



**HEART**  
OF SAN MATEO COUNTY

**10**  
YEARS  
OF SERVICE

# 2016 Annual Report



## Opening Doors in Our Community

The Housing Endowment and Regional Trust of San Mateo County



DON HORSLEY



ARMANDO SANCHEZ

# Dear Friend,

Over the past year, HEART has been reenergized and we have set high goals for ourselves in 2017. While the environment for affordable housing remains a challenge, we have seen our community come together and show resilience and determination in creating affordable housing. There are many obstacles – from a relentless need for affordable housing to the persistent challenges of finding resources to finance housing projects – but what continues to come through is our community’s commitment to making housing affordable for working and disadvantaged families.

In 2016, our internal goal was to become an independent, organization. Over the past 10 years, the Housing Leadership Council provided vital administrative support to HEART, and we thank them for their support. Since July 2016, HEART has operated independently and we have decided to add a staff position. This will allow us to intensify our efforts to pursue and diversify our funding sources, improve our programs, create new opportunities to support the development of affordable housing and build new partnerships.

We are pleased to report that in 2016 we provided predevelopment financing for Bay Meadows Housing to create 68 units of very low-income housing. Despite a slow start due to new government lending requirements, we also made loans to help seven families purchase their first homes San Mateo County. And thanks to a change in State law that now allows school districts to build teacher housing, we have started working with school districts to providing technical assistance and provide them with predevelopment loans. We hope to be making an announcement on this soon!

As we move forward in 2017 and beyond, we are proud of what HEART has accomplished in 2016 and excited about the future. Our organization and community are strong and vibrant, and together we will continue our efforts to create affordable housing for low- and moderate-income families.

Don Horsley  
Chair, Board of Directors

Armando F. Sanchez  
Executive Director

“Home is where the heart is. Thanks to HEART, working families can own a house and make a home in San Mateo County. Thank you HEART. Keep up the great work!”

**Kevin Mullin**  
California Assembly Speaker Pro Tem, District 22

## HEART Board of Directors

### PUBLIC OFFICIALS

- Don Horsley, Chair**  
Board of Supervisors  
County of San Mateo
- Ron Collins, Vice Chair**  
City Council, City of San Carlos
- Rick Bonilla**  
Deputy Mayor, City of San Mateo
- Maryann Moise Derwin**  
Town Council, Town of Portola Valley
- Diane Howard**  
City Council, City of Redwood City
- Ken Ibarra**  
Vice Mayor, City of San Bruno
- Doug Kim**  
Vice Mayor, City of Belmont
- Cliff Lentz**  
City Council, City of Brisbane

- Liza Normandy**  
City Council, City of South San Francisco
- Anne Oliva**  
City Council, City of Millbrae
- Warren Slocum**  
Board of Supervisors,  
County of San Mateo

### COMMUNITY LEADERS

- Linda Asbury\***  
The EDGE
- Julia Baigent**  
Attorney at Law
- Anne E. Campbell\*\***  
San Mateo County Superintendent of Schools
- Karyl Eldridge**  
Faith in Action

- Josie Ramirez\***  
Boston Private Bank & Trust
- Larry Franzella**  
Berkshire Hathaway Realty
- Pam Frisella**  
City of Foster City, ret.
- Kitty Lopez**  
First 5 San Mateo County
- Jack Matthews**  
John Matthews Architects
- Bill Nack**  
San Mateo County Building & Construction Trades Council, ret.
- Paul Shepherd**  
Cargill, ret.
- Marcia Raines, Treasurer**  
City of Millbrae, ex officio

\*Term ended \*\*Began new term



**“We teach and grew up here, and now we can stay in the community that we love.”**

Every year Jennifer and Nicholas faced the stress of rent increases for their duplex in San Mateo. They knew they wanted to buy a home to create stability for their family. Nicholas teaches art at a San Mateo high school while Jennifer grew up in San Bruno and wanted to stay near family. Both worried about being priced out, but they didn't know how they could afford a home in San Mateo County. With HEART's help, they achieved their goal. **“We saved for years and stretched to bid on a home at the top of our budget, but it still needed extensive work. Thanks to HEART, with only 5% down we have had the funds to make repairs, along with lots of sweat equity help from our family.”**

