



HEART
OF SAN MATEO COUNTY

ANNUAL REPORT
FY2019-20

The Housing Endowment and Regional Trust of San Mateo County



Don Horsley
Chair, Board of Directors

Dear Neighbor,

As we approach the holidays in this year of unexpected obstacles, we hope you and your loved ones are well. While the challenges have been many, we are warmed by the many acts of community support and care throughout our neighborhoods and local nonprofits.

Facing increasing need, we remain resolute in our commitment to create solutions to help low- and middle-income families have a safe and affordable home. With our focus on essential workers including teachers, healthcare providers, food and grocery store workers, and many others, our mission to create more affordable housing opportunities is needed more than ever. We are committed to continuing our work to help those who enhance the fabric of our communities.

Thanks to our partners, to date HEART has invested over \$19 million to help create 1,300 homes. We have also loaned over \$8 million to help 109 families buy their first home. In the coming year, HEART will forge ahead with our steadfast planning to facilitate the creation of critical housing opportunities. We plan to continue our core work of funding the development of new affordable housing and providing homeownership opportunities to low- and moderate-income families in San Mateo County. However, the need for affordable housing far exceeds the planned development pipeline of new affordable housing.



Armando F. Sanchez
Executive Director

Accordingly, HEART is innovating ways to address our housing crisis. Efforts to date include HEART's green Accessory Dwelling Unit plans offered at no cost to homeowners interested in building a green ADU; exploring new channels to finance the development of rental and ownership housing for teachers and other public and nonprofit agency employees; and conducting assessments with a number of entities—including a leading investment bank—to determine the potential of creating a program using bond financing to acquire apartment buildings to preserve them as affordable housing.

And while we share details on our finances, investments, and partnerships in this report, the work we do is all for the people of our community so they can improve their lives with a safe, affordable home. Thank you for supporting HEART and the work we do.

Sincerely,

Don Horsley
Chair, Board of Directors

Armando F. Sanchez
Executive Director

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TURNING DREAMS INTO REALITY

Facing eviction or feeling stuck with multiple roommates is a common reality for Bay Area residents earning middle and low incomes. HEART's First Time Homebuyer Program continues to assist individuals in turning their dream of having a secure place to live into reality. HEART helped eight families buy their first home in 2019-2020.

In 2019, HEART worked with its partners to establish rates that allow families to purchase a home worth up to \$908,156 (up from \$795,187) and raised the eligible household income limit to \$170,000 (up from \$150,000).

HEART continues to lend up to 15% of the down payment, allowing the borrower to only need 5% down and pay zero Private Mortgage Insurance (PMI) costs.

HEART also provides educational first time homebuyer workshops at no cost to the public and as a public service to the communities of San Mateo County.

Attendees get access to a lender, a real estate agent familiar with HEART's program, and HEART staff who lead a detailed discussion of the program and the general home buying process. No question is too small as our goal is to enhance attendees' understanding of all components of the process.



RENEE WILLIAMS

"Housing is difficult and almost prohibitively expensive for me. But this is my hometown and where I work so I refused to be chased out due to a wildly inflated cost of living. I had come to grips with the reality that as a single (income) woman I would never be able to purchase in this area and would disappointedly be a lifelong renter."

A chemist by trade working for a pharmaceutical company in the Bay Area, Renee Williams and both of her parents are natives to

San Francisco.

"Being able to purchase created a sense of accomplishment towards building a legacy I can pass to my nephews."

"There were times I wanted to give up looking for a house. I felt like we were never going to find a home."

- Christine Senecca Laurel



CHRISTINE AND THOMAS SENECCA LAUREL

Christine and Thomas were led to believe they would never afford the type of home they wanted in the Bay Area. Thomas, a mechanic by trade born and raised in the San Francisco Bay Area, is the son of two parents who emigrated from the Philippines while Christine is a DACA recipient who has lived in the Bay Area since 1992 and is a school district coordinator.

"There were times I wanted to give up looking for a house. I felt like we were never going to find a home." After visiting several places within what they believed to be their price range, Christine says, "I cried...I felt like it wasn't possible to have a home we wanted."



