resident review and approval.**

**RECOMMENDATION 10: Rent renovated vacant units at workforce housing rents with resident review and approval, and seek project-based voucher allocations and subsidies for seniors and people with disabilities.**

## 9. Resident Control

**Goal 4: Community control of property decisions**

**Goal 5: Resident leadership and capacity-building**

**Goal 6: Leasing priorities for family and children**

Before 2014, Midtown Park Apartments was run through a resident-run nonprofit for over 40 years, the Midtown Park Corporation (MPC). Under the Midtown Park Corporation, residents had access to all financial information, had a board that hired the property manager and provided oversight over management decisions. MPC operated under HUD regulatory agreements, which provided protections and oversight, including annual inspections. The City of San Francisco, through the Board of Supervisors, was still the owner of the property, and was the only entity that had the power to allow rent increases – and vetoed several requests for resident-approved rent increases to deal with repairs and improvements.

### “A Model Community”

Bob Love, a tenant at Midtown between 1968 and 1977, was one of the original residents who formed the tenant board, the Midtown Park Corporation... “We were trying to create a community here,” recalls Love. “We did all of the applicant interviews ourselves. It didn’t matter if you were a single mother, or didn’t have the best credit, as long as you were a good fit for our community and could pay your rent.” This kind of tenant self-management was unique in the nation and certainly, the West Coast. “We started getting calls from all over the country, asking us, ‘How do you do tenant self-management?’ recalls Love. “We were really a model community in that respect.”

From “The Battle for Midtown: A community housing struggle,” by Natalia Robyns-Kresich (48 Hills)

In our workshops, residents overwhelmingly wished for MOHCD to commit to a transition to more resident control. Based on the lessons learned from the experience of the Midtown Park Corporation, residents wished to return to the previous Midtown model, operating under the HUD controls that had worked well for 40 years; they wished to re-establish an elected board or association with formal standing, and to establish a (paid) Resident Administrator position to interface between the Board of Supervisors and MOHCD. While regular lease decisions and collections would be a task performed by a property management company, the residents would have a say in the contract with the property management, as they had had under the

MPC. Residents would develop leasing preferences to maintain the Midtown “village” community, within what is allowed by current Fair Housing laws.

### Resident Control Principles

1. MOHCD recognizes the right of residents to organize and elect a tenant association.
2. MOHCD senior staff to attend quarterly residents’ meeting.
3. Direct participation of residents in all decision-making, including security, maintenance, and budget.
4. Resident review and approval of financial documents pertaining to Midtown.
5. Resident review and approval in the selection of contractors, including property management contract and construction contracts.
6. Resident review and approval of leasing policies, including preferences and succession rights for family members within Fair Housing Laws
7. Funding for resident participation activities, organizing, and leadership development.

**Property management control.** As the renovations move forward, residents want to be assured that there will be no loss in the level of existing services: ie, maintaining levels of security, laundry rooms, maintenance, janitorial and gardening services, and to keeping regular office hours. Residents were clear about the need for resident oversight, and vetting process for selection of contractors, property management, and construction management to ensure work is done professionally, respectfully, and that work is completed. It is the residents who are directly impacted by these contracts – not the bureaucrats. At the workshops, shared that they felt an upsetting lack of respect during construction, and told of personal belongings being lost during the last relocation process. While residents expresses that there has been a marked improvement in the quality of the current on-site property management personnel, they still feel that it is an ongoing process to develop better trust and communication between residents and property management. They felt that there needs to be a way for the property management company to report to the residents – as they did in the days of the MCP.

**Leasing.** As the above quote from resident Bob Love makes clear, part of what made Midtown a strong community was how leasing decisions were made, allowing the community to grow and develop over time, by bringing in extended family members, including the ability for adult children to return to the places they grew up in and be close to their aging parents within the same community. Additionally, residents talked about inheritability and succession of units, so

that children can continue to live in the homes they grew up in and which their parents inhabited. It is one of the most important appeals of ownership, but this can also be applied to rent-controlled units, as is done in the state of New York. As an example, the succession rights in New York state are that a family member of a tenant has the right to a renewal lease when the tenant dies or permanently leaves the apartment, if (a) they resided with the tenant as a primary resident in the apartment for two years immediately prior to the death or permanent departure from the apartment by the tenant (one year if the tenant is a senior or disabled person), or (b) they resided with the tenant from the inception of the tenancy or from the commencement of the relationship (such as a child). A family member is defined as either a spouse, son, daughter, stepson, stepdaughter, father, mother, stepfather, stepmother, brother, sister, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law or daughter-in-law of the tenant.<sup>17</sup>

**Resident consultation.** Residents want MOHCD and the property manager to recommit to quarterly tenant meetings to discuss and respond to property management issues, as was promised in earlier meetings. They emphasized that this was a commitment from the previous MOHCD director, though MOHCD has not followed through with this commitment. These meetings will be even more critical as temporary relocations and construction begins.

**Elected governing body.** To truly create greater transparency and trust, it is important for MOHCD to recognize the Midtown Tenant Association as the representative body of the Midtown Park community. The tenants association, for its part, should commit to developing internal leadership, resident organizing, and a resident-elected governing body. This will take resident organizing – which in turn will require funding. We recommend that as an immediate step, the City commit to funding a half-time resident organizer to identify a broad leadership group, who in turn can then commit to the hard work of developing a governing board and an eventual ownership structure that can have the broad consensus of the residents of Midtown..

**Memorandum of Understanding.** It is important to commit in writing to specific topics that should be the joint responsibility of the residents along with MOHCD and the property manager. To that end, we recommend that MOHCD and the tenants association enter into a binding Memorandum of Understanding that lays out roles and responsibilities, based on the Community Control Goals developed by the residents. This kind of formal relationship is common in public housing properties, and can be applied to this situation. We include a draft MOU, roughly adapted from a similar MOU used by the Golden Gate Village resident council and the Marin Housing Authority.<sup>18</sup>



**RECOMMENDATION 11: Sign a memorandum of understanding to ensure transparency and outline the roles and responsibilities of MOHCD, property management, and the Midtown tenant association.**

**RECOMMENDATION 12: Develop leasing policies with resident review and approval, including rent rates, any income certifications, family preferences for open units, and succession rights for adult children.**

**RECOMMENDATION 13: Dedicate funding in the City's 2025-26 budget to hire a part-time or full-time organizer to support the tenant association and develop an elected governing body to interact with MOHCD and property management, and oversee any future ownership transition plan.**

**DRAFT**

## Template MOU\*

1. MOHCD shall recognize the rights of residents to organize and to elect a tenant association. MOHCD agrees that resident input into decisions concerning Midtown Park Apartments operations shall be made through the tenant association. The tenant association shall acknowledge that MOHCD has responsibility for management operations.
2. The tenant association shall hold regular open monthly meetings with the residents. The tenant association shall publicize all meetings, and promote attendance and participation of residents at these meetings.
3. The tenant association may request MOHCD staff to attend any tenant association meeting upon 72 hours advance notice to MOHCD. The MOHCD Executive Director or his designee shall attend a quarterly meeting with the tenant association to discuss resident goals and build working relationships.
4. The tenant association shall be actively involved in decisions regarding Midtown, and give advice on matters such as modernization, security, maintenance, resident screening and selection, and recreation. MOHCD shall involve tenant association officers through education and direct participation in all phases of the budgetary process.
5. Tenant association officers shall be involved in the selection process for prospective contractors, including property management contracts and construction contracts, and review renewals of such contracts. Those selected must be trained by MOHCD in contract selection and bidding, and must sign a legal document committing to confidentiality.
6. The tenant association shall be involved in developing leasing policies and preferences. Tenant association officers shall be involved in the resident screening and selection process for prospective residents. Those selected must be trained by MOHCD in resident screening and selection and must sign a legal document committing to confidentiality.
7. MOHCD shall provide to the tenant association office space and meeting facilities.
8. MOHCD shall make available to the tenant association funds sufficient for effective tenant participation, organizing, and leadership development. The tenant association may raise additional funds and spend those funds in furtherance of tenant association's objectives, without affecting the right of the tenant association to claim the funds described above.

\* This draft MOU is adapted from a Memorandum of Understanding between the Golden Gate Village Resident Council and the Marin Housing Authority, signed in 2020.

## 10. Ownership Transition Process

**Goal 2: Preserve long-term affordability**

**Goal 7: Community ownership & equity**

**Goal 8: Economic opportunities**

In addition to affordability, stability and resident control, a key goal for residents was a pathways for community ownership and the ability to build equity, without in any way affecting the long-term affordability and stability of residents who wished to remain renters, and without placing undue risk and burdens on the Midtown community.

In the workshops, residents reviewed six possible future scenarios for ownership and governance of Midtown Park Apartments, beginning with the current ownership structure and discussing various other structures that gave residents increasing amounts of control and ownership. These included:

1. City ownership (continue as is, with rent control)
2. Nonprofit-run building (can be a partnership with a local nonprofit or church, can leverage Federal tax credit funds, with rents are tied to “AMI”)
3. Resident-run nonprofit (sometimes known as a Mutual Housing Association, similar to the old Midtown Park Corporation, but the corporation would own the land and buildings)
4. Limited Equity Cooperative (where residents own shares in the building, can also have a community corporation component where the coop can raise capital by selling additional community membership shares similar to the People’s Real Estate Cooperative in Oakland)
5. Cooperative with Community Land Trust partnership (where the coop owns their own buildings, but the Land Trust owns the land and provides security for the long-term affordability of the units and provides support to the coop board)
6. Limited Equity Condo (residents have title to their unit, with resales value limited to maintain long-term affordability)
7. Hybrid / mixed model

Long-term affordability of a development can be maintained through “deed restrictions,” written into the title of the property. As part of any transition (whether to a LEHC or other model), the property would be deed restricted to ensure that it remains permanently affordable housing. While permanent affordability and stability was of primary concern, some residents

were also interested in a mixed ownership/investment model that would ensure generational ownership. Residents were clear that the previous model with a nonprofit housing developer (Mercy) did not fit “the Midtown model” of community control and ownership.

### LIMITED-EQUITY HOUSING COOPERATIVE MODEL

Perhaps the model that best addresses the resident goals of affordability, inheritability, community control and equity is a “limited equity housing cooperative” (LEHC) – basically what was promised for Midtown in 1962.

A Limited Equity Housing Cooperative is defined by California law under the Health and Safety Code Section 33007.4. The LEHC, rather than the individual residents, takes on all mortgages and/or loans relating to the building. The LEHC must sell all shares in the corporation to its residents. Shareholders each own a share in the LEHC corporation (rather than buying an individual unit), and receive a long-term “proprietary lease” right to reside in one of the units in the LEHC.



Figure 8: St. Francis Square cooperative

Cooperative ownership creates opportunities to build equity for low- and moderate-income families, while creating a permanently affordable asset for the community. An LEHC is a unique form of home ownership that does not require individual LEHC residents to qualify for a mortgage – however, most LEHC’s do require some form of down payment in the form of the share price of buying into the development, which can be a barrier for some. The shared-equity co-op homeownership transforms the traditional relationship between housing and asset-building, focusing on creating affordable, decent and self-governing homes and allowing the resulting housing security to form a stable foundation from which lower-income and moderate-income co-op homeowners can pursue educational and economic opportunities to build individual assets. Although the growth in equity does not compare to the potential speculative appreciation on the regular real estate market, once a lower-income family has secured an affordable, stable housing payment, they are able to focus on paying down debt, building credit, starting a small business, or saving for education or retirement.

Share prices are significantly lower than the actual market value of the unit. The residual “equity” in each unit is “owned” by the LEHC but can only be used for the benefit of the LEHC



(i.e., to secure a mortgage for additional rehab, etc.). If the LEHC is dissolved, the residual “equity” must be transferred to another charitable organization.

