



2013 Annual Report



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



JACK MATTHEWS



MARK MOULTON

Letter from the Board Chair and Executive Director

We are creating jobs in San Mateo County again! However we are not building housing at the same rate. What we do have is too expensive for most middle-income families to afford to live here even though they work here. The mission of HEART is to meet critical county housing needs by raising funds from both public and private sources and to meet this challenge.

What is HEART?

HEART is a public-private partnership that operates as a Joint Powers Authority (JPA) and a non-profit 501(c)(3). Nineteen cities in San Mateo County, as well as the County, belong to HEART and pay dues to support administrative costs. HEART brings together all voices in our community: cities, employers, the private sector and the nonprofit sector, to create and fund more affordable homes.

HEART Loan Programs

HEART funds multi-family rental housing through short- and long-term loans for pre-development, construction or bridge loans, as well as permanent financing. HEART is currently requesting proposals for affordable ownership housing. To date, HEART has invested \$9.5 million in affordable rental housing construction to create 906 homes.

HEART is proud to report that in 2013 we loaned \$1.7 million in funds from Prop 1C to help finance pre-development work for 122 affordable apartments for veterans, low-income seniors and people with special needs in Menlo Park, East Palo Alto and North Fair Oaks. These loans provided a rare and critical source of early funds for pre-development or land acquisition costs, and will enable the developers to secure longer-term financing and apply for tax credit awards.

HEART also launched a new, competitive rapid small grants program for developers, thanks to a \$25,000 grant from Facebook. Pilot funds awarded by HEART helped rehabilitate apartments for low-income college students and female heads of households in East Palo Alto and funded environmental studies that will enable the expansion of an existing apartment complex for working families in Menlo Park.

HEART continues to offer one of the few programs for downpayment assistance loans in the County for first time homebuyers, where in 2013 the median home price of a single family house was \$935,000 and the median condo price was \$558,000. Working with Meriwest Mortgage, a subsidiary of Meriwest Credit Union, HEART makes loans of up to \$75,000 to families making up to \$150,000 with good credit who live or work in the County. By requiring only 5% down and not charging private mortgage insurance HEART and Meriwest help homebuyers make competitive offers. Even in this challenging market, HEART helped twelve families buy their first home in 2013.

What's next?

The rental market for families with modest incomes is even more difficult. People who are key to our local economy cannot afford to live here. Recently, when MidPen Housing advertised 60 units of affordable family housing at the new Delaware Pacific apartments in San Mateo over 2,000 qualified families applied.

HEART sees our need for more affordable housing as an opportunity, not an impossible challenge, and believes that by working together as a county we can entitle, support and fund more homes. In 2014 HEART will explore new ways for foundations, donors, and other community leadership organizations to donate and invest funds to create the homes that we need. HEART continues to work with statewide coalitions to support legislation that seeks to provide a dedicated source of revenue from both state and local sources.

Our commitment to meeting the critical housing needs of our community remains strong at HEART. 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

