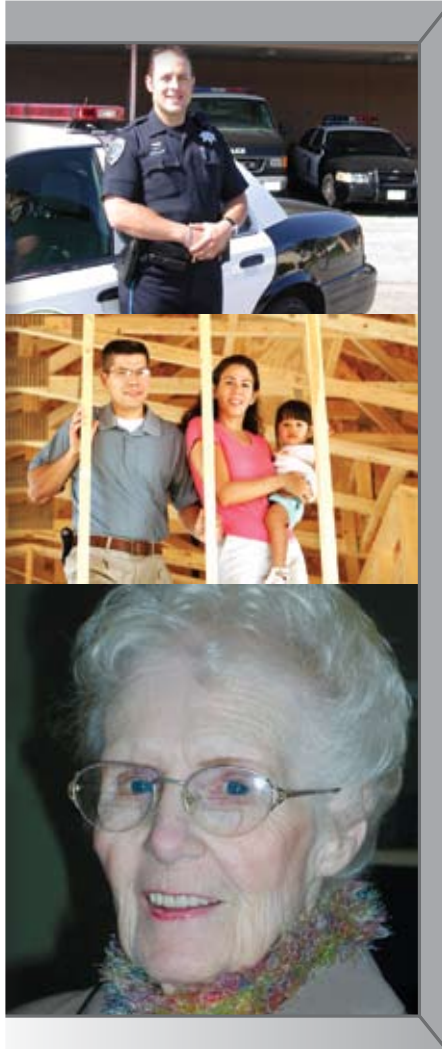


# The HEART of San Mateo County 2007 ANNUAL REPORT



## 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



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



## 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."

## HEART Staff



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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.

Christopher Mohr  
 Executive Director  
 Paula Stinson  
 Development and Communications Manager  
 Sherri Stevenson  
 Administrative Assistant  
 PROGRAM, FISCAL, AND LEGAL SERVICES:  
 County of San Mateo  
 Duane Bay  
 Jack Marquis  
 Chas Mercurio  
 Lee Thompson  
 Eugene Whitlock

## HEART Volunteer Committee Members

Shiloh Ballard, Silicon Valley Leadership Group  
 Duane Bay, San Mateo County Department of Housing  
 Michon Coleman, San Mateo County Association of REALTORS®  
 Michael Costa, Office of Supervisor Rose Jacobs Gibson  
 Rebecca Elliot, League of California Cities  
 Bruce Hamilton, HIP Housing  
 Matt Jacobs, Office of Supervisor Richard Gordon  
 Alex Kobayashi, Office of Assembly Member Ira Ruskin  
 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

<p><b>Community Leaders</b></p> <p><b>Denise Aquila</b> President, San Mateo County Realtors Foundation</p> <p><b>Linda Asbury</b> President/CEO, San Mateo Area Chamber of Commerce</p> <p><b>Julie Baigent</b> Attorney at Law</p> <p><b>John Conover</b> President &amp; CEO, Borel Private Bank &amp; Trust Company</p> <p><b>Karyl Eldridge</b> Peninsula Interfaith Action</p> <p><b>Patrick Gemma</b> Superintendent, Sequoia Union High School District*</p>	<p><b>Michele Jackson</b> Executive Director Shelter Network</p> <p><b>Bill Nack, Vice Chair</b> Executive Officer, San Mateo County Building &amp; Construction Trades Council</p> <p><b>Larry Nibbi</b> CEO, Nibbi Brothers Construction</p> <p><b>Paul Shepherd</b> Land Manager, Cargill Salt</p> <p><b>Public Officials</b></p> <p><b>John Boyle</b> City Council, City of Menlo Park</p> <p><b>Larry Franzella</b> Mayor, City of San Bruno</p>	<p><b>Pedro Gonzales</b> Mayor, City of South San Francisco++</p> <p><b>Richard Gordon</b> Board of Supervisors County of San Mateo</p> <p><b>Carole Groom, Chair</b> Mayor, City of San Mateo</p> <p><b>Diane Howard</b> Vice-Mayor City of Redwood City</p> <p><b>Rose Jacobs Gibson</b> Board of Supervisors County of San Mateo</p> <p><b>James R. Janz</b> Mayor Town of Atherton</p>	<p><b>Tom Kasten</b> City Council Town of Hillsborough</p> <p><b>Gina Papan</b> Mayor, City of Millbrae</p> <p><b>Sal Torres</b> City Council, City of Daly City</p> <p><b>David Woods</b> City Council City of East Palo Alto*</p> <p>* Term ended 2/08 ++ Term began 3/08</p>
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## 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
<b>Expenses</b>		
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
<b>Program Revenues</b>		
Operating grants and contributions		
Member agencies	222,097	159,868
County of San Mateo	200,000	200,000
State of California <sup>(1)</sup>	1,745,000	—
Other	91,720	94,324
Total Program Revenues	2,258,817	454,192
Net Program Revenue	1,982,942	187,098
<b>General Revenues (Expenses)</b>		
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
<b>Net Assets—beginning</b>	2,612,844	2,363,856
<b>Net Assets—ending</b>	\$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
<b>Assets</b>		
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
<b>Liabilities</b>		
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
<b>Net Assets</b>		
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	—
<b>TOTAL COMMITMENTS</b>	<b>\$9,091,806</b>	<b>\$881,424</b>

## 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

Mary Alex Needham

Jane Blumberg-Goldberg  
Vera Ciammetti  
Andrew Cohen  
Daniel Costello  
Arne Croce  
Susan Danielson, Project Blueprint  
Rebecca Elliot  
Chris and Carol Olson Glud  
Janet Hofmann  
The Kastrop Group, Inc., Architects  
Christine Krolik  
Rudolph and Patricia Lapp  
Marjory Luxenberg  
Neal Martin & Associates  
Phillip Mathewson  
Christopher Mohr  
Cecelia and Carlos Montalvo  
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Dave Nayar, Preferred Mortgage Services  
Sylvia Nelson  
Margaret Neuffer  
Gina Papan  
Leif Schaumann  
Serra High School  
Jon Silver  
Tod Spieker  
Sherri Stevenson  
Jerry and Francis Stinson  
Paula Stinson  
Dena Belzer, Strategic Economics  
Inge Tiegel Doherty  
John Ward  
Ann Willard  
Carol Windsor  
Wesley Woo