“Limited equity” means that shareholders commit to resell their share at a price determined by formula—an arrangement that maintains affordability at purchase and over the long term. To prevent real estate speculation from driving up share prices and to ensure that LEHC’s remain affordable, appreciation in share value is limited to certain inflationary indexes under state law. Typically, ownership entitlements are an inheritable right, akin to homeownership.

In addition to the initial share purchase, members are responsible for a monthly “carrying charge” that goes towards the operation of the LEHC, similar to rent. Coop members have to charge themselves sufficient carrying charges to cover maintenance, insurance and improvements, as well as replacement reserves for future capital improvements. Members pay no other charges except for special assessments used to pay for building repairs, etc.

The co-op is democratically governed by the shareholders, creating opportunities for self-governance and democratic participation. A member-elected board of directors oversees the operation of the LEHC. Members are expected to contribute to the day-to-day operation of the LEHC (i.e., perform co-op chores, participate in co-op committees, etc.). Ownership of a share grants the member a right to vote on all significant matters relating to the LEHC, including board elections and special assessments.

The advantages of the LEHC model are that shareholders can get: 1.) assurance that rents (or carrying charges) will remain affordable in perpetuity, 2.) the right to pass their home on to their heirs, and 3.) the knowledge that decisions regarding their homes will be decided by the residents – not by a landlord or an outside developer. However, cooperatives also have their challenges: they require organization, cooperation and coordination, the creation of bylaws and house rules that all can abide to, and the full weight of the responsibility to cover all costs. We’ve included a table adapted from the presentation by SFCLT policy director Kyle Smeallie at Workshop #3 in the Appendices, comparing rentals, coops, and condos.

In order to form an LEHC, residents would need to come together to form a working group to begin working out the details: financing, bylaws, etc., hiring and meeting with development consultants, and legal and financial experts. This takes commitment in time and money. Residents must be ready to commit the time needed to get there, and will need the support of the City to make it happen and put together the needed professional team. Putting this under a

reparations framework, this is the commitment that the City needs to put in place to undo the damage of urban renewal and repair the harms caused by sixty years of broken promises.

### **COMMUNITY LAND TRUST / COOP MODEL**

One danger for a limited equity coop community is that, because it is entirely democratically controlled by the shareholders, the shareholders themselves can vote to remove the limited equity provisions and “go market.” This is what happened at St. Francis Square Coop, just down the street at Geary and Webster. While the change benefitted the individual shareholders who already lived in the coop, it meant that the larger community lost an important asset meant to remain affordable for future generations. As prices increased, the children of the coop families could no longer afford to return to the coop.

A Community Land Trust (CLT) is defined as a nonprofit corporation which acquires and manages land on behalf of the residents and of the larger community, preserving affordability and preventing foreclosures for any housing located upon its land. The CLT buys land and manages it permanently to avoid market factors in the rising prices of housing, therefore keeping the land and property above it affordable permanently. Currently there are some 250 CLT’s in the United States all of which share five basic principles: Dual Ownership, Permanent Affordability of Housing, Commitment to Local Control, Flexibility and an Active Land Acquisition and Development Program.

In a limited equity coop / CLT model, the larger community – through the CLT – maintains ownership of the land under the buildings, while the cooperative owns the structures. This model supports the success of limited equity cooperative by guaranteeing permanent affordability for the community (through the CLT’s ground lease), and providing technical assistance and oversight for the coop.

San Francisco currently has one CLT, the San Francisco Community Land Trust, though others exist across the Bay Area. SFCLT works to preserve San Francisco's diminishing affordable housing stock by acquiring and converting rental buildings into permanently affordable, shared-equity housing cooperatives through which the residents share ownership of the building and SFCLT maintains ownership of the land. By separating the building from the land, the units become affordable while the SFCLT maintains the affordability requirements in perpetuity. Co-op members also become full voting members of SFCLT, participate in membership decisions, and elect or serve on the SFCLT Board of Directors and committees. SFCLT has 14 permanently affordable properties across SF with 145 units of housing, and currently oversee one limited equity coop, with two more properties planned to convert to LEHCs within the next 3-5 years.



Figure 9: Columbus United, an SFCLT coop

#### HYBRID OWNERSHIP / RENTER MODEL

Residents pointed out that there should be different approaches for those who choose to own and those who want or need to remain renters. One option is a hybrid model, in which long-time tenants invested in equity ownership could finally own, and renters who wanted to rent could continue to rent.

The San Francisco Real Ownership Opportunities for Tenants Program (2009)<sup>19</sup> created a pathway to convert apartment buildings into affordable housing co-operatives. While it does not apply to Midtown's situation of City ownership, it does provide a precedent for cooperative conversion in San Francisco. Under this program, in order to maintain permanent affordability, the sale price of each co-op share is restricted. However, to help fund this purchase, low-income residents can authorize sale of up to half of the co-op shares at market rate to subsidize co-op shares sold at lower values. The co-op must form as a non-profit, Limited Equity Housing Cooperative (LEHC). At least 50% of the co-op shares must be owned by low-income households at or below 80% of the city's median income. Two-thirds of low-income households in the building must approve the co-op conversion. The purchase price for a low-income member share is capped by a formula designed to maintain affordability, such as a formula = 10% of total development cost ÷ number of units. The maximum annual appreciation on limited-equity shares would also be set by a formula. Households who do not buy into the co-

op automatically receive lifetime leases. While rent increases are allowed to account for the cost of purchasing the building, at no time can rent for low-income tenants exceed what's affordable (i.e. – 30% of 80% SFMI). Households previously displaced from the building due to “no fault” evictions must be offered a right to purchase a share in the co-op and move back in.

### **TECHNICAL ASSISTANCE FOR COOP OR COOP/CLT TRANSITION**

Co-op conversion creates one way for renters at Midtown to build equity while permanently preserving their units at affordable levels. To begin the coop conversion process, tenants would begin by organizing a pre-cooperative resident association with capacity for decision-making about conversion issues and who will help develop community and public official support for proposed conversion.

A technical assistance group who specializes in coop conversions could provide support to the pre-cooperative resident association, providing trainings in cooperative formation and governance. The trainings would include property and financial management, and skills for successful self-governance, creating house rules, decision-making structures, by-laws, co-op board structures and practices, and fair housing/marketing, developing the co-op board of directors and committees, creating a management plan for ongoing operations, and determining what, if any, of this work can be managed by the co-op members based on existing capacity and additional skills development. The pre-cooperative resident association would design a plan for the transition from tenancy to cooperative ownership that suits the tenants' specific needs, income levels, cultural and ethnic backgrounds, health, age and disabilities. Resident participation is key.

Technical assistance is also needed to provide individual financial counseling and co-op homeownership education to all residents preparing for co-op ownership prior to purchasing a share in the co-op. This includes reviewing the household's income, budget, and savings plan, to ensure they are on track towards saving for their purchase share. It may also include linking residents with programs such as EARN , or to qualify for matching Individual Development Account funds. Once an LEHC has been formed with co-op members, the technical assistance partner would continue with the post-purchase phase of the curriculum. This includes deep training in co-op responsibilities for building operations and finances, co-op community processes for effective committees, meetings, conflict transformation, meeting facilitation, asset-building curriculum on individual financial “fitness,” understanding and managing credit, and tax tips for co-op members.

### **TRANSITION PROCESS**

For many residents, there was a fear that moving too quickly toward an ownership model could leave tenants saddled with the risk of renovations with no viable financial option. Other residents felt that renovations could be done more quickly and at less cost if Midtown was not saddled with the City's processes and contracting rules. Looking at the history of Midtown, it is clear that at every step, private developers and City bureaucrats have saddled Midtown tenants with all the risk and little possibility of ownership. Our recommendation is that ownership should follow the full renovation of units – City-funded reparations for 60 years of disinvestment – so that all residents are ensured long-term accessibility, and that MOHCD respect for resident leadership through an ongoing process with the tenant association. These would form the foundation for the next chapter of Midtown. But this should not mean that the steps toward ownership – beginning with resident control agreements, a paid organizer, and technical assistance – cannot begin in parallel with the physical renovations.

**RECOMMENDATION 14: Ensure that all existing households are in stable, senior-friendly rehabbed housing as a prerequisite to implementing an ownership transition.**

**RECOMMENDATION 15: Ensure that a funding plan is in place to cover any continuing operating income gaps including annual replacement reserve needs, as part of any ownership transition plan.**

**RECOMMENDATION 16: Dedicate funding in the City's 2026-27 budget to fund technical assistance to help the tenant association and resident organizer to develop an ownership transition plan.**



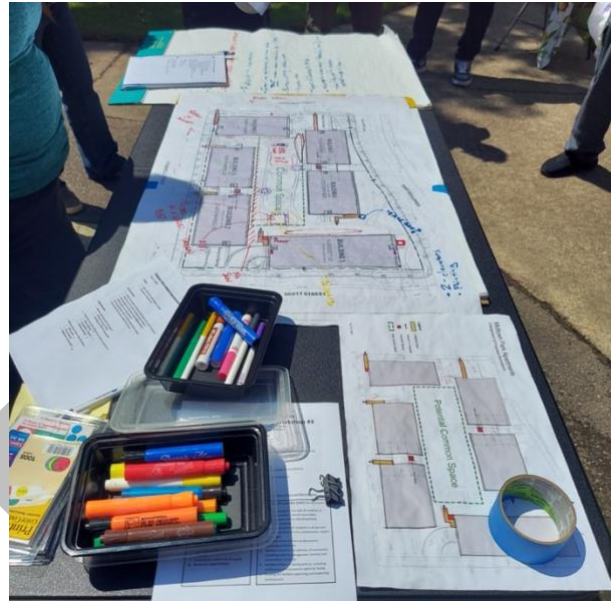
## 11. Next steps

The preceding chapters lay out the reasoning behind a series of 16 recommendations that should be carried out – respecting the spirit of reparations and community self-determination for Midtown’s residents, and based on our best analysis of costs and constraints.

In order of priority, we see the immediate need as avoiding any further delays by resolving MOHCD/DPW issues as quickly as possible. During this period in which work has been stalled by the MOHCD/DPW issues, the scope of work should be immediately amended to incorporate the resident’s recommended universal design, common space and elevators. This will require dedicating the needed additional funding in the City’s 2025-26 budget, and dedicating funding in the City’s two-year budget for 2026-27 for the work required for the second phase, including Buildings 2 and 3, and so on until the work is completed. As identified in our cost analysis, this would be an addition of about \$4 Million to the current budget already dedicated from Prop I funds.

Conversations with MOHCD also identified PG&E/PUC issues that need to be resolved as quickly as possible in order to incorporate state-of-the-art green building renovations, including photovoltaic and electrical heating systems, into future phases of the work. These issues should not be used as an excuse to delay the immediate start of the work on Building 1.

MOHCD has already generally committed that temporary relocations should only be within the complex, but residents also want an assurance that multiple relocations will be avoided by doing all the work for each building at once, rather than delaying universal design and elevator renovations to a future, unknown time. Residents recounted both that at times property managers have tried to force relocations of seniors and people with disabilities to lower units, AND that they wish to be allowed – if they so desire – to relocate to vacant lower floor units or accessible corner flats. Resident control is key.



According to MOHCD, Midtown Park is currently running a \$1.7 Million gap in net operating income. Operating costs can be reduced by completing the fire systems renovations as quickly as possible in order to cut insurance costs, and by identifying other possible cost savings, with resident review and approval, through an audit of property management expenses, possibly resulting in a \$400,000 savings. As vacant units will need to be used for onsite relocation during construction, increasing operating income will have to wait until the renovations have been completed for the entire complex, at which time the 34 vacant units could be rented at workforce housing rents, and MOHCD and the Housing Authority could work together to allocate project-based vouchers, bringing in between \$1 and \$1.4 Million in new revenue.

