



Notice of Funding Availability

Quick Start Revolving Loan Fund

Issued October 20, 2006

Revised April 13, 2010

Housing Endowment and Regional Trust of San Mateo County (HEART) is pleased to announce the availability of funding in the amount of \$1,265,000 remaining in its QuickStart Revolving Loan Fund. QuickStart offers assistance with the development of two distinct housing products:

- Multi-Family Rental Housing
- Ownership Housing

The QuickStart Program is designed to provide short-term, quick turn-around loans to assist with the early stages of development of the various housing products. Each of the three housing products mentioned above are eligible for funding assistance but each have distinct qualifying criteria and processes. All will have the following common characteristics:

- loan term of 3 years with the possibility of an extension
- loan principal and all accrued interest to be paid off when the development has been completed
- Interest rate of 2%
- All loans must be secured by a deed of trust against the development property
- A deed restriction relating to affordability will be recorded against the property upon completion of the project
- Project of development must be located within the jurisdiction of the member agencies of HEART (see Attachment 1 – “HEART Membership Roster”)

• **Multi-Family Rental Housing**

Qualifying Projects: Development of new rental housing in which at least 49% of the units will be rented to households earning no more than the HOME Limit as shown on Attachment 2 – “2008 San Mateo County Income Limits”. Also eligible for assistance will be projects involving conversion of non-residential space to housing units or rehabilitation of housing units that are currently uninhabitable. Ten percent (10%) of the units in the project must be affordable at 30% AMI or below. Preference will be given to projects offering greater number of affordable units or deeper affordability targeting.

Qualifying Applicants: Any corporation, non-profit or for-profit, or any public agency which intends to either own or substantially sponsor a qualifying project. Applicants must have a demonstrated ability to produce affordable rental housing. Evidence of independent auditing on an annual basis is also required.

Eligible Activities: Acquisition, reimbursement of pre-development expenses (e.g., architecture, engineering, legal, title/escrow, appraisal, environmental assessments, etc.) and/or construction.

Loan Amount: Maximum \$750,000; Loan to Value Ratio combining HEART QuickStart and any debt in superior lien position may not exceed 85% of appraised value.

• **Ownership Housing**

Qualifying Projects: Development of new ownership housing in which at least 49% of the units will be sold to Low Income households (See Attachment 2) at affordable prices.

Qualifying Applicants: Any corporation, non-profit or for-profit, or any public agency which intends to either own or substantially sponsor a qualifying project. Applicants must have a demonstrated ability to produce affordable ownership housing. Evidence of independent auditing on an annual basis is also required.

Eligible Activities: Acquisition, reimbursement of pre-development expenses (IE. architecture, engineering, legal, title/escrow, appraisal, environmental assessments, etc.) and/or construction.

Loan Amount: Maximum \$750,000; Loan to Value Ratio combining HEART Quick Start and any debt in superior lien position may not exceed 85% of appraised value.

Application Process

- **Multi-family Rental & Ownership Housing**

- Phase One: Developer Qualification – In order to qualify to submit an application for Quick-Start funds, the applicant must demonstrate that they meet the basic qualifications. If you think that you may want to apply for these funds you are highly encouraged to submit the required documentation as soon as possible, even if you do not have a specific property in mind for development. This pre-qualification will significantly cut the time required for any specific project application. Please submit the following:
 - If applicable, proof of non-profit 501(c)(3) status
 - Articles of incorporation and corporate by-laws
 - Roster of your Board of Directors
 - Audit – Copy of the most recent financial audit or your organization, including any management letters
 - Experience – provide a summary of completed projects demonstrating that your organization has the capacity to develop multi-family housing; specify the names and experience of your staff who will be responsible for such projects.

The above documents will be reviewed by program staff for adequacy; If all material is submitted by the 7th of the month, staff will make a recommendation to the Program Committee at the next regular committee meeting normally held on the 3rd Tuesday of each month. If approved, your organization will be added to a list of approved developers to be provided to the Application Review Sub-Committee. This process must take place before an actual project application will be considered.