HEART'S FIRST TIME HOMEBUYER PROGRAM

CHRISTINE AND THOMAS SENECCA LAUREL (CONTINUED)

"Originally we went through a traditional lender but we didn't get approved. We had this image of the first home we were going to buy and the places that were available didn't feel safe when it comes to traffic and density. The HEART program helped us qualify for more, but we were paying less monthly. It was a relief to find our current home! The house ticks all our boxes and is a dream starter home. We're a young couple, and we can start building a family."



MEGAN AND JON C.

"We've been living in our condo in Half Moon Bay for about 4 months and our lives are so much better: our commute to work is half of what it used to be! We are also now able to plan our future family because we have two bedrooms instead of one."

Middle school history teachers in Belmont, Jon and Megan have lived in the Bay Area for over 7 years and learned about the HEART program in 2017. With focus and sacrifice for the next three years, they saved enough to purchase their home in 2020.

"For a long time we felt that our teacher salaries would not enable us to save the 20% needed for a home. It made us feel that we might have had to move away from the Bay Area, which we love. HEART has allowed us to achieve our dream of owning a home, in our dream city of Half Moon Bay, allowing for us to continue teaching at our incredible school, knowing that our desire to start a family can now become a reality."

"HEART has allowed us to achieve our dream of owning a home, in our dream city of Half Moon Bay, allowing for us to continue teaching at our incredible school"

-Megan and Jon C.



HOMES PURCHASED

8



TOTAL AMOUNT LOANED

\$944,150



HOMEBUYERS' PROFESSIONS

3

TEACHERS/ SCHOOL STAFF

2

GOVERNMENT/ PUBLIC SECTOR

2

UNION/LABOR



WORKSHOP DATA

TOTAL PROVIDED

ATTENDEES

4

363



FUNDED PROJECTS UNDER DEVELOPMENT

MONTARA (BAY MEADOWS)

Units: 68 units for families
 Location: City of San Mateo
 Developer: BRIDGE Housing Corporation
 HEART Loan: \$500,000 predevelopment loan in 2017
 Status: Occupancy November 2020