While this community visioning process came about through dedicated outreach and surveys to the community, and a core group of residents who attended six weekend workshops and multiple tenant association meetings, it is clear that real community organizing, with one-on-one conversations with all households, is critical for any next steps of moving toward real resident control and an ownership transition. The city should dedicate funding in its next budget to hire a part-time or full-time organizer to engage residents and develop an elected governing body and committees to interact with MOHCD and property management and oversee any future transition. Resident control should be enshrined in a legally binding “memorandum of understanding” to outline the roles and responsibilities of MOHCD, property management, and the Midtown tenant association, as is done in many publicly-owned housing complexes. A key component of this MOU would be to develop leasing policies for family preferences and family succession in units with resident review and approval, before vacant units become available for rent.

While some residents wished to expedite a transition process as quickly as possible, many also wanted to avoid the risk of receiving vulnerable buildings needing a lot of work. We recommend that this work proceed in phases, ensuring that all existing households are in stable, senior-friendly rehabbed housing as a prerequisite to any transition to a new ownership entity or considering any development or ground lease options. In particular, it is critical to identify a funding plan to cover any continuing operating income gaps once the fire systems have been renovated and vacant units rented, including for annual replacement reserve needs, as part of any transition plan. To develop such a plan will require multi-year technical assistance from experts in development and ownership structures, so our last recommendation is to dedicate funding in the City’s 2026-27 budget to fund a technical assistance group to help the resident organizer and resident leaders develop the transition plan.

DRAFT

## APPENDIX A: RESIDENT SURVEY RESULTS

RESPONSES: (19)

1. Building number: 1 (6) 2 (2) 3 (4) 4 (1) 5 (3) 6(1) No Bldg (2)
2. Please rate the quality of the physical conditions of your own apartment:
 

1	2	3	4	5
Bad	Poor (5/26.3%)	Fair (9/47.3%)	Good (5/26.3%)	Excellent
3. Are there particular improvements that you would like to see in your apartment?
 

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Bldg 1: bathroom; balcony door, windows, bathroom walls; new kitchen cabinets, refrigerator, new bathroom faucets & bath tile, hardwood floors (no carpet); balcony door, wall paint, asbestos removal

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Bldg 2: tiles, closets, cabinets, screen for windows and door, leak under kitchen sink;

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Bldg 3: kitchen needs more counter space, pantry/storage, door and window screens, deep drawers for storage; door needs to be resealed to prevent air coming inside; better carpet, tile, stoves; better ventilation; decaying kitchen cabinets, bathroom, wall paint

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Bldg 4: new cabinets for bathroom and closets

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Bldg 5: bedroom walls bubbling, leaks from balcony above, carpet replacement, kitchen wall bubbling; drain stoppers in bathroom sinks, new carpeting on flooring; noise abatement, noise travels through walls, better walls and floor materials needed

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Bldg 6: Heat and weatherizing patio doors, resurface and paint patios

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No bldg recorded: new carpet, mold near kitchen, sink smell; do something about the noise
4. Please rate the responsiveness of the current property management at Midtown Park Apartments:
 

1	2	3	4	5	
Bad	Poor	Fair (9/47.3%)	Good (5)	Excellent (4)	Blank (1)
5. Should Midtown residents have a say on property management decisions through monthly Tenant Association meetings with the property manager and the City?
 

YES (15/79%)	NO (2)	BLANK(2)
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6. Should Midtown go back to the waiting list system that prioritized family and relatives to fill vacant units?
 

YES (16/84%)	NO (0)	BLANK (3)	“Depends on family need”
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7. Should adult children of Midtown tenants be allowed to continue their parent’s lease, even if they were not named on the original lease?
 

YES (17/89%)	NO (1)	BLANK (1)	“More info needed,” “More older tenants”
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8. The City is planning “Emergency Repairs” for all six buildings, including seismic upgrades, fire safety upgrades, heating repairs, and new roofs, starting with Building 1 in 2025 or 2026. The repairs will require temporary relocation of residents. The city is NOT planning accessibility upgrades to the units, or ramps or elevators to the buildings. Should the City include ramps/elevators as part of the immediate repair work, even if it causes a two-year delay in the work?
 

YES (14/74%)	NO (3)	BLANK (2)	“Not sure, need more info”
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9. Midtown residents have expressed an interest in having the property transferred to a community-controlled entity. Should the City commit to fully repairing all of Midtown Park before any kind of transfer?
 

YES (15/74%)	NO (2)	BLANK (3)	“Need more info” X2
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10. If Midtown residents form a working group to create a new Midtown ownership entity or partnership, would you be willing to commit the time to be part of this effort?
 

YES (11/58%)	NO (6)	BLANK (2)	“If repairs are done.” “Younger” “I am 92”
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## APPENDIX B: DIFFERENCES BETWEEN RENTAL, COOP, AND CONDO

(adapted from SFCLT presentation, 4-6-2023)

	Rental	Limited Equity Coop	Limited Equity Condo
<b>Ownership</b>	Landlord owns the land and buildings. Each tenant has the exclusive right to occupy a particular dwelling unit during the term of the lease.	Coop Members are the sole owners through a corporation which owns the land and buildings. Each member has the exclusive right to occupy a particular dwelling unit in perpetuity.	Unit owners take title to a particular dwelling unit plus an undivided interest in the common elements (the land and buildings).
<b>Monthly Costs</b>	Tenants pay the rent specified in the lease, which includes the landlord's profit margin. Landlord make mortgage payments directly to the lender	Members pay monthly carrying charges to the cooperative—a pro-rata share of actual operating costs, mortgage payments, property taxes, insurance and reserves.	Unit owners pay 1. monthly fees to the condo association—a pro-rata share of actual operating costs, reserves and insurance, plus 2. mortgage payments directly to the lender, plus 3. property tax payments.
<b>Maintenance and Repairs</b>	Landlord is responsible for all maintenance and repair.	Cooperative is responsible for exterior maintenance. Cooperatives can choose how they allocate responsibility for dwelling unit maintenance and repair. Many limited equity cooperatives assume most or all responsibility for unit maintenance and repair.	Condominium association is responsible for exterior maintenance. Individual unit owner is responsible for all dwelling unit maintenance and repair.
<b>Purchase Price</b>	Tenant typically pays first and last month's rent plus security deposit.	Purchaser pays low price for shares or membership. Pro-rata share of cooperative's blanket loan remains in place. Purchaser assumes seller's obligations under occupancy agreement. Few or no closing costs.	Purchaser pays price for condominium unit. <u>Price for "below-market rate" units are often set based on one-third of the buyer's income.</u> Closing costs include title insurance, tax proration, etc.
<b>Financial Liability</b>	Tenants are obligated under their leases to pay monthly rent to the end of the lease term.	Members have no personal liability on cooperative's blanket loan. Members are obligated under occupancy agreements to make monthly carrying charge payments to the cooperative.	Unit owners are obligated to pay monthly condo fees to the condominium association. Unit owners with mortgages are personally liable to their lenders for the amount of the loan.



	Rental	Limited Equity Coop	Limited Equity Condo
<b>Community Control</b>	Tenants have no voice in who moves in and no control over behavior of other residents.	Cooperative has right to approve all potential members and can terminate membership and evict residents who violate occupancy agreement. Members democratically govern the cooperative and elect board of directors to oversee operations.	Condominium association has little or no control over sale of units, <u>unless there is a right of first refusal or sale price controlled by a deed restriction</u> . Unit owners democratically govern the condominium association and elect board of directors.
<b>Facility Rehabilitation</b>	Landlord decides when and if rehab, replacements, or improvements are to be done.	Three methods available to finance cooperative improvements: 1. Assessment of individual members for pro-rata share of total cost. 2. Establishment and funding of replacement reserves. 3. New long-term blanket financing.	Two methods are available to finance improvements of the common elements: 1. Assessment of individual unit owners for their pro-rata share of the total cost. 2. Establishment and funding of replacement reserves.
<b>Property Management</b>	Landlord hires and oversees property management firm and/or employees.	Cooperative members democratically elect board of directors, which hires and oversees property management firm and/or employees.	Unit owners democratically elect board of directors, which hires and oversees property management firm and/or employees.
<b>Tax Benefits</b>	Tenants receive no income tax benefits associated with homeownership. <u>In California, nonprofit landlords serving tenants under 80% AMI may qualify for a welfare tax exemption.</u>	Unless the cooperative has given them up in exchange for tax-exempt financing, cooperative members enjoy all of the income tax benefits of homeownership.	Condominium unit owners enjoy all of the income tax benefits of homeownership.
<b>Home Equity</b>	None.	Growth in equity is limited through a limitation of resale prices. A formula is used to determine the portion the selling member will receive of the increase in value of the cooperative interest and the pay-down of the cooperative mortgage.	Unit owners build equity as the value of their unit increases and as the mortgage is paid down. <u>In a limited equity condo, equity is limited through a limitation of resale prices.</u>

## About the authors

Steve Suzuki was formerly Principal Architect at Asian Neighborhood Design, specializing in nonprofit housing and community development. He brings a breadth of experience in architecture/construction, building systems, and construction and building operations, and was part of previous Midtown Park PNAs in 2006 and 2011. Fernando was formerly Co-Director at the Council of Community Housing Organizations, working on affordable housing and development policy. In 2022, he facilitated meetings with Midtown tenants to develop collective goals. Both Steve and Fernando are licensed architects. They were joined by co-facilitators architect Babette Jee, with Christine Gonzales, and Tricia Tecson.

The Property Conditions Assessment was carried out by architect Steve Suzuki, structural engineer Duke Crestfield (Triangle Engineering), mechanical and plumbing engineer George Arrellano (Canyon Consulting Engineers) and electrical engineer Tony Jakosalem (ACG Engineers).

DRAFT

## Notes

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<sup>1</sup> Mayor's Office of Housing and Community Development, "Midtown Overview: September 2018"

<sup>2</sup> <https://48hills.org/2020/10/supes-approve-rent-control-for-midtown/>

<sup>3</sup> Personal communication with Professor Marianne Maeckelbergh, July 11, 2024

<sup>4</sup>

[https://www.google.com/books/edition/Hearings Reports and Prints of the Senat/1UA4AAAAIAAJ?hl=en&gbpv=1&dq=%22barton-](https://www.google.com/books/edition/Hearings_Reports_and_Prints_of_the_Senat/1UA4AAAAIAAJ?hl=en&gbpv=1&dq=%22barton-western%22%20%22real%20estate%22%20san%20francisco&pg=PA123&printsec=frontcover)

[western%22%20%22real%20estate%22%20san%20francisco&pg=PA123&printsec=frontcover](https://www.google.com/books/edition/Hearings_Reports_and_Prints_of_the_Senat/1UA4AAAAIAAJ?hl=en&gbpv=1&dq=%22barton-western%22%20%22real%20estate%22%20san%20francisco&pg=PA123&printsec=frontcover)

<sup>5</sup> <https://sfbos.org/ftp/uploadedfiles/bdsupvrs/resolutions07/r0325-07.pdf>

<sup>6</sup> <https://sfplanninggis.org/pim/?search=2019-014547PPA>

<sup>7</sup> <https://48hills.org/2016/09/15879/>

<sup>8</sup> [https://www.sfoxaminer.com/archives/tenants-defeat-rent-hikes-at-city-owned-midtown-park-apartments/article\\_c2455fad-a39f-5327-82fd-1c1dc6742315.html](https://www.sfoxaminer.com/archives/tenants-defeat-rent-hikes-at-city-owned-midtown-park-apartments/article_c2455fad-a39f-5327-82fd-1c1dc6742315.html)

<sup>9</sup> [https://www.sfgov.org/arts/sites/default/files/Midtown%20Park%20Apt\\_Presentation\\_031819.pdf](https://www.sfgov.org/arts/sites/default/files/Midtown%20Park%20Apt_Presentation_031819.pdf)

<sup>10</sup> [https://codelibrary.amlegal.com/codes/san\\_francisco/latest/sf\\_admin/0-0-0-64597](https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_admin/0-0-0-64597)

<sup>11</sup> [https://codelibrary.amlegal.com/codes/san\\_francisco/latest/sf\\_environment/0-0-0-577](https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_environment/0-0-0-577)

<sup>12</sup> Email communication with MOHCD Project Manager Cindy Heavens, August 20, 2024

<sup>13</sup> [https://www.sf.gov/sites/default/files/2024-05/2024%20AMI-IncomeLimits-HMFA\\_0.pdf](https://www.sf.gov/sites/default/files/2024-05/2024%20AMI-IncomeLimits-HMFA_0.pdf)

<sup>14</sup> [https://www.sf.gov/sites/default/files/2024-05/2024%20AMI-RentLimits-HMFA-ForMOHsf\\_0.pdf](https://www.sf.gov/sites/default/files/2024-05/2024%20AMI-RentLimits-HMFA-ForMOHsf_0.pdf)

<sup>15</sup> <https://sfha.org/about/news-updates/notice-intent-award-solicitation-no-23-440-rfp-0004-project-based-vouchers>

<sup>16</sup> <https://www.sf.gov/news/city-celebrates-groundbreaking-100-affordable-housing-development-haight-ashbury>

<sup>17</sup> <https://hcr.ny.gov/system/files/documents/2023/11/fact-sheet-30-11-2023.pdf>

<sup>18</sup> Copy of Golden Gate Village MOU received from Nikki Silverstein, Pacific Sun reporter, on May 17, 2024.

