



1939 MARKET ST

BUDGET AND FINANCE
COMMITTEE

March 11, 2026

MATT GRAVES, SENIOR PROJECT
MANAGER

MAYOR'S OFFICE OF HOUSING AND
COMMUNITY DEVELOPMENT

1939 MARKET STBUDGET AND FINANCE COMMITTEE AGENDA ITEM

File #260183:

1. Request to execute the Standard Agreements with the California Department of Housing Community Development (HCD) under the Affordable Housing and Sustainable Communities Program (AHSC) for a total of \$47,579,100

\$35,000,000 - loan to Mercy Housing and MOHCD for housing construction,

\$12,579,100 - grant to various City agencies for public transit and social programming

\$47,579,100 – Total award

2. Request for authorization for MOHCD to accept the \$12,579,100 grant and expend the funds to SFMTA,

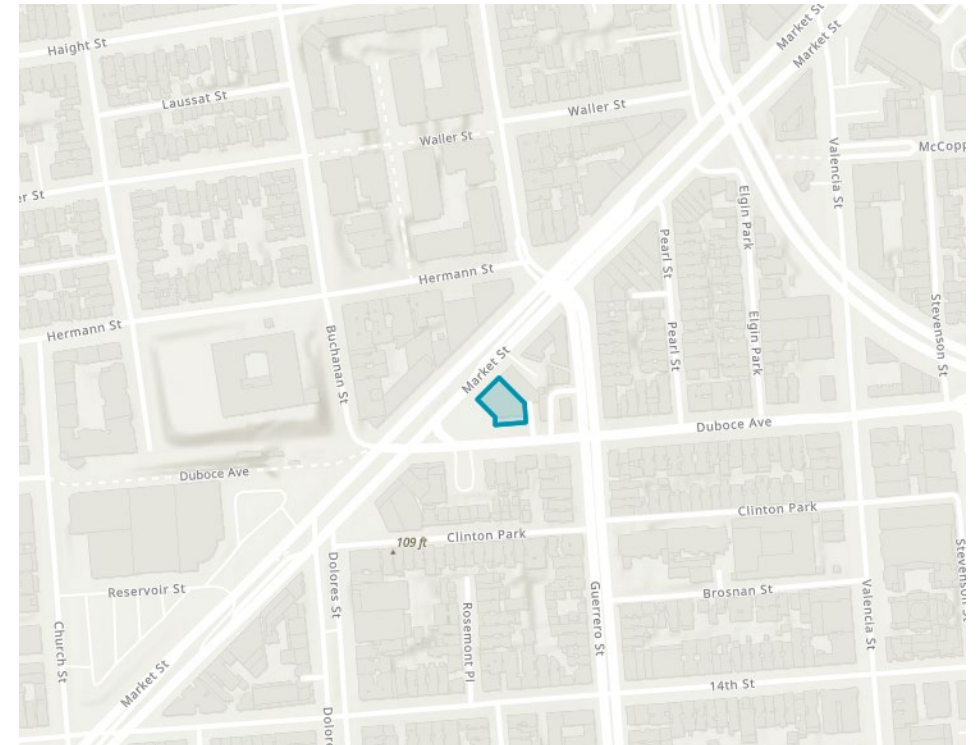


PROPOSED PROJECT

- 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
 - Open House as service provider
- AMIs from 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

- **2020** – City acquired the land at 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 ‘25 and was awarded in December ‘25



PERMANENT FINANCING

Total Development Costs

• 4% tax credit equity/bonds	\$76.1M
• MOHCD Loan	\$52.3M
• AHSC Housing Loan	\$35.0M
• GP Equity/Deferred Dev Fee	\$5.0M
• Permanent Loan	\$2.1M
• Accrued Interest	\$1.8M

Timeline

• TCAC/CDLAC Application Deadline:	May 2026
• TCAC/CDLAC Award:	Aug 2026
• BOS approval of Ground Lease and Loan Agreement	Dec 2026
• Construction Start:	Feb 2027
• Construction End:	Feb 2029
• Marketing & Leasing :	July 2028



AHSC Transportation Grant

Right of Way Improvements (Blue)

- 11th St (Market St to Bryant St)

\$8,000,000

Sensitive Bikeway Improvements (Orange)

- 8th St – Stevenson St to Mission
- 13th St – 11th St to Bernice St
- Polk St – McAllister St to Pine St

\$1,350,000

Rapid Bus Transit Improvements (Red)

- 9 station improvements, enhanced traffic signals, safety enhancements

\$2,363,000

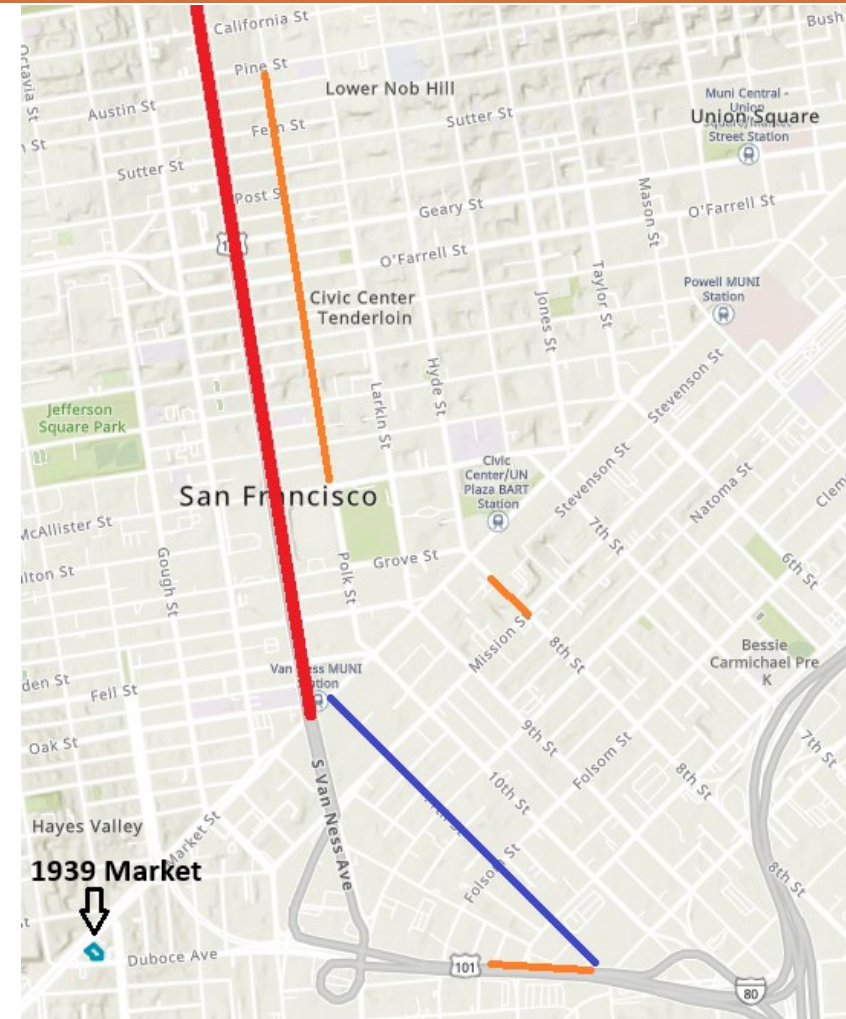
Program Enhancement

- Workforce Training, transit passes, internet access

\$866,100

TOTAL GRANT

\$12,579,100





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