



2012 Annual Report



Opening Doors in Our Community
The Housing Endowment and Regional Trust of San Mateo County



JACK MATTHEWS



MARK MOULTON

Letter from Board Chair and Executive Director

For many who grow up here or commute to work in San Mateo County, it's hard to find a home that is affordable. The HEART mission is to meet critical county housing needs by raising funds from both public and private sources. Our focus is financing more affordable housing opportunities for working families and seniors with modest incomes.

What is HEART?

HEART is a community loan fund for housing. We operate as a Joint Powers Authority (JPA) and non-profit 501(c)(3). Nineteen cities in San Mateo County, as well as the County, belong to HEART. Our member jurisdictions pay dues, which fund much of the administrative cost of HEART. Their support allows HEART to direct donations from both the public and private sector to much-needed programs that create more affordable homes.

HEART Loan Programs

To support developments of multi-family rental housing, HEART offers short- and long-term construction and "bridge" loans as well as permanent financing. HEART can also lend to builders of affordable ownership housing. To date, HEART has invested \$7.8 million in affordable rental housing construction to create 784 homes. HEART is now in position to lend Proposition 1C funding of an additional \$700,000 to build affordable apartments that will serve families whose incomes are very low.

For families who work or live here and want to buy their first home in San Mateo County, HEART makes down payment assistance loans, working with Meriwest Mortgage. The "Opening Doors" program offers loans up to \$75,000 to well-qualified, first-time buyers or "move-closer" employees and enables families to buy a home with a five percent cash down payment. To date, we have loaned over \$2.3 million to 41 families who bought homes in Brisbane, Daly City, East Palo Alto, Foster City, Pacifica, Redwood City, San Carlos, San Mateo, San Bruno and South San Francisco. Through both programs, HEART has raised over \$12 million dollars and invested \$10.1 million to build, renovate or purchase 825 homes for working families and seniors.

What's next?

Affordable homes and apartments are still out of reach for too many residents and employees. The new apartments by MidPen Housing, 636 El Camino Family Housing in South San Francisco, serves working families with very low incomes. **MidPen received over 2300 applications for 109 available homes.** This indicates a great demand for affordable apartments in San Mateo County. Even a family earning a median income of \$95,000, with impeccable credit, still cannot afford to buy an average "starter" home here.

Because of the demand for housing and because of the dissolution of Redevelopment Agencies (RDAs) in California, there is more to do but less funding. In response, HEART is seeking new sources of community reinvestment funding from banks and community loan funds. HEART is meeting with cities to discuss their current needs, while exploring new ways for foundations, donors, and other community leadership organizations to invest in our affordable housing fund. Finally, HEART continues to seek a dedicated source of revenue from both state and local sources.

HEART's commitment to meeting the critical housing needs in our community remains strong. We are grateful to the many community members, partners, and donors who make our work possible.

Sincerely,

Jack Matthews
Chair, Board of Directors

Mark B. Moulton
Executive Director

"HEART is a big reason that working families can own a home in our county. With HEART, there's hope. Thank you for a job well done."

HONORABLE JACKIE SPEIER
CONGRESSWOMAN,
12TH CONGRESSIONAL
DISTRICT OF CALIFORNIA

HEART Board of Directors

Public Officials

Jack Matthews, Chair
City Council
City of San Mateo

Pam Frisella, Vice-Chair
Mayor
City of Foster City

Andy Cohen*
City Council
City of Menlo Park

Ron Collins
City Council
City of San Carlos

Maryann Moise Derwin
City Council
Town of Portola Valley

Rose Jacobs Gibson*
Board of Supervisors
County of San Mateo

Pedro Gonzalez
Mayor
City of South San Francisco

Robert Gottschalk
City Council
City of Millbrae

Don Horsley
Board of Supervisors
County of San Mateo

Tom Kasten*
City Council
Town of Hillsborough

Cliff Lentz
City Council
City of Brisbane

Laurence May
City Council
Town of Hillsborough

Dave Pine
Board of Supervisors
County of San Mateo

John Seybert
City Council
City of Redwood City

Community Leaders

Denise Aquila*
Alain Pinel Realty

Linda Asbury
The Edge

Julia Baigent
Attorney at Law

Karyl Eldridge
Peninsula Interfaith Action

Larry Franzella
Prudential CA Realty

Kitty Lopez
Samaritan House

Bill Nack
San Mateo County Building &
Construction Trades Council

Larry Nibbi
Nibbi Brothers General Contractors

Paul Shepherd
Cargill Salt

Joseph Galligan, Treasurer
Ex-officio
Galligan, Thompson & Flocas LLP

* Term ended in 2012

Buying Their First Home

“Opening Doors in Our Community” downpayment assistance program helps well-qualified, moderate-income families buy their first home in San Mateo County