They are grateful that there is a program to help middle income families get into the housing market in San Mateo County, **“We did our homework, but HEART gave us a tool to use. We are so proud to make our life here in Pacifica.”**

# Their First Home

## HEART increases home purchase limits to \$781,875

The “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 lends 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 \$781,875, with an income limit of \$150,000.
- Work or live in San Mateo County.
- FICO score of 680 or better.
- **Apply at [www.heartofsmc.org](http://www.heartofsmc.org).**

### HEART Homebuyer Results

2016-2017 homes bought in **Half Moon Bay, Pacifica, San Bruno, South San Francisco**

TOTAL # OF BORROWERS	HEART LOANS	TOTAL HOME VALUE
70	\$4.2M	\$31.5M



**“I attended several HEART workshops and saved to buy my first home.”**

Adrianna comes from a close-knit family in South San Francisco. When she graduated from San Jose State and got her first job in HR, she wanted to purchase her own home but had no idea how to do it. She attended several HEART workshops to learn how. She re-prioritized her life, began saving and worked with a Realtor who is familiar with the HEART program and the San Mateo County real estate market. Today, at 27, she is the proud owner of a studio condo in San Bruno. **“I couldn't have done this without the HEART loan and the help and education from HEART and Meriwest,”** she says.



**Two teachers, priced out of two rentals, find their dream home in Pacifica.**

Jonathan grew up in Belmont and has been teaching in Pacifica for years. His wife Anna teaches in Mill Valley. With two children, they were running out of options for affordable rent. Jonathan heard about HEART from Julie – a teacher and HEART homebuyer. They started looking and put offers on several homes, but were outbid.

They found a three-bedroom home in Pacifica and put in an offer. When the winning offer fell through, the owner offered to sell them the home at the asking price. With help from HEART and John Souza at Meriwest Mortgage, this family of teachers was able to stay in and contribute to the community they love.

# 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 – Renovations complete Spring 2017

Jurisdiction: City of Pacifica  
 Developer: BRIDGE Housing  
 People: 100 rental units for seniors  
 HEART investment: \$500,000

## Peninsula Station – Opened Fall 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 – Opened Winter

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 – Under construction

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 – Pre-development

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

## Willow Veterans Housing – Opened Winter 2016

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

## 612 Jefferson Avenue – Land Purchase

Jurisdiction: Redwood City  
 Developer: Habitat for Humanity Greater San Francisco  
 People: 20 condominiums for sale to working families  
 HEART investment: \$500,000

## Bay Meadows Affordable – Pre-development

Jurisdiction: San Mateo  
 Developer: BRIDGE Housing  
 People: 68 units for working families  
 HEART investment: \$500,000

# HEART Results

## CONSTRUCTION LOAN RESULTS

# OF UNITS	HEART FUNDS	TOTAL PROJECT
989	\$10.6M	\$336.6M
TOTAL LEVERAGE		
\$31 : \$1		

## ALL PROGRAMS RESULTS

# OF UNITS	HEART FUNDS	TOTAL PROJECT
1,057	\$14.8M	\$368.1M
TOTAL LEVERAGE		
\$25 : \$1		

# Pre-Development Loans: Early Investments Create a Foundation



## Bay Meadows Affordable

### Funding for very low-income San Mateo housing

HEART provided a \$500,000 loan to BRIDGE Housing for pre-development of Bay Meadows Affordable Housing, a 68-unit apartment complex on South Delaware Street in San Mateo. This loan demonstrates HEART's value to the community and its commitment to funding affordable housing through its ability to quickly coordinate with developers and city staff to assess and fund projects. "Financing for affordable housing is always difficult to obtain, so we are pleased that HEART was able to approve this loan within three weeks of receiving an application from BRIDGE Housing," said Supervisor Don Horsley, Chair of the HEART board.

"We rely on HEART for early funding that we can't get elsewhere," said Ali Gaylord, Director of Development at BRIDGE Housing. Construction is expected to begin in 2018.



## Support for school districts

For 2017, HEART is expanding its loan program to offer technical assistance and early, pre-development loans to school districts. The program will help school districts plan and construct teacher and staff housing on school land. HEART Executive Director Armando Sanchez has many years of experience in designing, evaluating and vetting affordable housing developments for cities in San Mateo County. As part of its new effort to help schools, HEART is delighted to welcome Anne E. Campbell, Superintendent of the San Mateo County School District to the HEART Board of Directors.