Don Horsley, Vice-Chair

Board of Supervisors
County of San Mateo

Ron Collins

City Council
City of San Carlos

Maryann Moise Derwin

City Council
Town of Portola Valley

Pedro Gonzalez*

Mayor
City of South San Francisco

Robert Gottschalk

City Council
City of Millbrae

Diane Howard++

City Council
City of Redwood City

Ken Ibarra

City Council
City of San Bruno

Cliff Lentz

City Council
City of Brisbane

Laurence May

City Council
Town of Hillsborough

Liza Normandy++

City Council
City of South San Francisco

Dave Pine*

Board of Supervisors
County of San Mateo

Warren Slocum++

Board of Supervisors
County of San Mateo

Community Leaders

Linda Asbury

The Edge

Julia Baigent

Attorney at Law

Karyl Eldridge

Peninsula Interfaith Action

Barbara Evers

Boston Private Bank & Trust
Company

Larry Franzella

Prudential CA Realty

Pam Frisella

Community Advocate

Kitty Lopez +

Samaritan House

Bill Nack

San Mateo County Building &
Construction Trades Council

Larry Nibbi

Nibbi Brothers General Contractors

Paul Shepherd

Cargill

Joseph Galligan, Treasurer

Galligan, Thompson & Flocas, LLP
Ex officio

+ Term ended in 2013 | * Term ended in 2014

++ Term began in 2014

Buying Their First Home

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

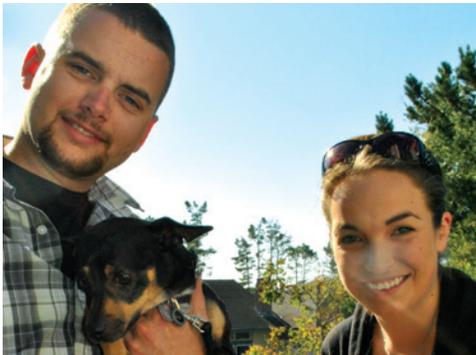
- Together with a conforming mortgage from Meriwest Mortgage, HEART loans up to 75% of the downpayment, allowing the borrower to put 5% down with no private mortgage insurance (PMI) costs.
- Families may purchase a home up to \$521,250, with an income limit of \$150,000.
- Work or live in San Mateo County.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



Sustainability Engineer and Nonprofit employee in East Palo Alto

Walker K., a self-employed mechanical engineer and sustainability consultant, and Casey S., a nonprofit philanthropic advisor knew they wanted to stay in San Mateo County when they got married and become part of their community. However, the need to save over \$100,000 for a downpayment for their first home was daunting. They were grateful to find the HEART downpayment program - a community response to escalating home prices.

Both are from the Bay Area and are well aware of the distorting influence on housing costs by high-tech salaries, and the problems of displacement and lack of affordable housing options. They bought their home from an owner/occupier and hope to get involved in neighborhood organizations to contribute to ongoing community development.



Police Officer in Pacifica

Chris Wallace grew up in Daly City and comes from a family tradition of law enforcement, so dedicated that he joined the Pacifica Police Explorers program when he was just 14. He has served as a full-time police officer in the City of Pacifica for the past three and a half years.

While many of his fellow officers live in the North, East or South Bay, he wanted to buy a condo and stay on the coast near family and work. He found out about the HEART program through an email that was sent to Pacifica city employees and realized that he could qualify, and that the 5% down and no PMI requirement made it financially possible. He made a successful offer on a condo in Half Moon Bay during the hyper-competitive real estate market because his Meriwest Mortgage loan officer John Souza was dedicated to helping him close the deal in 21 days.



High School Art Teacher in Pacifica

Julie Stock is one of HEART's first homeowners. She never thought she could own her own home as a teacher and single parent, but thanks to the additional purchasing power she had through the HEART Meriwest program she found a starter home in Pacifica to fix up. With the money she saved she has been able to remodel her kitchen, replace the floors and, with the help of friends and neighbors, build a raised garden and playhouse in the back yard. Her greatest joy is to be able to give back to her community both as a teacher and as a neighbor.

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, East Palo Alto, Foster City, Half Moon Bay, Pacifica, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco

# OF BORROWERS	HEART LOANS	TOTAL HOME VALUE
51	\$2.9M	\$21M

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 (Colma)
 Developer: BRIDGE Housing
 People: 119 rental units for working families
 HEART investment: \$2.51 million

Ocean View – Occupied, renovations complete

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

Peninsula Station – Opened Nov. 2010

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

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

Delaware Pacific – Predevelopment

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 Senior Housing – Predevelopment

Jurisdiction: City of East Palo Alto
 Developers: EPA CAN DO and MidPen Housing
 People: 46 units of senior housing
 HEART investment: \$744,565

Waverly Place – Predevelopment

Jurisdiction: North Fair Oaks
 Developer: Mental Health Association of San Mateo County
 People: 16 units for special needs individuals
 HEART investment: \$700,000

Willow Veterans Housing – Predevelopment

Jurisdiction: Menlo Park VA Campus
 Developer: CORE Affordable Housing
 People: 60 units for veterans
 HEART investment: \$700,000

