

The HEART of San Mateo County 2007 ANNUAL REPORT



OPENING DOORS IN OUR COMMUNITY



Organizing Our Community and Investing in 487 Homes for Working Families and Seniors

HEART Commitments 2006-2007

The Village at the Crossing

Open May 2007
 JURISDICTION: San Bruno
 DEVELOPER: Citizens Housing Corporation/KDF Communities
 POPULATION: 228 rental units for seniors
 HEART INVESTMENT: \$1,730,000

Trestle Glen

Groundbreaking May 2008
 JURISDICTION: County of San Mateo
 DEVELOPER: Bridge Housing
 POPULATION: 130 rental units for working families, including on-site day care
 HEART INVESTMENT: \$2.48 million

Hillcrest Senior Housing

Under construction
 JURISDICTION: Daly City
 DEVELOPER: American Baptist Homes of the West
 POPULATION: 40 rental units for seniors
 HEART INVESTMENT: \$510,000

Ocean View

Occupied
 JURISDICTION: City of Pacifica
 DEVELOPER: National Church Residences
 POPULATION: 100 rental units for seniors
 HEART INVESTMENT: \$500,000



Meet Ly and Karen

Ly is a retired chemist, who volunteers in the community. Karen worked for the airlines, and now practices acupuncture part time. They were grateful to find out they could each qualify for an apartment at The Village at the Crossing, a 228-unit showcase development in San Bruno which opened in 2007, with help from HEART.

Both are active in the residents association, which is one of the services offered through Citizens Housing Corporation, and feel that the ability to create community is the best part of their life here.

"I love healing people with Chinese medicine," says Karen, "but I had to stop working full time several years ago because of a back injury. As a single woman I've always worried about the future, and I feel a sense of security here. I didn't even know I would qualify," she said with a laugh. "I think we all find happiness in being useful and being a benefit to the community."



Every \$1 in HEART funds leveraged \$13 in funds from other sources.

UNITS	VERY LOW	EXTREMELY LOW	HEART \$	TOTAL \$
487	364	123	\$5.2M	\$83.5M

HEART Staff

HEART Volunteer Committee Members



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www.heartofsmc.org

HEART is a public entity and donations are tax deductible. Fed ID: 72-1589835

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

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 Paula Stinson
 Development and Communications Manager
 Sherri Stevenson
 Administrative Assistant
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Shiloh Ballard, Silicon Valley Leadership Group
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 Mary McMillan, Deputy County Manager
 Mark Nagales, Office of Assembly Member Gene Mullin
 Ross Nakasone, Office of the County Manager
 Laura Peterhans, Peninsula Interfaith Action
 Marianne Quarre Dean, Community Volunteer
 Laura Snideman, City of San Mateo

Photos: Maxine Bauer, Yvonne Chamberlin, Anita Patterson, Troy Paiva, Paula Stinson

Letter from the Board Chair and Executive Director



CAROLE GROOM



CHRISTOPHER MOHR

“Through its public/private approach, the HEART of San Mateo County is in the forefront of affordable housing, and our community is the beneficiary of its leadership.”

—HONORABLE ANNA ESHOO
Congresswoman,
14th Congressional
District of California

HEART continued its growth and development in 2007, with major new funding thanks to Genentech, Inc., new investments made in development of almost 500 new or rehabilitated affordable rental apartments, and a new homebuyer assistance program nearly ready to launch.

The year 2007 also brought increasing uncertainty in the housing market. In San Mateo County, the median home price continued to climb, as high-priced homes continued to sell. Meanwhile, sales of moderately-priced houses stagnated as the mortgage credit markets tightened up considerably, especially for middle-income borrowers. And while foreclosures in San Mateo County increased by 85% at the end of 2007, the actual number was still far lower than in most California counties.

It became clear in 2007 that San Mateo County had outsourced its moderately-priced homes to the East Bay and even the Central Valley. Many who work here and commute across the Bay found it increasingly difficult to afford adjustable rate mortgage resets—especially with gasoline prices climbing toward \$4 a gallon by 2008.