## Ocean View Senior Residences

### A solid foundation for 100 seniors in Pacifica

In 2008, National Church Residences faced the possibility of having to shut down a 100-unit senior development in Pacifica due to badly needed roof repairs. Faced with the possibility of evicting 100 seniors, the City of Pacifica asked HEART to assist with the project. HEART was able to quickly approve a \$500,000 loan to save the units.

In 2015, HEART, along with the County of San Mateo and others, agreed to restructure their loans so that the property could be sold to BRIDGE Housing. BRIDGE renovated the building, made energy-efficient upgrades and provided new property amenities. The grand rededication was in April 2017 and all are proud that the affordability will be preserved for the next 55 years.

David (pictured below) worked with the California Department of Rehabilitation in San Mateo County for seven years providing vocational services. Lack of stable housing was often an issue for his clients and he knew about HEART's work. He initially had an affordable apartment as a part of his job as a property manager, but when he retired, his rent increased from \$1,400 to \$2,300 a month and he could no longer afford to live in the Bay Area. He praises his newly-renovated one bedroom apartment and can't believe his good fortune to be able to retire and live in Pacifica.





## Statements of Activities

For the years ended June 30, 2016 and 2015

Expenses	2016	2015
General management and administrative support	\$ 314,273	\$ 398,217
Legal services	21,268	12,000
Miscellaneous	10,158	678
<b>Total expenses</b>	<b>345,699</b>	<b>410,895</b>

Revenues	2016	2015
Operating grants and contributions		
Member agencies	\$ 203,016	\$ 203,016
Donors	114,739	121,501
Grant revenue	—	920,673
Charges for Services	1,750	8,589
<b>Total Program Revenues</b>	<b>319,505</b>	<b>1,253,779</b>
<b>Net Program Revenue</b>	<b>(26,194)</b>	<b>842,884</b>

General Revenues (Expenses)	2016	2015
Investment Earnings	\$ 214,711	\$ 227,490
<b>Total General Revenues (Expenses)</b>	<b>214,711</b>	<b>227,490</b>
<b>Change in Net Positions</b>	<b>188,517</b>	<b>1,070,374</b>
<b>Net Positions – Beginning</b>	<b>9,834,498</b>	<b>8,764,124</b>
<b>Net Positions – Ending</b>	<b>10,023,015</b>	<b>9,834,498</b>

## Statements of Positions

For the years ended June 30, 2016 and 2015

Assets	2016	2015
Cash and cash equivalents	\$ 3,065,842	\$2,932,235
Receivables (net)		
Interest	551,317	565,566
Loans	6,042,123	6,928,550
Prepaid expense	—	11,119
Restricted assets		
Temporarily restricted:		
Cash and cash equivalents	409,799	409,388
<b>Total Assets</b>	<b>10,069,081</b>	<b>10,846,858</b>

Liabilities	2016	2015
Accounts Payable	\$ 42,340	\$ 12,380
Unearned revenues	3,726	1,000,000
<b>Total Liabilities</b>	<b>46,066</b>	<b>1,012,360</b>

Net Position	2016	2015
Restricted – Home Buyer Assistance Loan Program, pledge account	\$ 409,799	\$ 409,388
Unrestricted	9,613,216	9,425,110
<b>Total Net Position</b>	<b>10,023,015</b>	<b>9,834,498</b>

The Housing Endowment and Regional Trust's financial statements for the fiscal year ended June 30, 2016, and are audited by Badawi & Associates. To obtain a copy of HEART's complete audited financial statements, please call 650-242-1764 x4# or visit [www.heartofsmc.org](http://www.heartofsmc.org).

