

The HEART of San Mateo County

2006 ANNUAL REPORT



Opening Doors In Our Community





228 affordable homes, funded by HEART, open in San Bruno, Spring 2007.

Organizing Our Community and Investing in 398 New Homes for Working Families and Seniors

HEART Commitments 2005-2006



Trestle Glen

JURISDICTION: COUNTY OF SAN MATEO
 DEVELOPER: BRIDGE HOUSING
 POPULATION: 130 RENTAL UNITS FOR WORKING FAMILIES
 HEART INVESTMENT: \$1,760,000
 TOTAL CONSTRUCTION: \$46,000,000
 LEVERAGE: \$26:1



The Village at the Crossing

JURISDICTION: SAN BRUNO
 DEVELOPER: CITIZENS HOUSING CORP / KDF COMMUNITIES
 POPULATION: 228 RENTAL UNITS FOR SENIORS
 HEART INVESTMENT: \$1,730,000
 TOTAL CONSTRUCTION: \$29,800,000
 LEVERAGE: \$17:1



Hillcrest Senior Housing

JURISDICTION: DAILY CITY
 DEVELOPER: AMERICAN BAPTIST HOMES OF THE WEST
 POPULATION: 40 RENTAL UNITS FOR SENIORS
 HEART INVESTMENT: \$510,000
 TOTAL CONSTRUCTION: \$6,880,000
 LEVERAGE: \$13.50:1

Every \$1 in HEART funds leveraged \$20 in funds from other sources.

UNITS	VERY LOW	EXTREMELY LOW	HEART \$	TOTAL \$
398	202	80	\$4M	\$87.2M

HEART Member Cities and County

The HEART Campaign to Raise \$3 Million in Three Years to Create 600 New Homes

VISION: A County where housing is attainable to all.

MISSION: Raise funds from public and private sources to meet critical housing needs in San Mateo County.

WHO: Support from our community businesses and residents.

HOW: Invest in rental and ownership homes. Leverage funds 10:1. Create \$30M total in new housing.

- Town of Atherton
- City of Menlo Park
- City of Brisbane
- City of Millbrae
- 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
- Town of Woodside
- Town of Hillsborough
- County of San Mateo

The Housing Endowment and Regional Trust

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 raising new sources of funds to create more housing that people can afford in San Mateo County. Created in 2003 as a joint powers authority (JPA), HEART is governed by a board of directors that includes two County Supervisors, nine city council members, and up to ten members of the private sector. Membership includes 17 cities plus the County of San Mateo, which pay dues to cover all management expenses. All donations to HEART are used to fund programs. HEART employs a small staff to carry out organizing, fundraising, and communications. The County of San Mateo provides program design and oversight, financial management, and legal advice.

Programs and Fundraising

HEART raised more than \$5 million in its first two years; of that, \$3 million was provided by the County of San Mateo Board of Supervisors as seed money. That initial investment attracted a matching grant of \$2 million from the State of California through Proposition 46 housing bond funds. These funds were invested in three new developments in 2006, creating 398 new homes. HEART funds leveraged \$83.2 million of funds from other sources, a ratio of nearly 20 to 1.

Organizational Development and Public Outreach

Through market research and focus groups, HEART identified prominent community needs and concerns, and created a strategic communications plan, logo, brochure, marketing package, and website (www.heartofsmc.org).

Executive Director Chris Mohr spoke to numerous community groups and established HEART as a prominent source of information for the media about housing needs in San Mateo County. HEART distributes a monthly e-newsletter and a quarterly newsletter to 2000 people.

Opening Doors in Our Community: the Campaign for HEART

In 2005–2006 HEART completed the research and strategic planning to launch a campaign to raise \$3 million from the private sector to fund the creation of 600 new homes.



Police Officers: Four-Hour Commutes

Officer Brian Hedley (above) grew up in San Bruno, and loves his job with the San Mateo police force. He commutes over two hours a day from Tracy. This works most of the time, except during emergencies, court dates or on-call events.