HEART Results

HEART RENTAL LOAN RESULTS

# OF UNITS	HEART FUNDS	TOTAL PROJECT
906	\$9.5M	\$244M
TOTAL LEVERAGE		
\$26:\$1		

HEART RESULTS ALL PROGRAMS

# OF UNITS	HEART FUNDS	TOTAL PROJECT
957	\$12.4M	\$246.9M
TOTAL LEVERAGE		
\$25:\$1		

Responding to community needs and investing in 906 homes for working families, special needs families, college students, veterans and seniors



\$700K to Mental Health Association for land in North Fair Oaks

HEART made a \$700K loan to Mental Health Association (MHA) of San Mateo County for land acquisition in North Fair Oaks to construct 16 units of special needs housing for mentally disabled individuals. Waverly Place will feature studio apartments for adults living with serious mental illness. Not only will residents enjoy a community room with full kitchen, a landscaped courtyard, and laundry room but on-site services will include case management, wellness activities, nursing, occupational therapy, and medication assistance.



Tyree, a college student with his academic mentor at the Able Works grand opening

Facebook \$25K grant funds projects in East Palo Alto and Menlo Park

When HEART launched a new rapid small grants program with a \$25K grant from Facebook over 20 organizations applied for \$200,000 worth of projects. This shows both the dire need for early-stage development funds and the number of projects currently in the pipeline. Two groups received grants, which were completed in 2013.

Able Works, a nonprofit in East Palo Alto, renovated a four-unit building on Poplar in East Palo Alto. While the original goal was to provide shared housing for ten college students, the Board decided to also offer housing to young women heads of households who were participating in LiveAble:Women program, a group that meets regularly to learn financial literacy and receive career and education support.

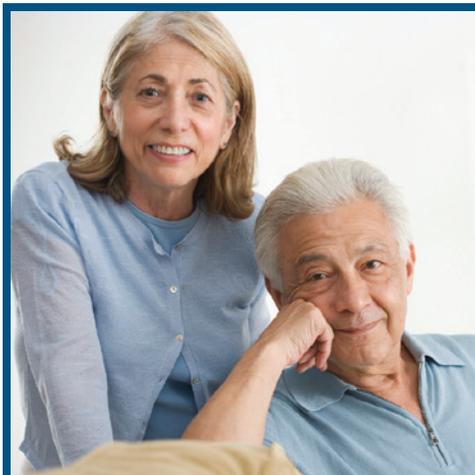
MidPen Housing received the second grant to conduct environmental studies for a proposed expansion of their Menlo Gateway family housing property in the Belle Haven neighborhood of Menlo Park, a 130-unit affordable housing property on Willow Road.



Erica and her daughter were able to move closer to her job in the Peninsula, and she will be able to continue attending college at night.

The power of partnerships: 46 homes for low-income seniors in East Palo Alto

In 2011 HEART worked with EPA CAN DO, a local affordable housing developer in East Palo Alto and made a loan of \$347,000 to assemble parcels on University Avenue for senior housing. This year EPA CAN DO formed a partnership with MidPen Housing to acquire the sixth and final parcel of land. HEART restructured the loan and has now invested \$744,565 for the land and pre-development costs to develop 46 units for low-income seniors. The proposed building will be two stories over parking on University Avenue across from Sacramento and Weeks Streets.



Statements of Activities

For the Years Ended June 30, 2013 and 2012

	2013	2012 as restated
Expenses		
General management and administrative support	\$333,489	\$302,915
Legal services	12,000	11,500
Interest on long-term debt	4,000	44,135
Grant funding	22,500	-
Miscellaneous	7,441	940
Total Expenses	<u>379,430</u>	<u>359,490</u>
Program Revenues		
Operating grants and contributions		
Member agencies	203,011	262,522
Donors	123,925	131,530
Charges for Services	6,900	8,136
Total Program Revenues	<u>333,836</u>	<u>402,188</u>
Net Program Revenue	(45,594)	42,698
General Revenues (Expenses)		
Investment earnings	178,902	185,518
Total General Revenues	<u>178,902</u>	<u>185,518</u>
Extraordinary item - forgiveness of interest payable on long-term debt	-	90,000
Change in Net Positions	133,308	318,216
Net Positions - beginning	<u>7,312,833</u>	<u>6,994,617</u>
Net Positions - ending	<u>\$7,446,141</u>	<u>\$7,312,833</u>

