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## MEMO

**DATE:** January 22, 2025

**CLIENT:** LAFCO / Midtown Park Tenants Association

**PROJECT:** Midtown Park Community Visioning Process

We appreciate MOHCD's review and responses to the draft Midtown Park Community Vision. We're sure that Midtown residents are gratified that MOHCD is taking their concerns seriously and working to implement the vision.

This document will respond to MOHCD's questions in their response memo.

We will note that the Community Vision was not structured based solely on pre-existing programs and laws. As was the case when Midtown tenants were told that "rent control did not apply to them," despite decades of following rent control, tenants found a creative legislative solution to address the disparity. Similarly, when MOHCD told tenants that repairs had to be done more expensively and on a longer timeline through DPW, it was found that a legislative solution was needed.

The Community Vision outlines creative suggestions based on the idea that NEW programmatic, funding, or legislative solutions can be found. Midtown residents look forward to working in partnership with the Mayor, the Mayor's Office of Housing and Community Development, and the office of the local District 5 supervisor, to find creative solutions in order to implement the vision. As consultants to the Community Vision, we found it useful to reference precedents similar to the solutions residents are seeking, to demonstrate the realm of the possible.

1. Residents felt that it was the City's responsibility to support ongoing operating costs, and that the City should guarantee operational costs for next 30-50 years. MOHCD already provides an ongoing subsidy to Midtown, as is evident in Kalco's financial documents, without any specific program, ordinance, or specified revenue source, and without any specific legislation approved by the Board. Even though the report found ways that the MOHCD subsidy to Midtown operations could be reduced significantly, it is not uncommon for the City to provide ongoing operating support to a variety of buildings. As precedents for long-term ongoing subsidy programs, the City already provides ongoing subsidies for their Master Lease program, their Local

Operating Subsidy Program (LOSP), the Senior Operating Subsidy (SOS), and the recent voter-approved ELI subsidy set-aside. Most of these programs are funded through the City's General Fund, rather than a specific dedicated revenue source. These exact subsidy programs are not suitable for Midtown Park Apartments. We concur with MOHCD that a specific program to provide ongoing support for Midtown could be created through legislation approved by the Board, identifying an ongoing funding source – whether from the General Fund or another source – to support the subsidies.

2. Residents were particularly surprised to hear from MOHCD staff that renovations were being delayed due to an Administrative Code requirement for on-site construction at City-owned housing sites to be carried out under the Department of Public Works contracting rules, and that this would likely be much more expensive and take longer than if done under typical MOHCD contracting rules. According to MOHCD, this came about because Mercy Housing ended its agreement to be the developer, owner, and property manager of Midtown Park Apartments on December 31, 2019. Since the City is the owner of Midtown Park Apartments and does not have a lease with an affordable housing developer, the San Francisco Administrative Code requires Midtown Park Apartments to be maintained and improved through the Department of Public Works. Whether it's a question of "new interpretation" of the Code or not, this came as a surprise to the Midtown residents when they first heard of it from MOHCD staff in early 2024. All previous renovations had been handled directly by the property manager. Previously, when the City acquired a portfolio of hotels post-COVID (the "SIP hotels"), the City ran into the same problem. This was a new issue that they had not encountered before, since the SIP acquisitions were the first time besides Midtown where the City was directly owning residential buildings. At a public Midtown workshop, MOCD staff shared with residents that the City Attorney interpretation was that the Admin Code applied to housing developments like any other City-owned building. In the case of the SIP Hotels, the Mayor's Office acted to find a creative solution, passing legislation to get a waiver on the DPW requirements. Similar legislation is finally underway for Midtown, though the City could have predicted that they would be in charge of the renovations since at least January 2020.
3. In response to MOHCD's statement that the Midtown Park Corporation raised rents based on the San Francisco Rent Board allowable rent increases, believing that Midtown Park Apartments was under the San Francisco Rent Board's jurisdiction. According to former elected board members of the Midtown Park Corporation board, in at least two occasions before 2012, residents voted to approve additional rent increases above the rent control limits, in order to pay for necessary repairs and improvements, and petitioned the Board of Supervisors to allow the increases, but were denied by the City. According to MPC board members, the Board of Supervisors acted as though they also believed that rent increase should stay within the Rent Board's allowable increases, without exceptions. This opposition from the City to what the resident board saw as a

reasonable response to maintenance needs, they believe, is partially to blame for deferred maintenance problems that the Midtown buildings now face.