Patrol Officer Mark Ernst commutes up to four hours a day from Vacaville. He does it by working four, 11-hour days on and four days off, unless he is needed for additional duties. This greatly affects the time he can spend with his family.

HEART Donors

COMMUNITY PILLARS: \$1 MILLION OR MORE



California Housing and Community Development Department



California Housing Finance Agency



County of San Mateo



Wells Fargo

PLATINUM HARDHAT \$100,000–\$499,999



Comcast



Borel Private Bank & Trust Company

GOLDEN HARDHAT \$50,000–\$99,999



San Mateo County Association of REALTORS® (SAMCAR)

SILVER HARDHAT \$25,000–\$49,999



Nibbi Brothers Construction

Statements of Activities

For the Years Ended June 30, 2006 and 2005

	2006	2005
Expenditures/Expenses		
General management and administrative support	\$ 212,980	\$ 116,265
Legal services	10,000	10,551
Audit	2,600	2,750
Research	20,000	—
Branding and communications	21,514	—
Miscellaneous	—	50
Total Expenditures/Expenses	267,094	129,616
Program Revenues		
Operating grants and contributions		
County of San Mateo	200,000	200,000
Member agencies	159,868	139,376
Other ⁽¹⁾	94,324	18,350
Total Program Revenues	454,192	357,726
Net Program Revenue	187,098	228,110
General Revenues (Expenses)		
Investment earnings	62,463	43,317
Securities lending income	17,265	9,437
Securities lending expenses	(17,838)	(8,776)
Total General Revenues (Expenses)	61,890	43,978
Change in Fund Balances/Net Assets	248,988	272,088
Fund Balances/Net Assets—beginning	2,363,856	2,091,768
Fund Balances/Net Assets—ending⁽²⁾	\$2,612,844	\$2,363,856

(1) Other revenues primarily private sector contributions

(2) In FY2006, HEART made three loan commitments totaling \$4 million. However, HEART did not release the funds until FY2007. These loans are not booked until HEART actually funds the loans, and are not reflected in FY2006 statements. The loans used \$2 million of HEART funds from the County of San Mateo's donation, which were matched by \$2 million from the California State Housing and Community Development Dept., Proposition 46 housing bond funds.

The Housing Endowment and Regional Trust's financial statements for the fiscal year ended June 30, 2006 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.

Statements of Net Assets and Balance Sheets

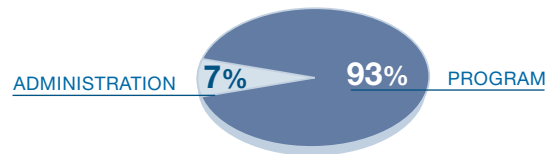
For the Years Ended June 30, 2006 and 2005

	2006	2005
Assets		
Cash and cash equivalents	\$2,585,728	\$2,345,261
Securities lending collateral	407,680	428,478
Receivables, net:		
Accounts	16,001	24,145
Interest	26,785	17,200
Total Assets	3,036,194	2,815,084
Liabilities		
Accounts payable	15,670	22,750
Securities lending collateral due	407,680	428,478
Total Liabilities	423,350	451,228
Fund Balances/Net Assets		
Unrestricted/Unreserved	2,612,844	2,363,856
Total Fund Balances/Net Assets	\$2,612,844	\$2,363,856

CUMULATIVE FUNDS RAISED BY SOURCE SPRING 2003-SPRING 2007

Source of Funds	Housing Programs	Administration
County of San Mateo: Gift	\$2,000,000	\$ 75,000
CA Dept. of Housing	2,000,000	—
CA Housing Finance Agency (CalHFA)	1,500,000	—
Wells Fargo	1,000,000	—
County of San Mateo: Pledge	1,000,000	—
Other gifts and private donations	178,345	5,000
Foundation Grants	—	40,975
Public agency dues	—	511,635
Interest income	124,371	—
TOTAL COMMITMENTS	\$7,802,716	\$632,610