<sup>19</sup> <https://sfbos.org/ftp/uploadedfiles/bdsupvrs/ordinances09/o0092-09.pdf>

# PHYSICAL NEEDS ASSESSMENT

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FOR

## MIDTOWN PARK APARTMENTS

- BUILDING 1: 1415 SCOTT STREET
- BUILDING 2: 2040 O'FARRELL STREET
- BUILDING 3: 2060 O'FARRELL STREET
- BUILDING 4: 1450 DIVISADERO STREET
- BUILDING 5: 2141 GEARY BOULEVARD
- BUILDING 6: 2121 GEARY BOULEVARD

PREPARED FOR

SAN FRANCISCO LOCAL AGENCY FORMATION COMMISSION  
NOVEMBER 1, 2024



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- 3.0 STRUCTURAL/MECHANICAL/ELECTRICAL/PLUMBING SYSTEMS
  - 3.1 ASSESSMENT REPORTS- RECOMMENDATIONS
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  - 5.1 CONSULTANT REPORTS
  - 5.2 PRELIMINARY COST ESTIMATE AND REPLACEMENT RESERVE PROJECTION

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## 1.0 BACKGROUND

### 1.1 SCOPE OF INSPECTION

Inspections were conducted in the month of January (1/30 -1/31) 2024 and were limited to visual inspections of common areas and limited access to sample residential units. No detailed analysis, destructive testing, or calculations were made to verify the adequacy of the subject building systems.

Conducted with:

Michael Simmons, KALCo Property Manager and  
Mr. Jerome, Site Maintenance engineer

Design Team:

Steven Suzuki and Babette Jee, Architects  
George Arellano and Louie Estrellado, Canyon Engineers  
Maria (Abby) Salvador, ACG Engineering  
Duke Crestfield, Triangle Engineering

Sample units:

1415 Scott:	209/302/304/305
2040 O'Farrell:	209/304
2060 O'Farrell:	109/304
1450 Divisadero:	209/304
2141 Geary:	300 /303
2121 Geary:	303/304

### 1.2 REVIEW DOCUMENTS

The following documents were provided by Owner and Property Manager and were reviewed and used as reference in the development of this report:

- Elizabeth McLachlan Consulting - Physical Needs Assessment - November 1, 2012.
- Cahill Construction - Midtown Park Apartments Construction Update – August 10, 2018..
- NorBay Consulting - Hazardous Materials Inspection Midtown Park Apartments - November 12, 2012
- Murphy Burr Curry, Inc. - Probable Maximum Loss Report - November 16, 2012



- The current contract MOHCD with KALCO to manage the Midtown Apartments. The Midtown Park Assignment, Assumption and Consent Agreement dated January 1, 2020.
- Lease and Management Agreement between City, acting through MOHCD, and Mercy Midtown, Inc., a California nonprofit public benefit corporation dated January 31, 2014.
  - Executed First amendment to the Lease and Management Agreement.
  - Executed Second Amendment to Lease is dated March 27, 2015.
  - Executed Third Amendment to Lease is dated November 17, 2016.
  - Executed Fourth Amendment to Lease is dated November 16, 2017.
  - Executed Fifth Amendment to Lease is dated September 17, 2018.
- 4-19-21\_Item\_#7\_PSCs. MOHCD applied to the Civil Service Commission to enter into a Professional Services Contract (PSC) for Midtown Park Apartments and other properties owned by the City. This is evidence of the item was on the Civil Service Commission
- 5-3-21\_Item\_#3\_Minutes\_4-19-2021. These are the CSC meeting minutes showing that the PSC Contract for Midtown Park Apartments and other owned properties was approved by the CSC.
- Final Midtown Syllabus 5-22-12. This is the Midtown Park Resident Development Training Syllabus Ver. 4 - May 22, 2012. Mercy and Michael Simmons, Mercy's development consultant, conducted a yearlong resident education program to explain each step of the development process. This was followed by multiple workshops with residents to assess their needs and priorities. This included creating a Shared Goals Statement that governed the planning process.
- Pyatok\_Midtown- Site Studies Package- 1-28-13 is the Pyatok - Midtown Site Studies - January 28, 2013 you requested.
- Conceptual Estimate Scheme A 2.19.13 is the Cahill Construction - Conceptual Estimate -February 29, 2013 that you requested.
- Cahill Construction - Midtown Park Apartments Construction Update – August 10, 2018.
- Pyatok Midtown Park Presentation 3-19 is the Midtown Park Presentation – March 18, 2019
- Midtown Repair Project\_DPW\_23-0917 is Midtown Health and Safety Repair Plan – November 20, 2023.
- Part 1 of Midtown Original Architectural Drawings approved on March 1, 1962 and revised September 6, 1962.
- Part 2 of Midtown Original Architectural Drawings approved on March 1, 1962 and revised September 6, 1962.
- Mercy Housing Design Charette\_5-9-2018.
- MOHCD Director Letter to Midtown Residents\_7-20-2018
- Rent Modification Program – Final 2016. The Rent Modification Program (“RMP”) was revised several times with the final revision occurring May 2018. The goals of the rent modification program were to:
  - Keep current residents in their homes;
  - Keep Midtown rents affordable;
  - Make rent adjustments in a fair and reasonable manner; and
  - Provide enough rental income for Midtown to stabilize operations.
- Timeline of Key Midtown Events that correspond to documents sent to LAFCo
- Midtown Petition\_18-08-21. .
- Midtown Overview\_Final09.18.18.
- File #070858, Resolution #325-07, BOS\_Midtown Guiding Principles
- Midtown Our Shared Goals\_created 2-2012
- 180322\_Midtown Park\_100% DD Set.

- SBCA Arborist's Report- 7/1/24

### 1.3 PROCESS (WORKSHOPS)

In conjunction with on-site resident workshops, the scope of work and priorities were reviewed and discussed as a way of organizing the priorities for the site. The priorities are arranged as the following:

- Immediate General Building upgrades.** These are characterized as prioritized repairs/modifications necessary for overall resident Life-Safety and long term building maintenance.
- Unit Renovations – Age-In-Place.** Characterized as physical upgrades that provide improved spatial accommodations for residents and long term age-in-place, quality of life
- Common Space Renovations –Age-In-Place.** Work that addresses improvements to common areas including onsite pathways, building entrances

Note: Age-in-Place, or 'Universal Design' elements are identified to provide greater use for individuals with limited mobility and frailty with the goal of maintaining long-term residency. These do not necessarily conform fully to ADA building code requirements but, due to assumed full resident occupancy, limited physical space within units and no changes to unit size, this approach is seen to minimize construction impact and any loss of unit count and availability.

#### REPORT STATEMENT

- The scope of the inspections consisted of a visual evaluation of the project site, selected building units, exteriors, roofs, parking areas, driveways and building systems. No detailed analyses or calculations were made to verify the adequacy of the building systems.
- Hazardous Materials – See Norbay Consulting Hazardous Materials Inspection report, dated November 12, 2012.
- Neither the Architects or consulting engineers, their offices, board members, partners, or authorized agents has any financial interest in the Sponsor/Mortgagor, General Contractor, or Management Agent other than the fee for professional services, rendered to this project, which were paid for by the San Francisco Local Agency Funding Commission ( SFLAFCo)
- Cost estimates used in the report are based on costs experienced on similar projects and costs experienced by the on-site management. The cost estimates used in this report are based on approximate quantities and unit costs. They are also based on information furnished by the relevant sources, if any (which are assumed to be accurate).
- Other estimated costs represent information from published materials, previous reports and reports for similar projects, estimates provided for similar and recent projects, and estimating guides--such as Sierra West-Current Construction Costs 2024 and others established by and/or used in the construction industry. All cost estimating is adjusted to San Francisco Bay area cost guidelines.
- The project Design-Team bears no control over the costs of labor, materials, equipment or services provided by others, nor over the methods determining prices employed by others; it also has no control over competitive bidding procedures. Costs shown in this report may incorporate industry averages, and estimates are made based on this consultant's experience. None of the estimated costs stated herein guarantee that proposals, bids, or costs will not vary.
- This report is based upon guidelines established by Fannie Mae for Multifamily Property Condition Assessment / Estimated useful Life values

#### 1.4 SUMMARY OF COSTS

Based on the Scope of Work and associated costs as listed in SECTION 5.2 PRELIMINARY COST ESTIMATE AND REPLACEMENT RESERVE PROJECTION, THE FOLLOWING ARE THE SUMMARIZED COSTS:

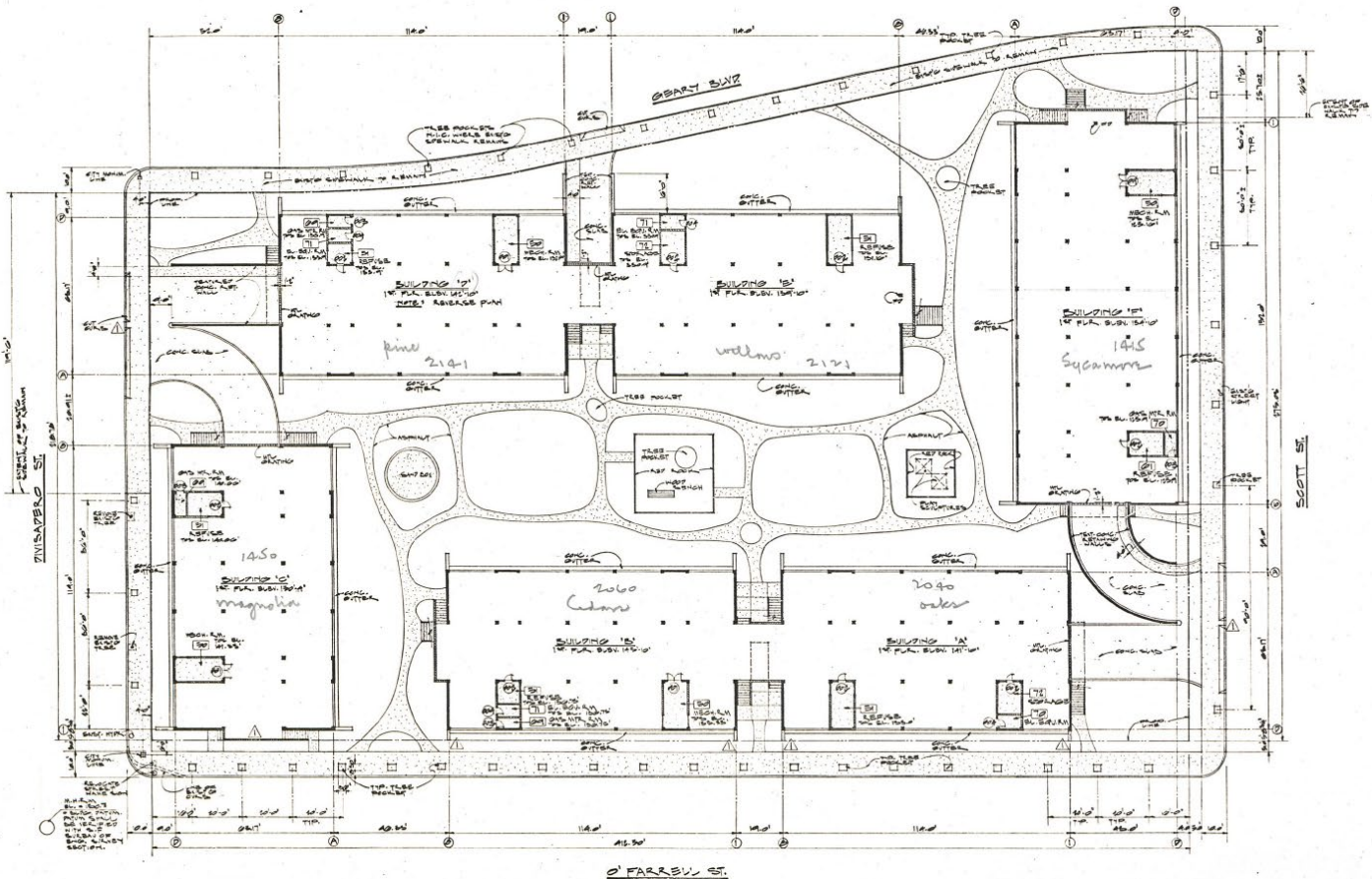
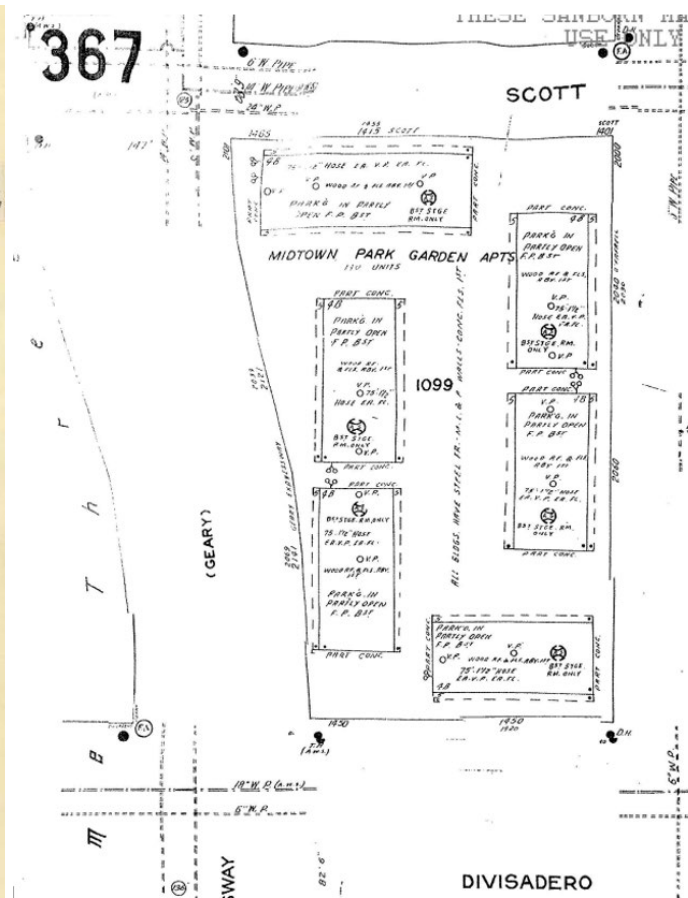
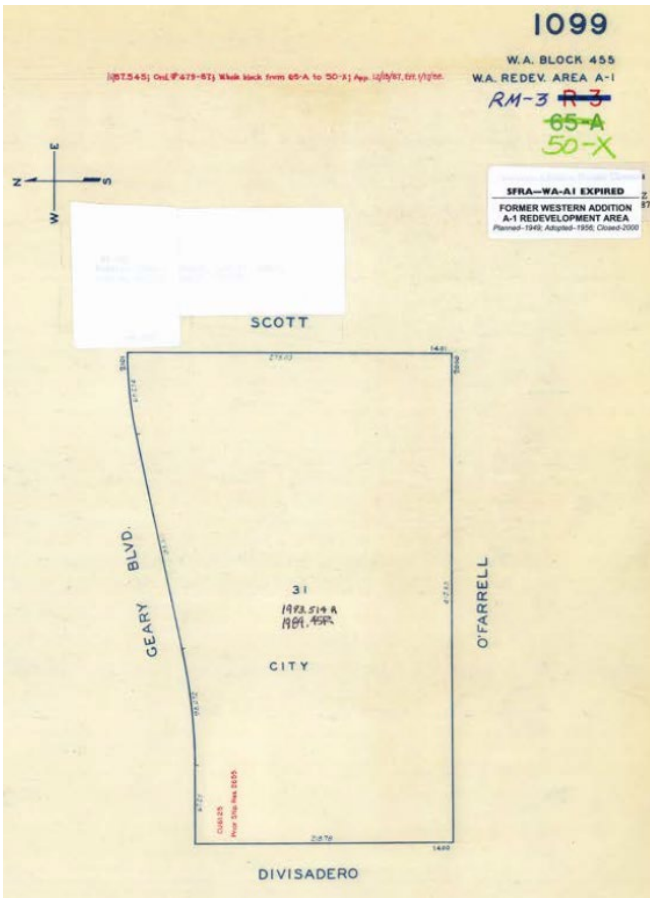
BUILDING	PRIORITY			TOTAL/BUILDING
	A - Immediate General Building	B - Unit Renovation	C - Common Space Renovation	
1 - 1415 Scott	\$9,365,876	\$2,452,953	\$1,612,690	\$13,431,519
2 - 2040 O'Farrell	\$8,235,632	\$2,011,195	\$988,250	\$11,235,077
3 - 2060 O'Farrell	\$8,235,632	\$2,011,195	\$988,250	\$11,235,077
4 - 1450 Divisadero	\$8,235,632	\$2,011,195	\$988,250	\$11,235,077
5 - 2141 Geary	\$8,235,632	\$2,011,195	\$988,250	\$11,235,077
6 - 2121 Geary	\$8,235,632	\$2,011,195	\$988,250	\$11,235,077
<b>TOTAL SITE</b>	<b>\$50,544,036</b>	<b>\$12,508,928</b>	<b>\$6,553,940</b>	<b>\$69,606,904</b>

## 2.0 EXISTING PROPERTY CONDITIONS

### 2.1 SITE LOCATION/UNITS

Midtown Park Apartments are an existing multi-story housing development that occupies a full block located in the San Francisco Fillmore District and consists of six structures organized around a central courtyard. Site is sloped NE downward from the corner of Divisadero/O'Farrell towards Scott/Geary

PROPERTY BLOCK/LOT	1099 / 001 (AREA: 99,593 S.F.)		
BUILDING ADDRESS	1415 SCOTT STREET 2040 O'FARRELL STREET 2060 O'FARRELL STREET 1450 DIVISADERO STREET 2141 GEARY BOULEVARD 2121 GEARY BOULEVARD		
DATE OF CONSTRUCTION	1962		
OWNER	SAN FRANCISCO MAYOR'S OFFICE OF HOUSING AND COMMUNITY DEVELOPMENT		
BUILDING TYPE	TYPE III MIXED (CONCRETE, STEEL, WOOD-FRAME)		
UNIT TYPE	BUILDING	TOTAL UNITS	TYPE/QUANTITY
	1415 SCOTT (BLDG. 1)	29	1 BR - 4 2 BR - 16 3 BR - 9 + COMMUNITY MEETING ROOM
	2040 O'FARRELL	22	1 BR - 4 2 BR - 9 3 BR - 9
	2060 O'FARRELL	22	1 BR - 4 2 BR - 8 3 BR - 10
	1450 DIVISADERO	22	1 BR - 4 2 BR - 9 3 BR - 9
	2141 GEARY	22	1 BR - 4 2 BR - 7 3 BR - 11
	2121 GEARY	22	1 BR - 4 2 BR - 6 3 BR - 12





## 2.2 CONSTRUCTION

The Six (6) onsite Buildings are based on two layouts: Type 1 and Type 2:

- Type 1: Buildings 2 thru 6 consist of 22 residential units each
- Type 2: Building 1 consists of 30 units.

All buildings are four stories over basement/garage level of Type III Concrete structural wall and slab assembly with wood frame interior floor framing construction. Interior layouts are central double loaded corridors with units to each side and exterior stairs/landings at both ends.

Central utility mechanical systems are located in the basement/garage including trash and maintenance spaces.

Apartment units have six (6) unit plan configuration types:

- A:** 12 total – 2 level (3 BR)Townhouse with 1 BR/ 1 bath at lower level and 2 BR/ 1 bath at upper level
- A1:** 12 total - 2 level (3BR) Townhouse with 1 BR/ 1 bath at lower level and 2 BR/ 1 bath at upper level
- B:** 24 total - 2 level (3 BR) Townhouse with 3 BR/ 2 bath at upper level
- C:** 12 total - 2 level (3BR) Townhouse with 2 BR/ 1 bath at upper level
- D:** 56 total - 2 level (2BR) Townhouse with 1 BR/bath at lower level and 2 BR/bath at upper level
- E:** 24 total- 1 level unit with 1 BR/1 bath

All units consist of main level entry, Living/dining Room, Kitchen and exterior balcony with canopy and sliding glass doors. Townhouses have internal residential stairway between levels with upper level secondary entry from central building corridor.

Project contains hazardous materials per NorBay consulting inspection and testing report, dated 11/12/2012. Materials were determined to be present at both interior and exterior materials such as acoustical ceilings, wall finishes, flooring, insulation and exterior stucco; mold was considered 'typical' in most units. This testing report will be necessary as reference for future construction work that disturbs any of these materials.

## 2.3 ASSESSMENT REPORT -RECOMMENDATIONS

### Architectural

- a. Overall site layout, six buildings at perimeter of block with central courtyard/garden area, provides controlled outdoor space. Residents in place many years.
- b. Exterior Landscaping - Fair: vegetation/trees and shrubs trimmed, not blocking pathways or lower units, grass areas at Geary/Scott street facades.
- c. General apartment units:
  - i. Conditions in satisfactory to good condition depending on renovation schedule which appeared to be ongoing. Kitchen cabinets in various levels of renovation/replacement- 'mobile' cabinet feature used by residents in various configurations. Shows wear.
  - ii. Current Fire Alarm system update in progress.
  - iii. Sliding glass doors in all units problematic: Difficult to open and little control for ventilation –single pane with no thermal/acoustic value; exterior traffic noise especially at Geary and Divisadero streets (Buildings 4,5 and 6)
  - iv. Interior ventilation -Kitchen/Bath fans (wall mounted) vented into in-wall chase to roof exhaust. Various levels of operability.
  - v. Laundry Rooms and Maintenance room/office retrofitted into the Garage/Parking level

- d. Roofs-TPO single ply with some ponding – general drainage seemed to work

**RECOMMENDATIONS:** Prioritize improvements based on scope, cost and available funding:

A- IMMEDIATE GENERAL BUILDING UPGRADES. Repairs/upgrades necessary for basic 'Life-safety/Building Code' measures: These include seismic/structural improvements, fire alarm/sprinklers, exterior building repair and waterproofing, systems upgrades. The structural upgrades will impact the four corner 'quadrants of each building necessitating partial demolition and replacement of interior finishes. We view this to be an opportunity to provide deeper renovation work at these units including building systems such as heating, plumbing and electrical work.

