

1 [Midtown Park Apartments - 1415 Scott Street - Exempting Midtown Park Apartments from
2 Certain Construction Contracting Requirements]

3 **Ordinance exempting Midtown Park Apartments, located at 1415 Scott Street, from**
4 **construction contracting requirements in Administrative Code, Chapter 6, but requiring**
5 **compliance with the prevailing wage and apprenticeship requirements of**
6 **Administrative Code, Section 23.61; affirming the Planning Department’s determination**
7 **under the California Environmental Quality Act; and making findings of consistency**
8 **with the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

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

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

17 Section 1. CEQA and Land Use Findings.

18 (a) The Planning Department has determined that the actions contemplated in this
19 ordinance comply with the California Environmental Quality Act (California Public Resources
20 Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of
21 Supervisors in File No. 241207 and is incorporated herein by reference. The Board affirms
22 this determination.

23 (b) On September 13, 2024, the Planning Department determined that the actions
24 contemplated in this ordinance are consistent, on balance, with the City’s General Plan and
25 eight priority policies of Planning Code Section 101.1. The Board adopts this determination

1 as its own. A copy of said determination is on file with the Clerk of the Board of Supervisors in
2 File No. 241207, and is incorporated herein by reference.

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4 Section 2. Background and General Findings.

5 (a) The mission of the Mayor’s Office of Housing and Community Development
6 (“MOHCD”) is to coordinate the City’s housing policy; provide financing for the development,
7 rehabilitation, and purchase of affordable housing in San Francisco; and strengthen the social,
8 physical, and economic infrastructure of San Francisco’s low-income neighborhoods and
9 communities in need.

10 (b) On December 30, 1968, the United States Department of Housing and Urban
11 Development transferred to the City the Midtown Park Apartments (the “Property”), which is a
12 140-unit residential housing development located at 1415 Scott Street (Assessor’s Parcel
13 Block No. 1099, Lot 31) in the Western Addition neighborhood, to provide housing for families
14 displaced by urban renewal policies.

15 (c) On January 31, 2014, the City entered into a month-to-month Management and
16 Lease Agreement with Mercy Midtown Inc. (“Mercy”), as subsequently amended on May 1,
17 2014, March 27, 2015, November 17, 2016, November 16, 2017, and September 17, 2018
18 (collectively, the “Lease”) to operate, maintain, and manage the Property as a residential
19 housing development, including completing necessary repairs and changes requested by the
20 City. A copy of the Lease is on file with the Clerk of the Board of Supervisors in File No.
21 241207. In addition to assuming obligations under the Lease, Mercy intended to reconstruct
22 the Property and develop additional affordable housing.

23 (d) On January 1, 2020, Kalco Properties, Inc. (“Kalco”) assumed Mercy’s obligations
24 under the Lease related to the operations, maintenance, and management of the Property.
25 The Civil Service Commission approved property management services to be provided by

1 Kalco or its agents at the Property for a period of five years, pursuant to PSC #49538-20/21,
2 and construction management services to be provided by Kalco or its agents at the Property
3 for a period of five (5) years, pursuant to PSC #DPHRPSC004683 v 0.01, copies of which are
4 on file with the Clerk of the Board of Supervisors in File No. 241207.

5 (e) Studies are being undertaken to determine structural ownership options and the
6 best use of limited MOHCD funds to support the Property as a residential development. No
7 redevelopment of the Property will occur until such studies are completed and a
8 recommendation has been made.

9 (f) Tenant rents at the Property do not fully cover the Property's operating costs, and
10 since June 2015, the City has provided operating subsidies to the Property to cover significant
11 operating deficits.

12 (g) Critical urgent repairs and capital improvements are needed at the Property,
13 including replacement of heating and hot water systems, City-required soft story upgrades,
14 roof and window replacement, and fire safety system upgrades. MOHCD desires for Kalco to
15 complete these critical urgent repairs and capital improvements at the Property for the safety
16 of the residents and prior to any future redevelopment of the Property. MOHCD and Kalco
17 desire to enter into a separate agreement regarding such critical urgent repairs and capital
18 improvements at the Property, which may be subject to the prior approval of the Board of
19 Supervisors, as required by Charter Section 9.118.

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21 Section 3. Administrative Code, Chapter 6 Waiver; Prevailing Wage and
22 Apprenticeship Requirements.

23 (a) The Board of Supervisors waives Administrative Code, Chapter 6, to the extent
24 Chapter 6 would otherwise be applicable to the work performed by Kalco or its agents at the
25 Property.

1 (b) The payment of prevailing wages and the apprenticeship requirements of
2 Administrative Code, Section 23.61 shall apply to the work performed by Kalco or its agents at
3 the Property.
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5 Section 4. Effective Date. This ordinance shall become effective 30 days after
6 enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor returns the
7 ordinance unsigned or does not sign the ordinance within ten days of receiving it, or the Board
8 of Supervisors overrides the Mayor's veto of the ordinance.
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13 APPROVED AS TO FORM:
14 DAVID CHIU, City Attorney

15 By: /s/
16 JESSICA ALFARO-CASSELLA
17 Deputy City Attorney

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