- Together with a conforming mortgage from Meriwest Mortgage, HEART loans up to 75% of the downpayment, allowing the borrower to put 5% down with no private mortgage insurance (PMI) costs.
- Families may purchase a home up to \$521,250, with an income limit of \$150,000.
- Work or live in San Mateo County. FICO score of 680 or better.
- Find out more and apply online at www.heartofsmc.org



Project Manager and Adjunct Professor in San Carlos

Cris Advincula is a true local, spending his youth in San Carlos and Belmont. His wife, Koren Nishina is from Hawaii, and they longed to return to the west coast after college. Last year, they were grateful to find out about the HEART downpayment program. But even with a conforming mortgage loan from Meriwest Mortgage, they rode the crazy rollercoaster that is the current housing market in the Peninsula. Bidding on five homes in the past year, they were often outbid by buyers offering cash, in one case \$100,000 above asking price. When a townhouse in San Carlos came on the market, they rushed to make an offer and were elated to be accepted for their first home.



High School Teacher in Pacifica

The HEART loan program helps employees set down roots in San Mateo County. As a renter, San Mateo High School art teacher Julie Stock never thought she could afford to buy a home. Thanks to HEART and Meriwest Mortgage, she received the keys to her new home in Pacifica last year. According to her Realtor Suzan Getchell Wallace, “The HEART loan absolutely made this home affordable for Julie and we closed in 25 days. She saved almost \$7,000, both because the closing costs were lower and she did not have to buy private mortgage insurance.”



Biotech Manager and College Support Coordinator in San Mateo

Erica is from the Bay Area and met Joe during college. After Joe, a Global Project Manager for a biotech firm proposed to Erica, a College Support Coordinator for a non-profit organization, the two began looking for a home. “The HEART loan made sense in terms of purchase price and our salaries,” says Joe. “It fit our budget perfectly, and we got a quick response because it is a competitive loan.” The newlyweds found the perfect house in San Mateo.

HEART Member Cities and County

- Town of Atherton
- City of Belmont
- City of Brisbane
- City of Burlingame
- Town of Colma
- 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

HEART HOMEBUYER LOANS TO DATE:

Homes in: Brisbane, Daly City, East Palo Alto, Foster City, Pacifica, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco

# OF BORROWERS	HEART LOANS	TOTAL HOME VALUE
41	\$2.3M	\$15.3M

HEART loans to date

The Village at the Crossing – Opened May 2007

Jurisdiction: San Bruno
 Developer: Citizens Housing Corporation/KDF Communities
 People: 228 rental units for seniors
 HEART investment: \$1,730,000

Hillcrest Senior Housing – Opened November 2008

Jurisdiction: Daly City
 Developer: American Baptist Homes of the West
 People: 40 rental units for seniors
 HEART investment: \$510,000

Trestle Glen – Opened May 2010

Jurisdiction: County of San Mateo
 Developer: BRIDGE Housing
 People: 119 rental units for working families
 HEART investment: \$2.51 million

Ocean View – Occupied, under renovation

Jurisdiction: City of Pacifica
 Developer: National Church Residences
 People: 100 rental units for seniors
 HEART investment: \$500,000

636 El Camino – Opened Fall 2012

Jurisdiction: South San Francisco
 Developer: MidPen Housing
 People: 109 rental units for working families
 HEART investment: \$1,000,000

Peninsula Station – Opened Nov. 2010

Jurisdiction: City of San Mateo
 Developer: MidPen Housing
 People: 68 units for working families
 HEART investment: \$1,000,000

Delaware Pacific – Planning stages

Jurisdiction: City of San Mateo
 Developer: Palo Alto Partners in partnership with MidPen Housing
 People: 120 units for working families
 HEART investment: \$200,000