- Phase Two: Project Application
 - Submit a pre-application letter describing the proposed project, indicating unit count, bedroom count & unit size, target market, amount requested and intended use of funds
 - Staff will review the pre-application letter within 5 working days and invite a full application if it meets the basic criteria.
 - The full application will be presented to the Application Review Sub-Committee as soon as staff is satisfied as to its completion and is prepared to make a funding recommendation.

Fees: No fees will be charged but developer will be responsible for the cost of an appraisal and the cost of title and escrow services which may be reimbursed from the proceeds of the loan.

For further information or to obtain an application contact:

HEART (Housing Endowment and Regional Trust)
264 Harbor Blvd, Bldg A
Belmont, CA 94002
Marina Yu, Affordable Housing Administrator
(650) 802-5039
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Attachment 1

HEART Members

As of February 2010

Town of Atherton
City of Belmont
City of Brisbane
City of Burlingame
Town of Colma
City of Daly City
City of East Palo Alto
City of Foster City
City of Half Moon Bay
Town of Hillsborough
City of Menlo Park
City of Millbrae
City of Pacifica
Town of Portola Valley
City of Redwood City
City of San Bruno
City of San Carlos
City of San Mateo
City of South San Francisco
Town of Woodside
County of San Mateo

Attachment 2: 2009 rent limits (still current as of 4/1/2010):



**San Mateo County
Department of Housing**

2009 SAN MATEO COUNTY INCOME LIMITS
as defined by US Housing & Urban Development (HUD) and State of CA HCD

-----INCOME LIMITS BY FAMILY SIZE-----								
Income Category	1	2	3	4	5	6	7	8
(1) Extremely Low*	\$23,750	\$27,150	\$30,550	\$33,950	\$36,650	\$39,350	\$42,050	\$44,800
(2) Very Low*	\$39,600	\$42,250	\$50,900	\$56,550	\$61,050	\$65,600	\$70,100	\$74,650
(3) HOME limit*	\$47,520	\$54,300	\$61,080	\$67,680	\$73,260	\$78,720	\$84,120	\$89,580
(4) Low *	\$63,350	\$72,400	\$81,450	\$90,500	\$97,700	\$104,950	\$112,200	\$119,450
Median**	\$67,750	\$77,450	\$87,100	\$96,800	\$104,550	\$112,300	\$120,050	\$127,800
Moderate**	\$81,300	\$92,900	\$104,550	\$116,150	\$125,450	\$134,750	\$144,050	\$153,300

-----MAXIMUM AFFORDABLE RENT PAYMENT-----					
Income Category	Studio	1-BR	2-BR	3-BR	4-BR
Extremely Low	\$594	\$636	\$764	\$883	\$984
Very Low	\$990	\$1,023	\$1,273	\$1,470	\$1,640
HOME Limit	\$1,078	\$1,273	\$1,527	\$1,762	\$1,968
Low	\$1,584	\$1,697	\$2,036	\$2,353	\$2,624
Median	\$1,694	\$1,815	\$2,178	\$2,517	\$2,808
Moderate	\$2,033	\$2,178	\$2,614	\$3,020	\$3,369

1. Maximum affordable rent based on 30% of monthly income and all utilities paid by landlord unless further adjusted by HUD. Utility allowances for tenant-paid utilities established by County of San Mateo's Housing Authority Section 8 Program.
NOTE: HOME limit rent set at lower of: (a) 30% of 60% AMI; or (b) FMR (HUD's Fair Market Rent). For 2009, the FMR for Studio is the lower rent.

2. The following is the assumed family size for each unit:
Studio : 1 1-BR : 2 2-BR : 3 3-BR : 4.5 4-BR : 6

* Income figures provided by HUD for San Mateo County federal entitlement programs (CDBG, HOME, ESG)

** Income figures provided by State of California HCD – Please verify the income figures in use for each specific program.