HEART is dedicating its capital toward solutions—intellectual, political and moral capital, as well as the financial capital so greatly needed to increase opportunities and strengthen our community. Fortunately, HEART leverages funds from other sources at a high ratio to make these developments possible, and to soon offer homebuyer assistance loans. And thanks to HEART’s public members, who pay for the bulk of HEART’s administration, currently HEART dedicates **all donations from the private sector to much-needed programs** to create affordable homes for the employees and residents of San Mateo County.

HEART has grown up in the last year, and we are grateful to the many community members, partners, and donors who have made that possible.

Sincerely,

Carole Groom
Carole Groom
Chair, Board of Directors

Christopher Mohr
Christopher Mohr
Executive Director

HEART Board of Directors

Community Leaders

Denise Aquila
President, San Mateo County
Realtors Foundation

Linda Asbury
President/CEO, San Mateo Area
Chamber of Commerce

Julie Baigent
Attorney at Law

John Conover
President & CEO, Borel
Private Bank & Trust Company

Karyl Eldridge
Peninsula Interfaith Action

Patrick Gemma
Superintendent, Sequoia Union
High School District*

Michele Jackson
Executive Director
Shelter Network

Bill Nack, Vice Chair
Executive Officer, San Mateo
County Building & Construction
Trades Council

Larry Nibbi
CEO, Nibbi Brothers Construction

Paul Shepherd
Land Manager, Cargill Salt

Public Officials

John Boyle
City Council,
City of Menlo Park

Larry Franzella
Mayor, City of San Bruno

Pedro Gonzales
Mayor, City of
South San Francisco++

Richard Gordon
Board of Supervisors
County of San Mateo

Carole Groom, Chair
Mayor, City of San Mateo

Diane Howard
Vice-Mayor
City of Redwood City

Rose Jacobs Gibson
Board of Supervisors
County of San Mateo

James R. Janz
Mayor
Town of Atherton

Tom Kasten
City Council
Town of Hillsborough

Gina Papan
Mayor, City of Millbrae

Sal Torres
City Council, City of Daly City

David Woods
City Council
City of East Palo Alto*

* Term ended 2/08
++ Term ended 3/08



Senior Needs

Elsie Deehan, 88, has lived at Ocean View senior apartments in Pacifica for 24 years.

In 2007, HEART made an emergency, short-term loan of \$500,000 for critical repairs.



To Employee Housing

HEART's new loan fund will be available to employees with a household income level of up to \$150,000, who work in San Mateo County or live in a HEART member city, and want to be able to buy a home to be closer to transit in San Mateo County.

Programs in 2007–2008

QuickStart Revolving Loan Fund

HEART launched the \$2.6 million QuickStart Revolving Loan Fund in late 2006 to invest in affordable housing construction, with more flexible terms for a wider variety of borrowers. Thanks to an investment of \$1 million from Wells Fargo, a \$1.5 million investment from the California Housing Finance Agency, and a \$150,000 grant for supportive housing from the Silicon Valley Community Foundation, HEART will jump-start construction of new homes for working families through three new loan options:

- Multifamily rental housing developments
- Ownership housing developments
- Loans to individuals for construction of second units, also known as “in-law apartments,” an affordable choice for family members, students, and singles.

The first two loans have been made to:

- Ocean View apartments in Pacifica. Managed by National Church Residences, the 100 units of supportive housing for seniors offer deeply subsidized rents and easy access to stores and the local senior center.
- Trestle Glen apartments in unincorporated Colma for \$ 750,000.

Opening Doors Homeowner Assistance Loan Fund

In working with the business and real estate community, HEART learned employers consider the high cost of housing to be their number one problem in hiring and retaining qualified employees. In addition, the mortgage crisis has severely affected the ability of middle-income families to get the large loans needed for this market.

In coordination with the San Mateo County Department of Housing, HEART will launch a new program in 2008 to help qualified homebuyers. Working with Meriwest Mortgage, a wholly owned subsidiary of the not-for-profit Meriwest Credit Union, HEART will offer a below-market rate second loan, paired with a first mortgage at a favorable interest rate, and help lower the monthly mortgage payment.