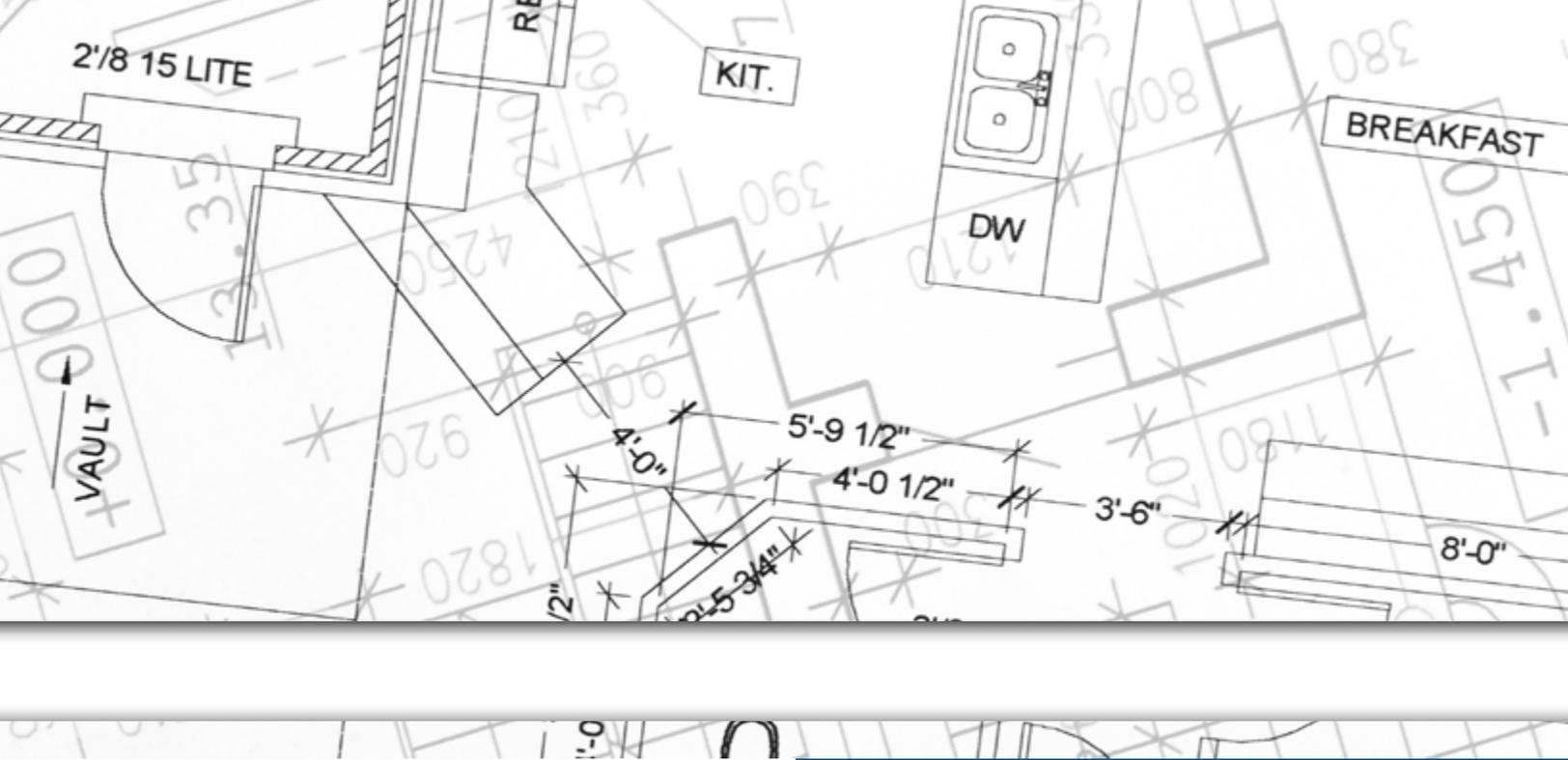
Bay Meadows Affordable is a 68-unit development providing affordable homes to individuals and families making 30% to 50% of area median income. This development opened in November 2020 and provides amenities such as on-site laundry, open podium courtyard with children’s play area, a large community room for resident gatherings and instructional classes, and on-site management and supportive services offices. Additionally, the site is located within 1,000 feet of the newly relocated Hillsdale Caltrain Station. The Caltrain Station will become a multimodal transit node which will also allow residents to access SamTrans at the same location, providing walkable connectivity to jobs and amenities along El Camino Real.



2821 EL CAMINO REAL

Units: 67 units for individuals and small households
 Location: North Fair Oaks unincorporated county
 Developer: Alta Housing (formerly Palo Alto Housing)
 HEART Loan: \$3,500,000 acquisition loan in 2017
 Status: Under construction

HEART made a \$3,500,000 loan to Alta Housing to acquire a 0.59 acre parcel of land at 2821 El Camino Real in North Fair Oaks. HEART processed this loan in three weeks, from application date to closing, to ensure that this project would go forward. Alta Housing is constructing 67 units of affordable rental housing for low- and very low-income with incomes between 30%-60% of the Area Median Income (AMI). Twenty-seven units will be reserved for homeless or at-risk veterans and an additional six units will house homeless/at risk individuals with mental illness. The project is under construction and the lease up is expected in 2020-2021.



353 MAIN STREET

Units: 125 units for families and individuals
 Location: Redwood City
 Developer: ROEM Housing Corporation
 HEART Loan: \$3,500,000 construction loan in 2019
 Status: Under construction

The 353 Main Street project is a 125-unit, family community consisting of five stories of housing over two levels of above-grade parking. The unit will be a mix of studios, one-bedroom, and two-bedroom apartments. Providing deep affordability, half of the project (63 units) will be targeted to households earning 30% AMI or less, with 19 of them being designated as "supportive housing"; units for formerly homeless tenants. The remaining 61 units will be restricted to households earning up to 80% AMI. The project site is a one quarter mile walk to Downtown Redwood City and a half mile walk to the Caltrain station. The project will also have access to the Redwood Creek trail that runs along the backside of the property.