University Avenue Parcel – Land Acquisition

Jurisdiction: City of East Palo Alto
 Developer: EPA CAN DO
 People: Land for future construction of family housing
 HEART investment: \$344,000

HEART RENTAL LOANS RESULTS TO DATE

# OF UNITS	HEART FUNDS	TOTAL PROJECT	
784	\$7.8M	\$208M	TOTAL LEVERAGE
LOW-MODERATE	VERY LOW	EXTREMELY LOW	
118	493	173	\$26:\$1

HEART Volunteer Committee Members

Shiloh Ballard	Silicon Valley Leadership Group
Duane Bay	San Mateo County Department of Housing
Jeremy Dennis	Office of Assemblymember Richard Gordon
Rebecca Elliot	League of California Cities
Charisse Lebron-Cannon	Office of Supervisor Rose Jacobs Gibson*
Mary McMillan	Deputy County Manager
Shaun Naidu	Office of Assemblymember Jerry Hill
Laura Peterhans	Peninsula Interfaith Action
Sarah Rosendahl	Office of Supervisor Don Horsley
Laura Snideman	City of Half Moon Bay
Brock Winstead	Office of Senator Joe Simitian*

HEART Staff

Mark Moulton	Executive Director
Paula Stinson	Development and Communications Manager
Serena Ip	Business Manager
PROGRAM, FISCAL, AND LEGAL SERVICES: County of San Mateo	
Aimee Armsby	Deputy County Counsel
Duane Bay	Director of Housing
Scott Coe	Homebuyer Program Administrator*
Barbara Leff	Financial Services Manager
Janet Stone	Housing Policy & Production Manager
Thelma Villar	Financial Office Specialist
Marina Yu	Affordable Housing Program Administrator
Photos: Suzan Getchell Wallace, Serena Ip, MidPen Housing, Paula Stinson	

* Term ended 2012-2013

Responding To Community Needs and Investing In 784 Homes For Working Families And Seniors



Now we can begin our lives again

Many families are one paycheck away from disaster, and that's what happened to Julie and her children. After being laid off from her job of eleven years as a librarian researcher with a law firm, she spent a year looking for work. When they could no longer afford the in-law unit they were renting, her family moved into InnVision/ Shelter Network housing. Then, they were one of 2,300 people who applied for one of 109 apartments at 636 El Camino Family Housing in South San Francisco, and were accepted. "I feel like I can finally breathe again," she said. "Thank you to everyone who worked together to get these wonderful homes built"



With safe, secure housing we can put down roots

"Our apartment is beautiful, and I can support my family here," says Chris Dubon (left) a resident of HEART-funded Trestle Glen apartments, with his wife Nikole Kosier and their son. "We didn't know what to expect by applying for 'affordable housing,' but this has been a true blessing for us." Originally from South San Francisco, Chris and Nikole are grateful to be near family, and were one of 1500 families who applied for 119 units, located next to Colma BART.

hello housing making places where people thrive

facebook



New HEART programs to support affordable rental housing

- Thanks to a generous grant from Facebook, HEART offered grants to qualified housing providers in East Palo Alto and Menlo Park. Ten agencies responded to the \$25,000 Notice of Funds Available, which will be awarded in Spring 2013.
- HEART contracted with Hello Housing to provide housing program administration services to HEART member cities. With the collapse of Redevelopment Agency funds, HEART is seeking ways to support current city housing programs.

HEART Results

HEART RESULTS ALL PROGRAMS

# OF UNITS	HEART FUNDS	TOTAL PROJECT
825	\$10.1 M	\$223.3M
TOTAL LEVERAGE		
\$22:\$1		

On the Cover

HEART helps first time homebuyers

Newlyweds Cris and Koren (left) wanted to stay on the Peninsula. "Being local and growing up here, I really appreciate the chance to live in San Carlos and spend more time in the community. With rents now approaching \$3,000 for a two-bedroom apartment, our mortgage is less and we can start our lives here. I take BART to my job in the city, and Koren is teaching at several sites in the Peninsula. We couldn't be happier. Thank you HEART."