HEART Member Cities and County

Who do we need here who can't afford to live here?

Front cover photos, top to bottom

Officer Brian Hedley

loves his job with the San Mateo police force, but must commute long hours from Tracy. This affects both his job and family time during emergencies, court dates and on-call events.

Entry level and "move closer" employees

HEART's Homebuyer Assistance Program offers working families a chance to buy their first home or move closer to transit in San Mateo County. Recruiting and retaining employees is a top concern for area businesses.

Barbara Kirkpatrick

lives in Ocean View senior apartments in Pacifica, recently funded by HEART. "My family is not close, and I feel so safe here," she said.

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

Creating a Housing Trust Fund to Solve San Mateo County's Affordable Housing Crisis

Structure and Governance

HEART is a public/private partnership dedicated to meeting critical housing needs in San Mateo County. We do this by raising funds for affordable-home development, offering homebuyer assistance loans, and advocating for more funding.

Created in 2003 as a joint powers authority (JPA) by San Mateo County, several cities and the private sector, HEART's governing board of directors includes two County Supervisors, nine city council members, and up to ten members of the private sector. Nineteen of the twenty cities in San Mateo County are members of HEART, as is the county itself. Dues paid by the cities and the county cover all administrative and management costs. Thus, all donations to HEART are used to fund programs. HEART contracts with a small staff to carry out program management, fundraising and communications. The County of San Mateo provides program design and oversight, financial management and legal counsel.

Fundraising

HEART salutes 2007 major corporate donors Genentech, Inc. for pledging \$1 million, and Cargill/Redwood City Industrial Saltworks for a \$50,000 challenge match grant. HEART also thanks the San Mateo County Association of Realtors (SAMCAR), who held their third annual charity golf tournament in 2007 to benefit HEART, raising a total of \$120,000 over the years. HEART has received additional financial support from major employers, builders, developers, labor unions, and individual donors.

HEART continues to pursue the creation of a source of dedicated public revenue for affordable housing, and strongly supported the passage of the state's Prop 1C housing bond in 2006, which will allocate \$35 million for the state's housing trust funds in 2008. HEART also backed the creation of a National Housing Trust Fund.

Opening Doors in Our Community: the Campaign for HEART

In May 2007, HEART launched a \$3 million private sector fundraising campaign to fund the creation of 600 new homes. We have raised \$2.5 million to date.

HEART Donors

COMMUNITY PILLARS: \$1 MILLION OR MORE



California Housing and Community Development Department • California Housing Finance Agency • County of San Mateo • Genentech, Inc • Wells Fargo

PLATINUM HARDHAT
\$100,000-\$499,999

GOLDEN HARDHAT
\$50,000-\$99,999

SILVER HARDHAT
\$25,000-\$49,999



CAN YOUR CHILD'S TEACHER AFFORD AN \$824,500* STARTER HOME?



*source CA Association of Realtors, June 2007

NO. That's why HEART is funding new, affordable homes in San Mateo County.



Find out how you can help.
www.heartofsmc.org/impact
650-872-4444/Paula

Public Outreach

We are grateful to our media sponsors for donating over \$200,000 of in-kind advertising: *The San Francisco Examiner* (above), *The San Francisco Business Times*, and Comcast. Public support for more housing construction is the key to our success.

Executive Director Christopher Mohr speaks to numerous community groups. HEART is a prominent source of information for the media about housing needs in San Mateo County. HEART offers a monthly e-newsletter and a quarterly newsletter to over 2000, people supported by a grant from Washington Mutual.