4. A fundamental community principle is a guaranteed right for tenants to return to their units. For precedents, we looked to legislation codified for public housing tenants, which gives residents “priority to remain in or return to, as applicable, a Revitalized Housing Development” and a right to return to a “comparable residential unit.”<sup>1</sup> MOHCD states that Public Housing tenants have a right to return to the property and lease a unit that is sized appropriately for their household. This legislation was referenced only as an example of the type of legislation that could be created for Midtown guarantees. The legislation in fact does not use the words “sized appropriately for their household,” but instead refers to “a comparable unit.” Another example as precedent can be found in the City’s subdivision code, which requires that “if temporary relocation of any tenant is necessary for renovation of a unit... the subdivider shall find equivalent substitute housing for that tenant for the period of renovation, and shall pay to that tenant any additional cost of the substitute housing. Any tenant temporarily relocated shall have the right to return to his or her former unit...”<sup>2</sup> A final example to look to is the City’s RAD public housing program, where, according to published stories, the City “mandated that all units be replaced in-kind; that is, a three- bedroom unit could not suddenly be turned into a studio.”<sup>3</sup> These are given here only as examples of comparable language in the City’s ordinances, which could be applied to Midtown in new legislation or MOHCD policy. Midtown tenants should have a right to return after any temporary relocation to the same unit they occupied, or a comparable vacant unit if available IF THEY SO WISH.

The key principles reiterated in MOHCD’s response letter are generally responsive to the community’s desires as articulated in their Community Vision. We wish here to follow with a few key differences or expansions of those principles.

1. The commitment to maintaining the property as "a safe place to live" should include meeting resident's aging-in-place needs. MOHCD should not become equated with the kinds of landlords that allow a building to become uninhabitable for aging tenants, or which cause safety concerns for folks forced to climb multiple stairs or inability to use the facilities. The City should not be placed in a position of being liable for the residents' health and wellbeing while knowingly ignoring the reasonable universal design repairs that need to be made in order to serve their tenants who are seniors and/or people with disabilities.

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<sup>1</sup> [CHAPTER 39: \[RIGHT TO RETURN TO REVITALIZED PUBLIC HOUSING\]](#)

<sup>2</sup> [https://codelibrary.amlegal.com/codes/san\\_francisco/latest/sf\\_subdivision/0-0-0-664](https://codelibrary.amlegal.com/codes/san_francisco/latest/sf_subdivision/0-0-0-664)

<sup>3</sup> <https://www.politico.com/magazine/story/2017/07/20/how-san-francisco-turned-its-tenements-into-treasures-215391/>

2. In order to bring up rental income sufficient to make Midtown "economically self-sustaining" in the short-term would require taking resident's rents above the rent ordinance caps (as the previous nonprofit tried to do), or demolishing buildings to add density (as the previous nonprofit also tried to do), both of which would have serious negative consequences for the health and wellbeing of the Midtown community. The report outlines several strategies for bringing down the operating gap, though that may not be sufficient. That is why the report also points out that the City already has a number of programs in which "economic self-sufficiency" is not expected (such as the Master Lease program, LOSP, SOS, and the new ELI subsidy).
3. It is true that Midtown is unique as the only residential project that the City owns that does not have a development partner. Many residents have expressed the desire to own their buildings themselves, as outlined in the 2007 Development Guidelines Resolution. In order to get there, the City should have a plan in place to fully rehab the buildings in a senior-friendly way, and to deal with the operating budget, as outlined in the Community Recommendations. Otherwise, it will simply be transferring the risk to the new owners, following the pattern of racial inequity outlined in the Midtown history chapter, since the very beginning of the development. It is unlikely that the City will find a development partner that does not come in wanting to either raise rents or evict tenants, and/or demolish their buildings. The residents are already familiar with that model through their experience with the previous nonprofit. This does not mean that new creative solutions cannot be found in a deep and respectful partnership with the residents. In order to get there, the City would have to begin by showing respect to the residents through an MOU that gives the tenants standing in any such "partnership" that will have such a huge impact on their lives. As the South African saying goes, "Nothing about us, without us."
4. It is true that funds are "limited," especially at this time of budget deficits, but investments for the rehab of Midtown should at minimum be prioritized on par with other MOHCD preservation projects, and should be seen as part of a comprehensive Reparations Plan for communities who have been historically disinvested by the City. It's not enough to say "funds are limited" to justify the continued disinvestment of Black communities.