Statements of Positions

For the Years Ended June 30, 2013 and 2012

	2013	2012 as restated
Assets		
Cash and cash equivalents	\$1,969,097	\$1,440,392
Receivables, net:		
Interest	342,023	385,452
Loans	6,027,463	6,017,356
Other	-	119,417
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents	400,000	300,000
Total Assets	<u>8,738,583</u>	<u>8,262,617</u>
Liabilities		
Accounts payable	58,489	44,831
Unearned revenues	1,025,000	700,000
Noncurrent liabilities:		
Due in less than one year	208,953	-
Due in more than one year	-	204,953
Total Liabilities	<u>1,292,442</u>	<u>949,784</u>
Net Positions		
Restricted for:		
Home Buyer Assistance Loan Program - pledge account	408,570	308,199
Unrestricted	<u>7,037,571</u>	<u>7,004,634</u>
Total Net Assets	<u>\$7,446,141</u>	<u>\$7,312,833</u>

The Housing Endowment and Regional Trust's financial statements for the fiscal year ended June 30, 2013 are audited by Badawi & Associates.

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

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 2012-March 2014

Roofers
\$10,000-\$25,000

Bank of America
Boston Private Bank & Trust Company
Cargill
Facebook
Franklin Templeton Investments
Genentech
SAMCAR Foundation
Silicon Valley Bank Foundation
US Bank

First National Bank of Northern California
Joe & Helen Galligan
Rose Jacobs Gibson
Gilead Sciences
Hanson Bridgett LLP
The Hawkins Foundation
Don Horsley
IBEW Local Union 617
J. H. Robbins Foundation
K.N Properties
Legacy Partners Residential

Silicon Valley Community Foundation
South San Francisco Scavenger
Sutter Health - Mills-Peninsula Health Services
Sutter Health - Palo Alto Medical Foundation
Universal Paragon
W. L. Butler Construction
Wells Fargo
Wilson Meany Sullivan

\$250-\$499

Linda Asbury
Jim Bigelow
BRIDGE Housing
Ron Collins
David Crabbe
Karyl Eldridge
Larry Franzella
Tom Kasten
Christine Krolik
Laurence May
Northern CA Community Loan Fund

Duane Bay
BayAreaResource
Michele Beasley
Jess Benton
Betty Bernstein
Elaine Breeze
Charlie Bronitsky
Dave Burow
Karen Cameron
Blanca Cetin
City of Belmont
City of Burlingame
City of Foster City
City of Redwood City
City of San Carlos
Marge Colapietro
Core Companies
Clarissa Cortez
Sandy Council
Tom and Judy Cronin
Liz Cullinan
Warren Dale
Gordon Deegan
Tamara Del Bene
Sue Digre
Ted and Lois Everett
Barbara Evers
Paul Fassinger
Fidelity National Financial
First 5 San Mateo County

Framers
\$5,000-\$9,999

Estate of Sarah Brokenshire

Meriwest Mortgage
MidPen Housing
Maryann Moise Derwin
Nibbi Brothers General Contractors
Larry & Kathleen Nibbi

Bricks and Mortar
\$500-\$999

Allied Waste of Daly City
Julie Baigent
Building Trades Council of San Mateo County
William Butler
Byrd Family Fund
Cahill Contractors
City of Millbrae
Foster City Chamber of Commerce
Robert Grassilli
Plumbers and Steamfitters Local 467
Pamela Rummage Culp
Jill Singleton
Kay Sprinkel Grace
Christopher Wuthmann

Mark Olbert and Barbara McHugh
Mike Pacelli
Peninsula Health Care District
Dave Pine
San Mateo County Department of Housing

Up to \$249

Jeff Aalfs
Allen Alifano
Kristen Anderson
Rhovy Lyn Antonio
Aimee Armsby
Kathleen Awall
Thomas Banks
Adam Baughman

Finishers
\$1,000-\$4,999

David D. Bohannon Organization
Brookwood Equities
City of Redwood City
Comcast
Concar Enterprises, Inc.
Kevin Cullinane
Danford Foundation
Eden Housing
Karyl Eldridge and Jennifer Cheung

The Pauls Corporation
Laura & Mike Peterhans
PG&E
Prudential California Realty
Raiser Organization
Recology San Bruno
Recology San Mateo County
Related California
SAMCEDA
San Mateo Credit Union
Sares Regis Group of No. Calif.