109 family apartments open in South San Francisco

In 2009 HEART received a donation from Genentech to help fund family housing in South San Francisco. Working with MidPen Housing, the City identified the site of a former trailer park, next to South San Francisco High School on El Camino Real. HEART made an early pre-development loan which helped leverage \$20M in additional investment. Over 2000 families applied for the 109 one, two and three-bedroom units, which opened in Fall 2012.

Statements of Activities

For the Years Ended June 30, 2012 and 2011

	2012	2011
Expenses		
General management and administrative support	\$302,915	\$304,031
Legal services	11,500	10,000
Interest on long-term debt.....	44,135	65,953
Miscellaneous	940	1,096
Total Expenses	359,490	381,080

Program Revenues

Operating grants and contributions		
Member agencies	262,522	291,761
Donors.....	131,530	122,967
Grant revenue	700,000	-
Charges for Services.....	8,136	6,400
Total Program Revenues	1,102,188	421,128
Net Program Revenue	742,698	40,048

General Revenues (Expenses)

Investment earnings	185,518	173,348
Total General Revenues	185,518	173,348
Extraordinary item - forgiveness of interest payable on long-term debt.....	90,000	-
Change in Net Positions	1,018,216	213,396

Net Positions - beginning, as restated 6,994,617 6,931,221

Net Positions - ending \$8,012,833 \$7,144,617

The Housing Endowment and Regional Trust's financial statements for the fiscal year ended June 30, 2012 are in the process of being audited by Badawi & Associates. A final audit is expected by summer 2013.

To obtain a copy of HEART's complete audited financial statements, please contact our office at 650-872-4444 x4# or visit our website www.heartofsmc.org

Statements of Positions

For the Years Ended June 30, 2012 and 2011

	2012	2011
Assets		
Cash and cash equivalents	\$1,440,392	\$3,164,876
Receivables, net:		
Interest	385,452	307,860
Loans	6,017,356	5,825,151
Other	119,417	1,316
Prepaid expense	-	693
Due from Other Fund.....	-	14,241
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents	300,000	662,968
Total Assets	8,262,617	9,977,105

Liabilities

Accounts payable	44,831	5,000
Noncurrent liabilities:		
Due in more than one year	204,953	2,827,488
Total Liabilities	249,784	2,832,488

Net Positions

Restricted for:		
QuickStart Revolving Loan-housing		
developers.....	-	325,174
Debt service - Loan Loss		
Reserve Account.....	-	30,000
Home Buyer Assistance Loan Program -		
pledge account	308,199	307,794
State of California - LHFP Grant..	700,000	-

Unrestricted 7,004,634 6,481,649

Total Net Assets \$8,012,833 \$7,144,617

COMMUNITY PILLARS: \$1 Million or more



PLATINUM HARDHAT

\$100,000-\$999,999

GOLDEN HARDHAT

\$50,000-\$99,999

SILVER HARDHAT

\$25,000-\$49,999



HEART Donors July 2011- April 2013

Roofers

\$10,000-\$25,000

Bank of America
Boston Private Bank & Trust Company
Cargill
Facebook
Genentech
US Bank

Framers

\$5,000-\$9,999

Estate of Sarah Brokenshire
DMB Redwood City Saltworks
Franklin Templeton Investments
Nibbi Brothers General Contractors
SAMCAR Foundation
Silicon Valley Bank Foundation
Wells Fargo

Finishers

\$1,000-\$4,999

BRIDGE Housing/ HomeBricks
Comcast
Concar Enterprises, Inc.
David D. Bohannon Organization
Maryann Moise Derwin
EBL&S Development, LLC
First National Bank of Northern California
Joe & Helen Galligan
Gilead Sciences
Supervisor Don Horsley
IBEW Local Union 617
Supervisor Rose Jacobs Gibson
Legacy Partners Residential
Meriwest Mortgage
MidPen Housing
Mills-Peninsula Health Services
Larry Nibbi
Orchard Commercial Foundation
Palo Alto Medical Foundation

The Pauls Corporation
Laura & Mike Peterhans
PG&E
Plumbers and Steamfitters Local 467
Prudential California Realty
Raiser Family Foundation, an advised fund of the Silicon Valley Community Foundation

Recology San Bruno
Recology San Mateo
Related California
Rey Vaden Family Foundation
SAMCEDA
San Mateo Credit Union
Sares Regis Group of Northern CA
Silicon Valley Community Foundation
South San Francisco Scavenger
Swinerton Foundation
Universal Paragon Corporation
W. L. Butler Construction