FRONT ELEVATION (UNIT)



REAR ELEVATION (UNIT)

PACIFICA SCHOOL DISTRICT ODDSTAD HOUSING

Units: 45-70 units for teachers and staff
 Location: Pacifica
 Developer: Pacifica School District
 HEART Loan: \$619,000 predevelopment loan in 2018
 Status: Predevelopment

The first project in HEART's efforts to help school districts develop teacher housing is a forty-five unit project for teachers and staff by the Pacifica School District. HEART's predevelopment loan and project advisory services were critical in launching this project. This site will provide 19 one-bedroom units, 19 two-bedroom units and six three-bedroom units to teachers and staff at affordable rents. The project will enhance teacher recruitment and retention for the District. The project will have an optional second phase, potentially adding another 25 units to increase the housing unit total to 75 units.



GREEN & LIVABLE ACCESSORY DWELLING

Building a green Accessory Dwelling Unit will soon be simpler and less cost intensive thanks to HEART's Green and Livable Accessory Dwelling Unit Resource program (GLADUR). The Bay Area Air Quality Management District awarded climate protection funding to HEART to develop designs for green, all-electric Accessory Dwelling Units (ADUs) which will be available to the public at no cost.

The severe housing shortage and new state laws on ADUs, also called second units, granny flats or mother-in-law units, have increased interest in these smaller homes. Yet with custom designs averaging between \$10,000 to \$30,000 and an extensive development process, HEART is reducing design costs for homeowners and removing a key roadblock that prevents many homeowners from developing ADUs.

By reducing the initial investment cost, HEART's GLADUR program makes it possible for homeowners to reinvest a portion of their

savings into better energy efficient appliances and renewable energy. While boosting affordable housing in San Mateo County is the primary goal, the additional reduction of greenhouse gases and energy bills are highly desirable features.

For its designs, HEART used a robust public engagement process to identify green features, space-saving solutions, exterior appearances and amenities that both homeowners and future occupants will want for their homes.

HEART is also partnering with local cities to reduce approval times for homeowners and to streamline the permitting process.

In the coming year, HEART will also provide a handbook describing educational and practical application of the green ADU designs.

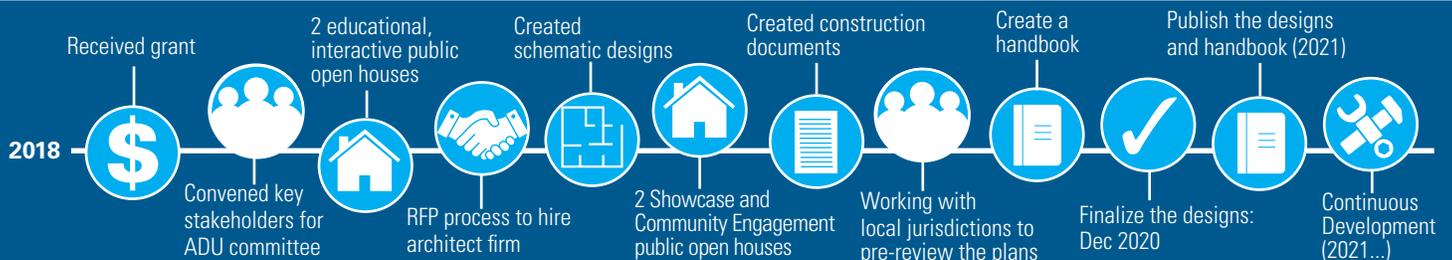
OUTREACH

 <p>OPEN HOUSES 4 2 program announcements 2 design showcases</p>	 <p>COMMUNITY ENGAGEMENT</p>	 <p>WEBSITE</p>	 <p>NEWS PRESS RELEASES AND NEWSLETTERS</p>
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DESIGNS DEVELOPED

 <p>STUDIO - 400 sq. feet 1 BEDROOM (RECTANGLE) 575 sq. feet 1 BEDROOM (SQUARE) 745 sq. feet 2 BEDROOM - 800 sq. feet</p>
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MILESTONE TIMELINE



We are proud to count on broad financial support from a diverse group of organizations and individuals.