B.-UNIT RENOVATIONS (Age-In-Place Improvements): In conjunction with the Immediate General Building Upgrades and the resulting costs and disruptions, provisions for accessibility/ universal design (Specific to Apartment Units) including 'simple' retrofit elements to ease resident use without major impact to building/apartment configurations (Lever door handles, offset door hinges for clearances, ADA signage w/braille for visual impaired, 'wireless' Communication units' for hearing impaired, grab bars and handrails, front mounted appliance controls)

-'Minor' retrofit elements to improve use, in conjunction w/structural rehab work: modify bathroom, kitchen/cabinets to adaptability, possible bedroom modifications especially at lower floor of townhouses (Type 'A' and Type 'E' units) to provide for improved accessibility.  
-'Major' retrofit elements to improve building accessibility: elevators/walkways - Primary path of travel to apartments

C. - COMMON AREA RENOVATION: Common area retrofit elements to improve site and building accessibility: Elevators/walkways, primary path of travel from public areas onto site.

D.- GENERAL REPAIRS: Insure adequate future replacement reserve funding to provide deferred improvements in addition to ongoing repairs on building systems and components as they reach various 'end of useful life' levels.

**Overall Principles/Priorities:**

- Basic Life-safety/structural and building systems operations
- Removal of toxic hazardous materials over time/maintenance
- Provisions for resident 'Age-in Place', long term resident occupancy/affordability. Including access to units and improvements within units
- Possible provision of a Resident Loan Fund for future as-needed individual accessibility improvements such as internal stair lift and/or replacement walk-in tub/showers.
- Future: Maintain building maintenance and reserves for physical repairs/replacement. Provisions for quality of life: maintain outdoor balcony/open spaces, develop exterior courtyard/landscaping
- Green improvements: -Improve insulation (roof/walls/glazing) and building envelop air infiltration to reduce energy usage. Research potential Green Credit Programs, IRA (Inflation Reduction Act) energy tax incentives, etc.
- Conversion of gas (Heating and Hot Water boilers) to electric heat pump heat/AC for future degasification and electrification measures; including solar panel electrical supply system / converter integration with main electrical system. Will require new PG&E service upgrades to each building.

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## **3.0 STRUCTURAL/MECHANICAL/ELECTRICAL/PLUMBING SYSTEMS**

### **3.1 ASSESSMENT REPORTS-RECOMMENDATIONS**

#### **Structural:**

Previous evaluation by Holmes (12/19/2023) Description for work at building 1 only, we assume an extrapolated scope for all buildings:

Provide:

- reinforced concrete jackets at short columns at perimeter garage level
- improved anchorage of concrete shear walls to floor diaphragms at four corners of each building at four floors (including HD anchors, blocking, straps and floor diaphragm nailing)
- new plywood overlay at roof

Additional report notes, dated June 25, 2024, by triangle engineering:

- Areas of spalled concrete at columns, beams and walls; cracks and voids to be removed patched and repaired as preventative maintenance per procedures and details as shown.
- Guardrail connections at common areas and at balconies to be repaired.
- Hairline crack-seal as part of weatherproofing maintenance.

Note: Non-ductile concrete retrofit program by City pending- scope indeterminate at this time

#### **Mechanical/Plumbing:**

See Report by Canyon Engineers, dated February 19, 2024

- Boiler Units serving the building space heating are fairly new and still have about 20 years of service life -Retain.
- Basement Parking Garage ventilation systems of all buildings are not operational due to severe corrosion of the exhaust fans and ductwork. - Replace with operational units w/ CO sensing controls
- Hydronic radiators for space heating at the residential units are in poor condition and have erratic operation due to old controls. -Replace
- Hydronic piping insulation appeared to have asbestos in some areas and should be removed and replaced.
- Remove/abandon (E) hydronic piping- replace entirely
- Domestic water heaters of all buildings are fairly new and should remain in service for the next 15-20 years.
- Exposed domestic hot water supply and return piping in the Basement have missing insulation and no jackets for moisture protection. –install new
- Most plumbing fixtures are outdated. –Remove/Replace all plumbing lines hot/cold
- Most roof drain dome strainers are either displaced or broken allowing pine needles to enter the drain inlet. –Replace

#### **MECHANICAL VENTILATION:**

- Retain (E) vertical exhaust risers in walls- change bath fans with humidistat controlled – constant on 2-speed fans. Soffit bath ceilings as necessary for duct/fans.
- Replace kitchen exhaust fans with fan/hoods connected to (E) vertical exhaust risers, cap- as required, all abandoned exhaust fan wall openings/ducts.
- Corridors: Replace (E) roof vent fans w fan/filter units, waterproof w/MERV 13 filter for corridor supply air. Vibration isolators for roof mount
- Laundry Room:

- Retain (E) where provided at garages. Verify Dryer exhaust duct/caps
- Install (N) at Ground floor levels buildings if possible:
- Install new Fire Sprinklers at all buildings, Current configuration only partial at parking/basement
- ALTERNATE: replace gas fired hydronic boilers and domestic hot water heaters with heat pumps. central or split systems with condenser units located at either roof or outdoor pads at ground level. Coordinate with new 600A electrical service upgrade at each building

#### **ELECTRICAL:**

- Electrical service meters on the 2nd floor main corridors protrude more than 4" from the wall –relocate into existing storage closets using modular 5 meter stacks.
- Receptacles in bathrooms and kitchen counters are not GFCI rated. Kitchen counter receptacles require a minimum of two GFCI receptacles.
- Lighting in units are incandescent. Corridor lighting fixtures are fluorescent but could not verify on site if they are energy saving or not.
- Building main service disconnects are adequate.
- Receptacle/data devices in the living room/bedrooms are below 15" to the top of the box from the finished floor.
- Per the survey walk, Fire Alarm –Control Panels are in the process of getting replaced/installed.
- Fire alarm pull stations are 62" to the top of the device from the finished floor.
- Unit breaker panels are adequate.
- We recommend tamper proof receptacles in the common corridors for cleaning/maintenance purposes.
- Exit lights are adequate. Common spaces such as corridors and exterior stair landings require emergency lighting.

#### **Note:**

The next available service increase size will be 600A, 120/208V, 3 phase, 4 wire. Note, there is currently a 9-12 month lead time for an electrical service upgrade and plus PG&E fees.

Solar PV electrical can be added and integrated with the existing 400A with limited capacity.