Bricks and Mortar \$500-\$999

Abrams & Associates
Alliance of San Mateo County Chambers of Commerce
Building Trades Council of San Mateo County
Cahill Contractors
John Conover
Karyl Eldridge
First Republic Bank
Jim Garvey
Monir McCartney
Sims Metal Management

\$250-\$499

Allied Waste of Daly City
Duane Bay
BRIDGE Housing
Jennifer Cheung
City of Millbrae

Ron Collins
David Crabbe Architect
Suzan Getchell Wallace
Hanson Bridgett LLP
Tom Kasten
Sergio Nibbi
Peninsula Health Care District
Renew Properties
Kay Sprinkel Grace
Diana Stephens

Up to \$249

Wanda Alfaro
Allan Alifano
Julie Baigent
Shiloh Ballard
Thomas Banks
Frank Bartaldo
John Beiers
Jess Benton
Betty Bernstein
Jim Bigelow
Virginia Bryant
Carol Gurley Bullock
Judy Burnham
Christian Canter
Audrey Cantley
Marie Chuang
Rebecca Clark
Chonita and Mike Cleary
Johnathan Coates
Kate Comfort Harr
Kelly Costa
Tom and Judy Cronin
Ryan Dang
Gordon Deegan
Sue Digre
Kaia Eakin
Mr. & Mrs. Homer Eaton
Adrienne Etherton
Ted and Lois Everett
Barbara Evers
Paul Fassinger
Dr. Kelly J. Fergusson
Helen Fiscaro
Paul Formosa
Marina Fraser

Pam Frisella
John Henry Fullen
Greg Galli
Mr. & Mrs. Ralph Garcia
Michael Garvey
Bob George
Office of Assemblymember Richard Gordon

Bob Grassilli
Carole Groom
Ellen Hage
Ed Hayes
Richard Hedges
Marc Hershman
Ines Hill
Ken Ibarra
Dr. & Mrs. Jack E. Kahoun
Kirsten Keith
Shelley Kessler
Art Kiesel
Sarah Kinahan
Rick Kowalczyk
Paul Krupka
Rigoberto Laguardia
Sandra Lang
Hudson Lee
Marian Lee
Brad Leveen
Carol S. Loucheim
Alan Louie
John Maltbie
Jeff Maltbie
Shelly Masur
Sara Matlin
Jack Matthews
Alex McIntyre
Nevada Merriman
Jed Miyashiro
Robert Morehead
Mhare Mouradian
Gene Mullin
Justin Murphy
Bill Nack
Ruth Nagler
Irene O'Connell
Steve Okamoto
Mark Olbert
William and Beverly Oldfield

Linda D. Ortega
Christine Padilla
Greg Galli
Dennis J. Pantano
Gina Papan
Deborah Pappas
Veril Phillips
Barbara Pierce
Kirsten Pinochi
Melissa Platte
LizaDawn Ramirez
Richard Reisman
Deven T. Richardson
Craig Robinson
Jim Rochotte
Keith Rockmael
Joyce Sam
Mark Sawicki
Leif Schaumann
Ernie Schmidt
Bill Schulte
Afsoon Shahrdrar
Office of Supervisor Joe Simitian
Robert Stafford
Paul Stewart
Janet Stone
Lisa Striebing
Lydia Tan
Office of Supervisor Adrienne Tissier
Corrin Trowbridge
Sue Vaterlaus
Vanitha Venugopal
Fred Voss
Marilyn Wacks
Brad Wiblin
Mike Wiley
Mrs. Ann Willard
Marina Yu
Betsy ZoBell
Kevin Zwick



 **HEART** 2012 Annual Report
OF SAN MATEO COUNTY

The Housing Endowment and Regional Trust of San Mateo County
139 Mitchell Avenue, Suite 108
South San Francisco, CA 94080
P: 650-872-4444 | F: 650-872-4411 | info@heartofsmc.org
www.heartofsmc.org

HEART is a public entity with 501(c)(3) status. Donations are tax-deductible.
Fed ID: 72-1589835

Contact us to subscribe to our monthly e-news or quarterly newsletter.