Statements of Activities

For the Years Ended June 30, 2007 and 2006

	2007	2006
Expenses		
General management and administrative support	\$258,780	\$215,580
Legal services	10,000	10,000
Research	—	20,000
Branding and communications	2,587	21,514
Interest on long-term debt	4,444	—
Miscellaneous	64	—
Total Expenses	275,875	267,094
Program Revenues		
Operating grants and contributions		
Member agencies	222,097	159,868
County of San Mateo	200,000	200,000
State of California ⁽¹⁾	1,745,000	—
Other	91,720	94,324
Total Program Revenues	2,258,817	454,192
Net Program Revenue	1,982,942	187,098
General Revenues (Expenses)		
Investment earnings	119,173	62,463
Securities lending income	9,385	17,265
Securities lending expenses	(9,157)	(17,838)
Total General Revenues (Expenses)	119,401	61,890
Change in Net Assets	2,102,343	248,988
Net Assets—beginning	2,612,844	2,363,856
Net Assets—ending	\$4,715,187	\$2,612,844

(1) Funds from Prop. 46 Local Housing Trust Fund Program.
Total match grant is \$2,000,000.

The Housing Endowment and Regional Trust's financial statements for the fiscal year ended June 30, 2007 have been audited by the Controller's Office of the County of San Mateo, who issued an unqualified opinion on the statements. To obtain a copy of HEART's complete audited financial statements, please contact our office at 650-872-4444.

TOTAL PROGRAM AND ADMINISTRATION: \$9,973,230
SPRING 2003-SPRING 2008

ADMINISTRATION 8.8% 91.2% PROGRAM

Statements of Net Assets

For the Years Ended June 30, 2007 and 2006

	2007	2006
Assets		
Cash and cash equivalents	\$1,170,265	\$2,585,728
Securities lending collateral	216,811	407,680
Receivables, net:		
Accounts	15,000	16,001
Interest	14,096	26,785
Loans	3,490,000	—
Restricted assets:		
Temporarily restricted	1,030,270	—
Cash and cash equivalents	5,936,442	3,036,194
Total Assets	9,936,442	3,036,194
Liabilities		
Accounts payable	4,444	15,670
Securities lending collateral due	216,811	407,680
Noncurrent liabilities:		
Due in more than one year	1,000,000	—
Total Liabilities	1,221,255	423,350
Net Assets		
Restricted for:		
QuickStart Revolving Loan housing developers/homeowners	1,000,192	—
Debt service - Loan Loss Reserve Account	30,078	—
Unrestricted	4,685,109	2,612,844
Total Net Assets	\$4,715,187	\$2,612,844

CUMULATIVE FUNDS GIVEN OR PLEDGED BY SOURCE SPRING 2003-SPRING 2008

Source of Funds	Housing Programs	Administration
County of San Mateo: Gift	\$3,000,000	\$ 75,000
CA Dept. of Housing	2,000,000	—
CA Housing Finance Agency (CalHFA)	1,500,000	—
Wells Fargo	1,000,000	—
Other gifts and private donations	1,322,405	5,000
Foundation Grants	150,000	59,474
Public agency dues	—	741,950
Interest income	119,401	—
TOTAL COMMITMENTS	\$9,091,806	\$881,424

HEART Donors

ROOFERS

\$10,000-\$24,999

City of San Carlos
Concar Enterprises, Inc.
Palo Alto Medical Foundation
Laura and Michael Peterhans
San Francisco Business Times
Charles and Helen Schwab Foundation
Washington Mutual

FRAMERS

\$5,000-\$9,999

Citibank
Guardian Equity Growth II, Inc.
SummerHill Homes

FINISHERS

\$1,000-\$4,999

Allied Waste Services

Anonymous
Clearinghouse CDFI
John Conover
EBL&S Development, LLC
Karyl Eldridge
Larry Franzella
Michele Jackson
Pearlstein Family Foundation
Plumbers and Steamfitters Local 467
Sheet Metal Workers 104
Paul Shepherd
Silicon Valley Bank Foundation
United American Bank

BRICKS AND MORTAR

\$500-\$999

Denise Aquila
First National Bank of Northern California
Rich Gordon

Carole Groom
James Janz
Tom Kasten
West Bay Housing Corporation

\$250-\$499

Linda Asbury
Julia Baigent
Cassandra Benjamin
Patricia Boyle
Patrick Gemma
Bob Grassilli
Diane Howard
Rose Jacobs Gibson
William Nack
Dr. William L. and Florette Schwartz
Sal Torres

Up to \$249

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