Bank of America for its \$20,000 grant to support HEART's multi-family Developer Loan Program

Wells Fargo for its \$15,000 grant to conduct site development studies

San Mateo County Association of Realtors® Foundation+ for its \$3,500 grant to support the FirstTime Homebuyer Program

We also want to thank the many corporate foundations, businesses and individuals that sponsored our annual fundraising event in 2018-2019 at the Devil's Canyon Brewery in San Carlos.

These funds, in part, allow HEART to leverage its Trust Fund to assist developers with the acquisition of land, and the predevelopment and construction of affordable housing for low- and middle-income families, and to help families purchase their first home.

HEART is particularly grateful to the City of Colma which has made a \$230,000 loan to the Trust Fund, allowing HEART to enhance our housing development efforts in 2019/20 and beyond.

PARTNERSHIPS & DONORS

Thank you to our generous sponsors

\$20,000 - \$25,000



\$10,000 - \$15,000



Media Sponsor



\$5000 - \$9,999



\$1,000-\$4,999

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Up to \$249

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*FY 2018-2019 Donors

+ These sponsors and donors also supported HEART in 2018



OPERATING BUDGET

Statements of Activities

For the Years Ended June 30, 2020 and 2019**

PROGRAM REVENUES	2020	2019
Operating grants and contributions		
Member agencies	\$236,280	\$236,280
Donors	174,449	250,121
Charges for Services	54,700	12,940
Total Program Revenues	465,429	499,341
GENERAL REVENUES	2020	2019
Investment earnings	\$336,960	\$356,456
Total General Revenues	336,960	356,456
EXPENSES	2020	2019
General management and administrative support	\$465,594	\$455,735
Interest on long-term debt	71,416	70,173
Miscellaneous	291	436
Total Expenses	537,301	526,344
Change in Net Positions	265,088	329,453
Net Positions - beginning	10,815,419	10,485,966
Net Positions - ending	11,080,507	10,815,419

Statements of Net Positions

For the Years Ended June 30, 2020 and 2019**

ASSETS	2020	2019
Cash and cash equivalents	\$ 3,615,312	\$ 6,704,377
Receivables (net)		
Interest	868,412	854,182
Loans	9,542,123	6,309,025
Accounts	31,391	83,791
Temporarily restricted		
Cash and cash equivalents	411,443	411,030
Total Assets	14,468,681	14,362,405
LIABILITIES	2020	2019
Accounts payable	\$33,091	\$46,986
Long-term liabilities	3,541,666	3,500,000
Total Liabilities	3,574,757	3,546,986
NET POSITION	2020	2019
Restricted for Home Buyer Program pledge account	\$411,443	\$411,030
Unrestricted	10,669,064	10,404,389
Total Net Position	11,080,507	10,815,419

**At the time of publication, this information had not yet been audited.

Thank you to the Cities and County for your partnership.

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 S. San Francisco
Town of Woodside

HEART also relies on the commitment of our member Cities for Trust Fund development. These assets allow us to lend or make funding commitments to housing projects in San Mateo County as well as to maintain our lean operations and administration costs.



HEART

OF SAN MATEO COUNTY

HEART STAFF

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Executive Director

Boris Vatin
Program Manager

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Business Operations & Communications, Manager

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TURNING DREAMS INTO REALITY



ANDREA CABANO

Andrea Cabano says that if she had not found HEART, she might not have been able to continue teaching at her school.

A Special Education teacher at Mercy High School, for the past 18 years and a lifelong resident of San Mateo County, Andrea

didn't think she'd have enough money for a downpayment until later in life. And she certainly did not think she would be able to live on her own. Using HEART's homebuyer program, Andrea can now stay in California, living close to friends and family.



HEART

OF SAN MATEO COUNTY

Since 2003

The Housing Endowment and Regional Trust of San Mateo County
2905 S. El Camino Real
San Mateo, CA 94403