



1939 MARKET ST

BUDGET AND FINANCE
COMMITTEE

July 15, 2026

MATT GRAVES
SENIOR PROJECT MANAGER

MAYOR'S OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT

1939 MARKET ST BUDGET AND FINANCE COMMITTEE AGENDA ITEM

File #260774:

1. Enter into a Ground Lease for real property owned by the City at 1939 Market Street
2. Adopt findings that the Project is consistent with the General Plan and the Planning Code
3. Determine that the below market rent will serve a public purpose by providing affordable housing for low-income households
4. Authorize the Director of Property and the Director of MOHCD to execute the Ground Lease

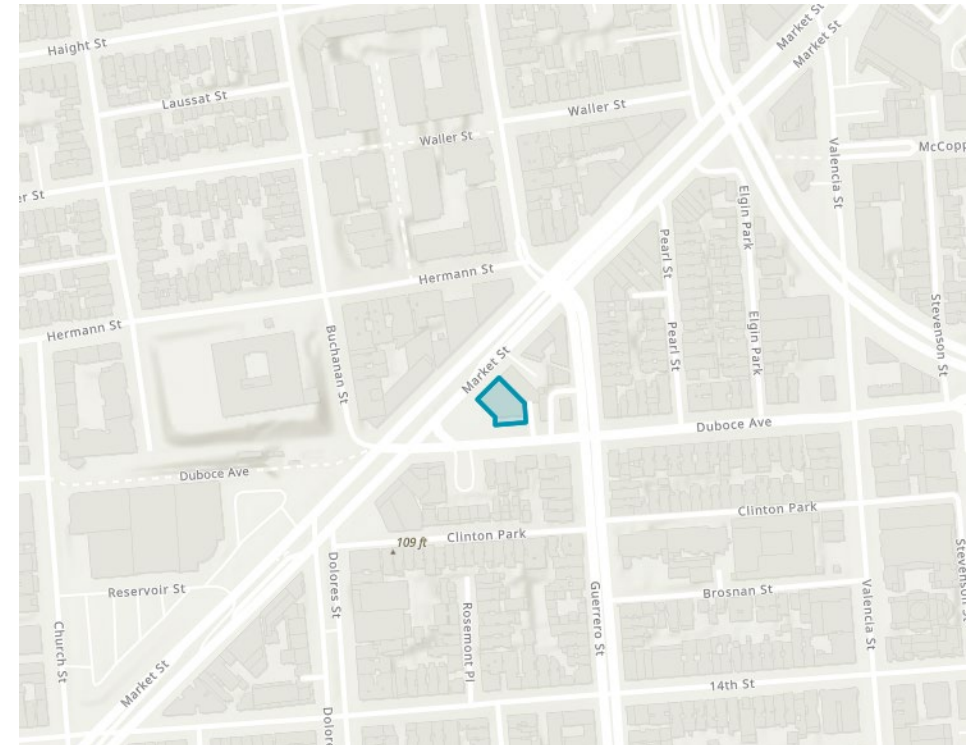


PROPOSED PROJECT

- Supporting the LGBTQ+ Senior Community
- 185 affordable units
 - 106 studio units
 - 79 one-bedroom units
- Target Populations
 - 75 SOS units for Senior households
 - 55 VASH units for Veterans
 - 40 LO SP units for Homeless senior households
 - 9 PLUS units providing HIV+ services
- 30% to 60% MOHCD AMI
 - \$32,750 - \$65,450 annual income for 1 person
- Commercial Space
 - 1,640 square foot ground floor: office and service space for therapy and social services

PROJECT HISTORY – 1939 MARKET ST

- **2020** – City acquired 1939 Market Street. The building's three tenants re-signed leases and voluntarily waived relocation benefits.
- **2021** – Mercy Housing selected as Sponsor under MOHCD's Multisite Request for Qualifications (RFQ)
- **2022** – Application to Planning for entitlements under SB-35. Approved by Planning on May 31, 2023.
- **2023** – Mercy applied for MHP, was denied due to scoring
- **2024** – Mercy applied for AHSC funding, was denied due to scoring
- **2025** – Mercy applied for AHSC in March 2025 and was awarded in December 2025
- **2026** – Mercy applied for TCAC in May, will be notified of a decision in August



PERMANENT FINANCING

Total Development Costs	\$177M
• 4%tax credit equity/bonds	\$72.3M
• MOHCD Loan	\$52.3M
• AHSC Housing Loan	\$35.0M
• Permanent Loan	\$7.6
• GP Equity/Deferred Dev Fee	\$6.0M
• AHP	\$2.0M
• Accrued Interest	\$1.8M

Timeline	
• TCAC/CDLAC Application Deadline:	May 2026
• BOS approval of Ground Lease:	July 2026
• TCAC/CDLAC Awards Announced:	Aug 2026
• Early Demolition Start :	Sept 2026
• Construction Start:	Jan 2027
• Construction End:	Dec 2028
• Marketing & Leasing :	Late 2028/Early 2029



Representatives from Mercy Housing:

SEAN WILS, SENIOR PROJECT MANAGER, MERCY HOUSING
MICHAEL KAPLAN, ASSOCIATE DIRECTOR, MERCY HOUSING
RAMIE DARE, DIRECTOR OF REAL ESTATE, MERCY HOUSING