# HEART Donors April 2016 to April 2017

CHALLENGE MATCH \$100,000

# facebook

ROOFERS \$10,000-\$24,999



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



## FINISHERS \$1,000-\$4,999

Berkshire Hathaway Home Services  
BKF Engineers  
Borel Estate Company  
Boston Private Bank  
BRIDGE Housing  
Cahill Contractors  
CA Apartment Association, Tri-County Division  
Cargill  
Donna Colson  
Concar Enterprises, Inc.  
Core Companies  
Corey, Luzaich, de Ghetaldi, Nastari & Riddle, LLP  
Cotchett, Pitre, and McCarthy  
CSG Consultants, Inc.  
Danford Foundation  
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IBEW Local Union 617  
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Meriwest Mortgage  
MidPen Housing  
O'Brien Homes  
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Presidio Bank  
Raiser Organization  
Recology San Mateo County  
Related California  
Republic Services  
Republic Urban Properties  
SAMCEDA  
San Mateo County Department of Housing  
San Mateo Credit Union  
Sares Regis  
SC Properties  
South San Francisco Scavenger  
John and Gussie Stewart  
Summerhill Housing Group  
Universal Paragon Corp.  
Wells Fargo  
Wilson Meany Sullivan  
Windy Hill Property Ventures

## \$500-\$999

Karyl Eldridge  
Douglas Kim

## \$250-\$499

Jennifer Cheung  
Jack Matthews  
Palo Alto Partners  
Sarah Rosendahl

## Up to \$249

Cris Advinculla and Koren Nishina  
Thomas Banks  
Rick Bonilla  
Chelsea Bonini  
Charlie Bronitsky  
Anne E. Campbell  
Bart Charlow  
Ron Collins  
Kate Comfort Harr  
Liz Cullinan  
Adrienne Etherton  
Ted and Lois Everett  
Barbara Evers  
Pam Frisella  
Ralph and Jean Garcia  
Michael Garvey  
Suzan Getchell Wallace  
Robert Grassilli

Greg Greenway  
Diane Howard  
Rick and Naomi Hunter  
Ken Ibarra  
Clifford Lentz  
Nadine Makki  
Robert Morehead  
Gene Mullin  
Bill Nack and Reyna Lehman  
William Oldfield  
Larry Patterson  
Brian Perkins  
Melissa Platte  
Dan and Catherine Quigg  
Marcia Raines  
Mary Raso  
Rev. Kibbie Ruth  
San Mateo County Central Labor Council  
Armando Sanchez  
Paul Shepherd  
Diana Stephens  
Paula Stinson  
Jaime Trejo  
Sarah Veaser  
Ann Wengert  
Mrs. Ann Willard

## 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 S. San Francisco
- Town of Woodside
- County of San Mateo

## On the Cover

- Jennifer and Nicholas (left) teach and grew up in San Mateo County. With the new HEART higher loan limit program they were able to buy a home in Pacifica. "This is the perfect community for us and our two children. HEART gave us the tools."
- Top right: HEART is partnering with school districts in San Mateo County to provide technical assistance and early pre-development loans. The program will help schools plan and construct teacher and staff housing on school property.
- Jonathan and Anna (bottom right) also both teach and grew up in San Mateo County. When they were priced out of two rental homes they used the new HEART loan to successfully bid on a home in Pacifica. They can't wait to continue contributing to their community.



## HEART Volunteer Committee Members

<b>Steve Fick</b>	Presidio Bank
<b>Bryan Kirk</b>	Franklin Templeton Investments
<b>Laura Peterhans</b>	Faith in Action
<b>Marcia Raines</b>	City of Millbrae

Photo credits: **BRIDGE Housing, Paula Stinson**

### The Housing Endowment and Regional Trust of San Mateo County

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650-242-1764 | [info@heartofsmc.org](mailto:info@heartofsmc.org)

[www.heartofsmc.org](http://www.heartofsmc.org)

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

## HEART Staff

<b>Armando Sanchez</b>	Executive Director
<b>Paula Stinson</b>	Development and Communications Manager
<b>Nadine Makki</b>	Operations Manager
<b>Ken Chan</b>	Operations Manager

### PROGRAM, FISCAL AND LEGAL SERVICES

<b>Ken Cole</b>	Executive Director, Dept. of Housing, County of San Mateo
<b>Ray Hodges</b>	HCD Specialist, Dept. of Housing, County of San Mateo
<b>Barbara Leff</b>	Financial Services Manager, Dept. of Housing, County of San Mateo
<b>Justin Mates</b>	Office of the County Counsel, County of San Mateo
<b>Rosa Mendoza</b>	HEART Homebuyer Program, Dept. of Housing, County of San Mateo
<b>Thelma Villar</b>	Financial Office Specialist, Dept. of Housing, County of San Mateo