HEART Donors July 2012-March 2014 (Continued)

Helen Fiscaro	HIP Housing	Melissa Lukin	Office of Senator Jerry Hill	Leif Schaumann
Bev Flinn	Housing Trust of Silicon Valley	Keri Lung	Steve Okamoto	Ernie Schmidt
Paul Formosa		Jeff Maltbie	William Oldfield	Joseph Silva
Matt Franklin	Diane Howard	Maria Martinucci	Andrea Osgood	Jeffrey A. Smith
Pam Frisella	Ken Ibarra	Jack Matthews	Andrea S. Papanastassiou	Diana Stephens
Ralph and Jean Garcia	Connie Jackson	Mark Moulton	Larry Patterson	Nancy Stern
Michael Garvey	Kirsten Keith	Bill Nack	Veril Phillips	Paula Stinson
Grace Garza	Donna M. Kelley	Ruth Nagler	Barbara Pierce	Lydia Tan
Patrick Guaghan	Shelley Kessler	Yosh and Grace Nakamura	Melissa Platte	Deborah Torres
Robert Gottschalk	Rick Kowalczyk	Liza Normandy	Melanie Prole	Town of Hillsborough
Carole Groom	Paul Krupka	Shokoofeh Nowbakht	Daniel F. Quigg	United American Bank
Pradeep Gupta	Clifford Lentz	Mardie Oakes	Diana Reddy	Mrs. Ann Willard
Mark Haesloop	Ross Levy	Irene O'Connell	Deven T. Richardson	David Woltering
Ed and Carolyn Hayes	Marshall Loring	Office of Assemblymember Kevin Mullin	Craig Robinson	Christine Wozniak
Hello Housing	Carol S. Louchheim	Office of Assemblymember Rich Gordon	Joyce Sam	Cherlene & Alex Wright
Marc Hershman	Alan Louie		Mark Sawicki	Marina Yu

HEART Volunteer Committee Members

Bill Lowell	San Mateo County Department of Housing
Jeremy Dennis	Office of Assemblymember Richard Gordon
Laura Peterhans	Peninsula Interfaith Action
Sarah Rosendahl	Office of Supervisor Don Horsley

HEART Staff

Mark Moulton	Executive Director
Paula Stinson	Development and Communications Manager
Serena Ip	Business Manager

PROGRAM, FISCAL, AND LEGAL SERVICES

Barbara Leff	Acting Financial Services Manager, County of San Mateo
Bill Lowell	Director of Housing, County of San Mateo
Justin Mates	Office of the County Counsel, County of San Mateo
Thelma Villar	Financial Office Specialist, Dept. of Housing
Matt Warner	HEART Homebuyer Program, Hello Housing
Marina Yu	Affordable Housing Program Administrator, Dept. of Housing

Photos: **Mental Health Association of San Mateo County, Paula Stinson**

Graphic Design: **Josh Wright Design**

On the Cover

HEART helps first time homebuyers

Walter and Casey bought their first home in East Palo Alto with the help of HEART's downpayment assistance loan. "HEART helped us become part of this community and we would like to pay it forward by sharing our story with others." Christopher, a police officer in Pacifica, bought a condo in Half Moon Bay so he could stay close to his job and his family in Daly City.

Funds for supportive housing in North Fair Oaks

As part of the State's Prop 1C awards, HEART made a \$700K loan to Mental Health Association of San Mateo County for land acquisition to construct 16 units of special needs housing for mentally disabled individuals.



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.