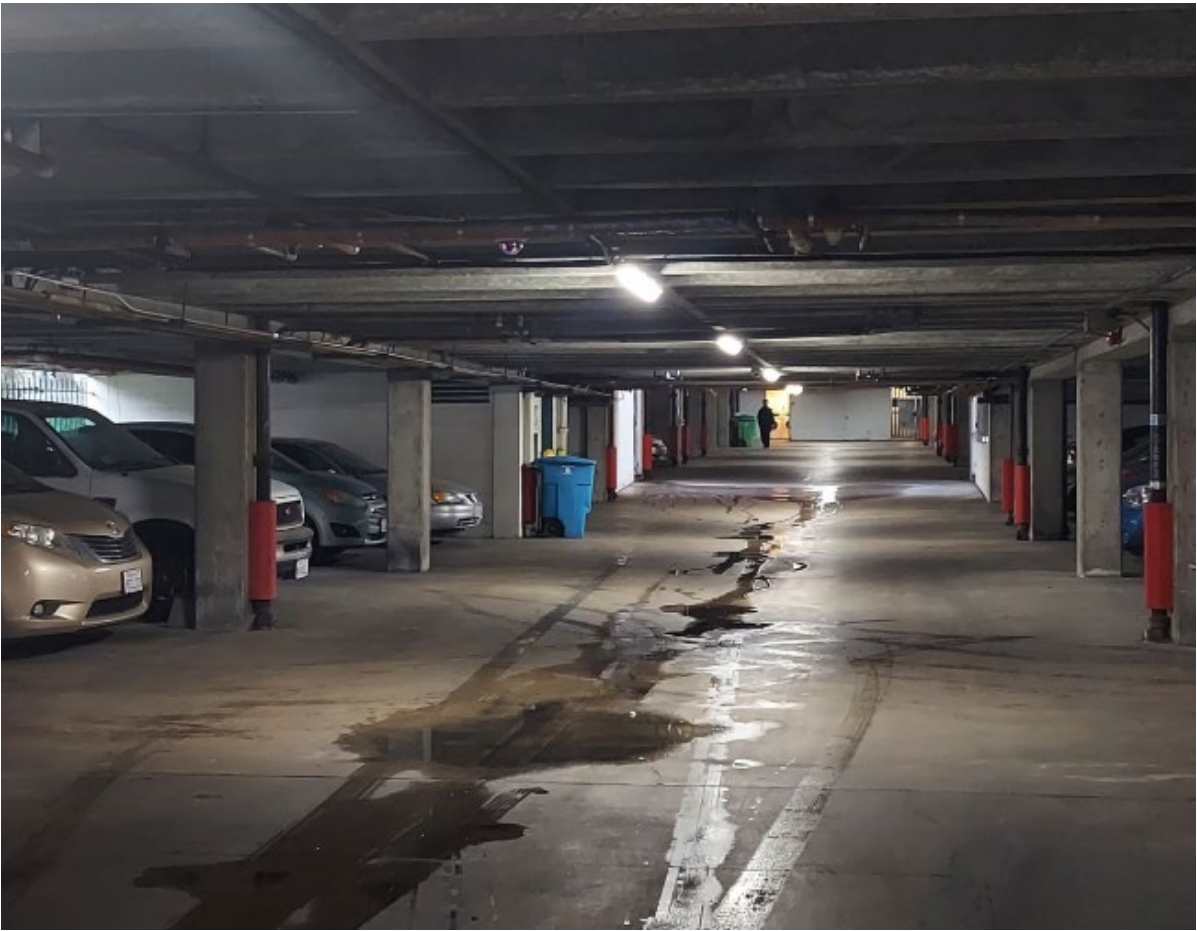
## 4.0 PHOTOGRAPH-NOTES

### A-IMMEDIATE GENERAL BUILDING UPGRADES

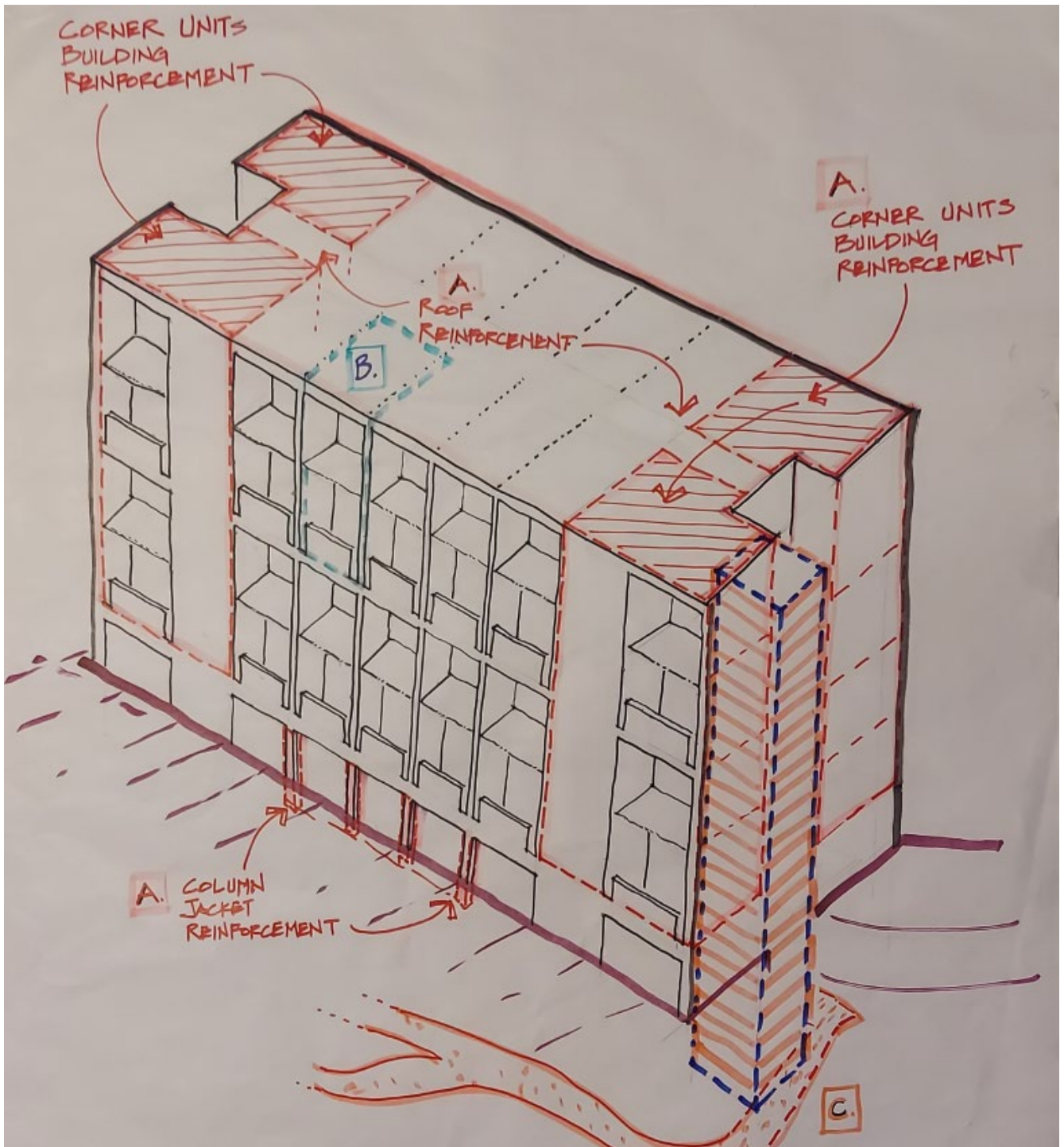
- STRUCTURAL REPAIRS











SKETCH DIAGRAM – STRUCTURAL IMPROVEMENTS PLUS PROPOSED CONCEPT ELEVATOR LOCATION



- EXTERIOR BUILDING REPAIR/WATERPROOFING







● ROOF







- FIRE ALARM /SPRINKLERS



- PLUMBING/HYDRONICS





## B-UNIT RENOVATIONS- AGE-IN-PLACE

- UNIT SLIDING GLASS DOORS





- DOOR HARDWARE-HANDLES/ OPENINGS





- BATHROOM-GRAB BARS





- KITCHEN CABINET/APPLIANCES







### C- COMMON AREA RENOVATIONS

- COMMON AREA ELEVATORS/RAMPS
- CONCRETE PAVEMENT REPAIR
- LANDSCAPING

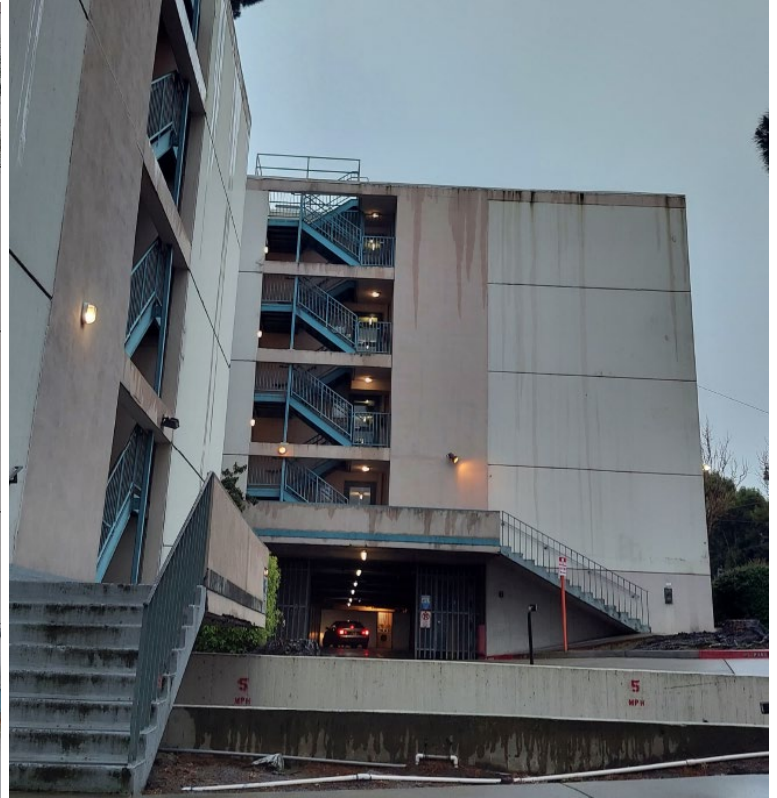








EXTERIOR LIGHTING





## D-GENERAL REPAIRS (DEFERRED)

- LANDSCAPE- BENCHES
- MAILBOX RELOCATION TO ENTRIES
- ADDITIONAL LAUNDRY ROOMS



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## **5.0 APPENDIX**

### 5.1 CONSULTANT REPORTS

- 5.1.A. Mechanical/Electrical/Plumbing by Canyon Consulting Engineers
- 5.1.B Structural by Triangle Engineering

### 5.2 Preliminary Cost Estimate and Replacement Reserve Projections ( 9/10/24)

Sheet 1: PNA with scope of work items vertically divided into:

- COMMON AREAS; II. UNITS; III BUILDING SYSTEMS.

Horizontal columns divided into: Location and Scope, estimated functional life/cost range and estimated cost per unit used for estimate.

Definitions:

- EUL: Estimated useful Life
- RUL: Remaining Useful Life
- Low/High: Range of costs for specific scope
- COST: Specific cost basis for estimate
- Units: Quantity of specific work scope (# units, square footage of area)
- EA: Each
- SF: Square Feet
- GSF: Gross Square Feet
- LF: Linear Feet
- ADA: Americans with Disabilities Act (Accessibility Code)
- FNMA: Federal National Mortgage Association (Fannie Mae)
- Hard Cost: Direct expenses associated with physical construction (Materials/ Labor /utilities)
- Soft Cost: Indirect expenses related to physical construction such as permits fees, architectural/engineering fees, overhead and profit, contingency)

Horizontal columns with estimated totals are then divided into:

- A –Immediate General Building; B- Unit Renovations; C-Common Area Renovations; D – General Repairs (deferred)

Replacement Reserve Study subdivides anticipated future costs for deferred items and items to be replaced at EUL projected over next 20 years.

### **5.1.A. MECHANICAL/PLUMBING/ELECTRICAL BY CANYON CONSULTING ENGINEERS**





**CANYON CONSULTING ENGINEERS**  
3260 Blume Drive, Ste 240  
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## BUILDING MEP SYSTEMS ASSESSMENT REPORT

### For Midtown Apartment

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<b>TO:</b> Steve Suzuki	<b>FROM:</b> George Arellano
<b>COMPANY:</b> Architect NOMA	<b>DATE:</b> February 19, 2024
<b>FAX NUMBER:</b>	<b>CANYON CONSULTING ENGINEER PROJECT NUMBER:</b> 23146
<b>PHONE NUMBER:</b> 707-800-7519	<b>PROJECT REFERENCE NUMBER:</b>

**SUBJECT:** Evaluation of Existing Building MEP Systems Serving the Midtown Apartments

We conducted a walk through and visual assessments of the existing MEP systems with you, Babette Jee, Building Property Manager, and Building Maintenance Engineer (Jerome). Kurt Schindler, consulting architect, on January 30 and 31, 2024.

The objective of the assessment work was to determine the physical and operating condition, performance capacity, code compliance, and functionality of the existing MEP system.

There are six 4-story apartment buildings Basement within the property. Each of the building has Basement parking Garage where the MEP utilities are located. Buildings 1 and 4 are individual buildings with their own MEP systems. Buildings 2 & 3 and Buildings 5 & 6 are other buildings that are adjoined in the Basement Parking level and the existing MEP systems are shared by the respective (two) buildings.

The brief summary of our observations are as follows:

- Boiler Units serving the building space heating are fairly new and still have about 20 years of service life.
- Basement Parking Garage ventilation systems of all buildings are not operational due to severe corrosion of the exhaust fans and ductwork.
- Hydronic radiators for space heating at the residential units are in poor condition and have erratic operation due to old controls.
- Hydronic piping insulation appeared to have asbestos in some areas and should be removed, abated, and replaced.
- Domestic water heaters of all buildings are fairly new and should remain in service for the next 15-20 years.
- Exposed domestic hot water supply and return piping in the Basement have missing insulation and no jackets for moisture protection.
- Most plumbing fixtures are outdated.
- Most roof drain dome strainers are either displaced and broken allowing pine needles to enter the drain inlet.
- Electrical service meters on the 2nd floor protrude more than 4" from the wall.
- Receptacles in bathrooms and kitchen counters are not GFCI rated. Kitchen counter receptacles require a minimum of two GFCI receptacles.
- Lighting in units is incandescent. Corridor lighting fixtures are fluorescent but could not verify on site if they are energy saving or not.
- Building main service disconnects are adequate.
- Receptacle/data devices in the living room/bedrooms are below 15" to the top of the box from the finished floor.
- Per the survey walk, FACP are in the process of getting replaced/installed.

- Fire alarm pull stations are 62" to the top of the device from the finished floor.
- Unit load centers are adequate.
- Tamper proof receptacles are required in the common corridors for cleaning/maintenance purposes.
- Exit lights are adequate. Common spaces such as corridors and exterior stair landings require emergency lighting.

Below are our observations:

Mechanical:

**Space Heating:** The 6 buildings have typical hydronic radiators in the perimeter rooms and spaces. The radiators were fed with hot (hydronic) water system from a boiler located in the Basement Parking Level Mechanical Room. The radiators appeared to be original, deteriorated due to age, and in poor conditions. The existing radiator controls appeared to be replacement parts and already deteriorated. The radiator controller appeared to have already malfunctioned at some point while some were about to fail due to age. *See Table M3. - Existing Residential Building and Heating and Ventilation.*

The existing boilers and circulating pumps are newly replaced from 2017-2019, and in good condition. *See Table M1. - Existing Mechanical Heating Hot Water Boiler Matrix.*

*Recommendation:*

- *Perform periodic maintenance of the boiler and pump systems to prolong the life of the hydronic equipment.*

**Hot Water Piping:** The hot water main distribution piping to the various risers in the building were located in the ceiling of the Basement Parking Level. The piping was original and appear to be severely deteriorated due to exposure to SF coastal weather condition.

The piping insulation was severely deteriorated. Some of the piping still has original asbestos-laden pipe insulation. There are many sections of pipe with missing insulations.

*Recommendation:*

- *Remove and abate asbestos laden pipe insulation and replace with new insulation with moisture protection.*
- *Install insulation on all sections of piping with missing insulation.*

**Boiler Room:** The Boiler Room appeared to be in compliance with current CMC. The boilers and water heaters were provided with combustion air source and proper clearances.

*Recommendation:*

- *No recommendation.*

**Ventilation:** All Corridors are provided with passive ventilation using exhaust grilles in the Corridors and common exhaust fans on the roof.

The residential units have good size operable windows that meets the CEC Title 24.

Each of the Basement Parking Garage under the respective building is provided with mechanical exhaust systems. The exhaust fan is located in one of the parking spaces and ducted to below the floor slab to the various floor exhaust grilles. All the garage exhaust fans and ductwork are severely rusted and not operating.

*See Table M2. – Existing Mechanical Exhaust Fan Matrix*

*See Table M3. - Existing Residential Building and Heating and Ventilation.*

*Recommendation:*

- *Replace existing roof-mounted exhaust fan with new and operate exhaust fan continuously to improve air quality of the corridors.*

Apartment Exhaust: All apartment units have one kitchen and one toilet/shower room.

The kitchen is provided with electrical cooking range/oven and provided with a wall exhaust fan and individual exhaust duct risers to the roof. The duct risers are installed between party walls. The wall exhaust fan is old and deteriorated and appeared to need replacement.

The Toilet/Shower Room also has wall-mounted exhaust fan with individual duct risers to the roof.

The exhaust duct risers to the roof have common roof jacks. The roof jacks are corroded and appear to need replacement.

See Table M3. - Existing Residential Building and Heating and Ventilation.

*Recommendations:*

- *Replace existing toilet and kitchen wall-exhaust fans.*
- *Inspect exhaust duct risers and replace as necessary.*
- *Replace all exhaust termination roof jacks and provide new roof flashing.*

Common Laundry: The Common Laundry is located in the Basement Level of Buildings 2 & 3 and is being shared by tenants. The Laundry Room has operable windows that serves as source of ventilation into the room.

There is no dedicated exhaust fan in the Laundry Room and appeared non-compliant despite having operable window. A dedicated exhaust fan is required by CMC Chapter 4 for Common Laundry Room with multiple laundry equipment.

See Table M3. - Existing Residential Building and Heating and Ventilation.

*Recommendations:*

- *Install new laundry exhaust fan with time delay switch.*

Plumbing:

Sanitary Sewer/Vent: Each of the building has its own sanitary sewer service from the street. The condition of the underground pipe is unknown.

There are exposed sanitary waste main piping in the Basement Parking Garage Level serving the sanitary vertical waste risers of various stacked apartment units. Most exposed waste piping in the Parking level were deteriorated due to age and exposure to SF weather, but they appeared to have no leak. The interior condition of the piping is unknown.

There was report on Building 1 regarding sewer backflow issues that occurred in the past.

The sanitary vents-through-roof are corroded due to exposure to weather and do not have weather cap.

*Recommendation:*

- *Perform video inspection of the existing above floor and below-slab sanitary waste piping to determine its internal condition.*
- *Consider roto-rooting and power cleaning of the interior of the sanitary waste piping.*
- *Consider adding weather caps and painting the exterior of the vent through roof.*



**Storm Drainage:** The roof drains are corroded. The roof drain dome strainers are displaced from the drain receivers, allowing pine needles at the inlet opening.

*Recommendation:*

- *Replace existing roof drain dome strainer and secure into the drain body to prevent pine needles from coming into the storm drain vertical piping.*

**Domestic Cold Water:** Buildings 1 and 4 have 2-1/2" domestic water service. Buildings 2/3 and Buildings 5/6 have common 3-inch domestic water service. The copper pipe service mains appear to be oxidized but still generally in good condition. The pressure regulators are deteriorated but appears to be in good operating condition and replacement of the original regulators.

Most isolation gate valves are deteriorated but appears to have no leak.

*Recommendation:*

- *Consider testing pressure regulators.*
- *Consider using ball valves when replacing isolation gate valves that fail.*

**Domestic Hot Water:** Buildings 1 and 4 each have their own domestic water heater systems while Buildings 2/3 and Buildings 5/6 are sharing domestic water heating systems.

All domestic water heaters and circulating pumps are fairly new and in good condition.

The hot water supply and return piping insulations do not have vapor jackets and now deteriorated due to exposure to moisture. Many sections of the hot water distribution piping have missing insulations.

*Recommendation:*

- *Install insulation on section of piping with missing insulation.*
- *Consider replacing HW insulations outside the Mechanical Room in the parking area with PVC jackets to protect the material from moisture.*

**Plumbing Fixtures:** All plumbing fixtures inspected were outdated and appeared to be non-water conserving (non-low-flow) fixtures.

*Recommendation:*

- *Consider replacement of existing plumbing fixtures with low-flow and water conserving fixtures that meet the Cal Green Standards.*

Fire Sprinklers:

**Building 1:** Building 1 has sprinkler systems only in the Parking area. The upper floors have stand pipe with fire hose valve connections near the stairway and no sprinklers in the residential units and corridors.

**Buildings 2, 3, 4,5,6:** These buildings do not have sprinkler systems nor stand pipe systems.

*Recommendation:*

- *Consider installing a NFPA 13 compliant, new sprinklers system on each building.*



Electrical:

**Electrical Service:** The 6 buildings have their own 400A, 120/208V, 3 Phase, 4 Wire, main service disconnect and house meter located in each of the building's basement that feeds a house panel. The individual tenant electrical service meters are located on the second-floor corridor of each building.

*Recommendation:*

- *Maintain the existing electric utility service and main switchboard distribution. Perform load monitoring of existing panels and update panel directory for any anticipated major loads.*
- *The individual tenant electrical service meters protrude by about 8.5 inches and ADA requires no more than 4 inches for any protruding objects. Relocate them in the existing corridor storage closets using a modular meter stack with 5 meters. Based on the site visit, each building has about 30 individual meters. Each building can have 3 stacks of 5 meters in the two corridor storage closets to accommodate the 30 individual meters. The existing meters and configuration will remain until the new modular meter stacks are installed in the corridor closets. The existing meter mains will then be transferred to the new configuration in the storage closet and the existing pull boxes above each meter bank can be used to intercept the existing feeders.*

**Power Distribution:** Each unit has its own load center located in the closet. It has a 70A main breaker for the lights, receptacles, electric range/oven, and garbage disposal.

*Recommendation:*

- *Maintain the existing power distribution and load center.*

**Fire Alarm System:** The existing fire alarm system is an automatic, coded system with a fire alarm control panel located in each building basement. The existing fire alarm control panel is a Honeywell Silent Knight Model 6820. Pull stations, smoke detectors and fire alarm strobes are provided throughout the building exits.

*Recommendation:*

- *Augment the existing building fire alarm system and provide additional fire alarm strobes in corridors. Relocate existing fire alarm pull stations at no more than 48 inches to the top of the device from the finished floor to meet ADA requirements.*

**Exit and Emergency**

**Lighting:** There were LED-type exit lights in the paths of egress doors. The existing lights appear to be in satisfactory condition.

*Recommendation:*

- *Provide emergency lights to corridors and exterior stair landings to augment the emergency lighting system in the buildings.*

**Interior Lighting:** The illumination in the tenant units is incandescent. The corridor light fixtures are fluorescent but could not verify on site if they are energy saving or not.

*Recommendations:*

- *Replace the existing interior lighting with highly efficient LED fixtures, LED lamps, 0-10 volt dimming driver, and associated energy-saving controls that meet the California Title 24 Energy conservation program.*



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Receptacle Distribution

System: Receptacles in the bathrooms and kitchen counters are not GFCI rated. Receptacles in the living room and bedroom areas are below 15 inches from the finished floor to the top of the receptacle device. There are no receptacles in corridors for cleaning and maintenance purposes.

*Recommendations:*

- *Evaluate the number of receptacle devices in every space and provide the appropriate quantity of receptacles devices. Provide additional branch circuits to avoid nuisance branch circuit breaker tripping.*
- *Replace all existing bathroom and kitchen receptacles with GFCI rated receptacles. Kitchen counter receptacles require a minimum of 2 GFCI rated receptacles. Kitchen/bathroom counter receptacles must not be more than 48 inches to the top of the device from the finished floor.*
- *Provide receptacles in corridors for cleaning and maintenance purposes. Receptacles devices must be minimum 15 inches to the top of the device from the finished floor.*

# ▽ TRIANGLE ENGINEERING ▽

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JOB #2321

JUNE 25, 2024

STEVEN M. SUZUKI  
SMSYARCH@GMAIL.COM

**SUBJECT: MIDTOWN PARK APARTMENTS  
PHYSICAL NEEDS ASSESSMENT  
STRUCTURAL COMPONENTS**

We were asked to make a general site review and suggest needed repairs, for planning purposes.

Our observations are based on two site visits where we observed the exterior of the buildings. We have also reviewed the original construction drawings.

Our findings are:

1. There are areas of spalling at structural columns, beams, and walls. See appendix for typical repair protocol. There is also localized spalling of stairway railing pickets.
2. Guardrails in common areas. Bottoms are typically deteriorated. It appears that there are vertical steel bars (which have rusted along the bottom), and solid stucco on wire lath. There was a previous repair which added big angles reinforcing the connection of the guardrails to the slab. That repair appears to be fine (and appropriate), so the current project should be to clean up and protect the steel where there is rust & spalling, and repair the finishes.
3. Guardrails at the balconies. These were braced with robust steel running side to side around mid-height, so structurally they are OK, but many have cracks, spalling, and rust along the bottom. I'm not sure of the exact construction, but there is vertical rebar, metal lath, stucco, and parging. It's basically a matter of cleaning up and repairing deteriorated areas.
4. Hairline cracks and other minor issues are weatherproofing maintenance items.

The main issue structurally is the proposed Non-Ductile Concrete Building retrofit program. The Midtown Park buildings have wood-frame interiors, along with some structural steel framing, and reinforced concrete walls, columns, and beams on the exterior. In addition, the podia/garages are concrete & CMU. The concrete walls are robust, and the beam/column connections are protected by stiff in-plane concrete

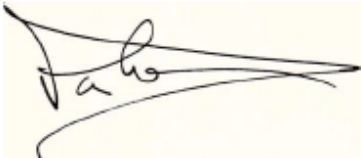
walls, but the detailing may not meet current standards for ductility. There is a wide range of possibilities for what will be required by the Program.

A seismic evaluation was done in 2023 by Holmes.

Their recommendations include:

1. Reinforced concrete jackets at shorter columns at the perimeter of the garage.
2. Improved anchorage of the concrete walls to the floor diaphragm. In general, these are installed at the ceiling, so the floor isn't disturbed.
3. New plywood overlay at the roof.

**SINCERELY,  
TRIANGLE ENGINEERING**



**DUKE CRESTFIELD, P.E.  
PRINCIPAL  
C050629**





PHOTOS



TYPICAL WALL & COLUMN SPALLING

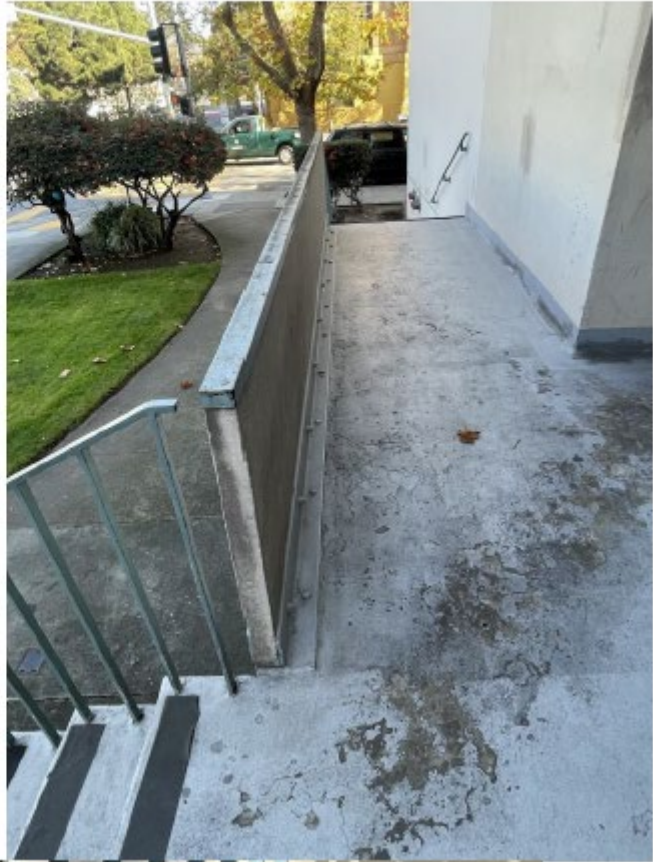


**TYPICAL BEAM SPALLING**



**STAIR RAIL PICKET SPALLING**





**COMMON AREA GUARDRAIL DETERIORATION**



**TYPICAL BALCONY GUARDRAIL DETERIORATION**



## 5.2 PRELIMINARY COST ESTIMATE AND REPLACEMENT RESERVE PROJECTION

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(SEE ATTACHED)