TOTAL PROGRAM AND ADMINISTRATION: \$8,435,326
SPRING 2003-SPRING 2007



HEART Donors

ROOFERS

\$10,000–\$24,999

City of San Carlos
San Francisco
Business Times
Charles and Helen Schwab Foundation
Silicon Valley Foundation

FRAMERS

\$5,000–\$9,999

Citibank
SummerHill Homes

FINISHERS

\$1,000–\$4,999

Clearinghouse CDFI
John Conover
Larry Franzella
Michele Jackson
United American Bank

BRICKS AND MORTAR

\$500–\$999

Denise Aquila
Karyl Eldridge
Richard Gordon
Carole Groom
Paul Shepherd

\$250–\$499

Cassandra Benjamin
James R. Janz
Tom Kasten

Up to \$249

Linda Asbury
Thomas Banks
Andrew Cohen
Inge Tiegel Doherty
Patrick Gemma
Rose Jacobs Gibson
Jane Blumberg Goldberg
Bob Grassilli

Dr. W.W. & Janet Hofmann
Diane Howard
Rudolph and Patricia Lapp
Marjory Luxenberg
Phillip Mathewson
Chris Mohr
Rev. David L. Mann
William Nack
Mary Alex Needham
Sylvia Nelson
Margaret Neuffer

Gina Papan
Laura Peterhans
Leif Schaumann
Sherri Stevenson
Jerry & Frances Stinson
Paula Stinson
John Ward
Ann Willard

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*

We call the Housing Endowment and Regional Trust “the HEART of San Mateo County.” There’s good reason for that.

The public, private, and nonprofit sectors came together in 2003 to form HEART in order to make a difference in people’s lives: people who live, work, or grow up here in San Mateo County. People who do not have the opportunity to find homes they can afford. People who are leaving our county even though they would like to stay here. People our businesses, our schools, and our public safety agencies can ill afford to lose.

HEART was formed to address the increasing gap between home prices and what ordinary families in the county could afford. HEART’s mission is to raise funds from public and private sources to meet critical housing needs in San Mateo County.

As we go to press, HEART has invested \$4 million in three developments totaling nearly 400 new units. HEART is also launching its first, \$3 million private-sector fundraising campaign, “Opening Doors in Our Community,” with the goal of investing in homes for 600 families and individuals. You’ll find the names of our generous donors recognized in this report. We can’t thank them enough for their extraordinary generosity in opening their doors to HEART.

In addition, the public member agencies of HEART cover the organization’s administrative costs, so that at this time all private sector donations go directly to HEART’s housing programs and investments. They too deserve our deepest thanks for the investment they are making.

While HEART is a complex collaboration, it evolved to meet a simple, basic need: The need for a place to call home. We’re excited to offer you our first annual report, and we look forward to reporting on future successes.

Sincerely,

Carole Groom
Chair, Board of Directors

Christopher Mohr
Executive Director

HEART Board of Directors

Community Leaders

Denise Aquila
President, San Mateo County
Realtor Charitable Foundation

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

John Conover
President and 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

Paul Shepherd
Land Manager, Cargill Salt

Len Vetrone
Vice President, Nibbi Brothers
Construction

Public Officials

John Boyle
City Council,
City of Menlo Park

Larry Franzella
Mayor, City of San Bruno

Richard Gordon
Board of Supervisors
County of San Mateo

Carole Groom, Chair
City Council
City of San Mateo

Diane Howard
City Council
City of Redwood City

Rose Jacobs Gibson
Board of Supervisors
County of San Mateo

James Janz
Town Council, Town of Atherton

Tom Kasten
City Council
Town of Hillsborough

Gina Papan
City Council, City of Millbrae

Sal Torres
City Council, City of Daly City

David Woods
City Council
City of East Palo Alto

Programs in 2006–2007

QuickStart Revolving Loan Fund

In 2007 HEART is offering a \$2.5 million QuickStart Revolving Loan Fund, with more flexible terms for a wider variety of borrowers, thanks to an investment of \$1 million from Wells Fargo and \$1.5 million from the California Housing Finance Agency, CalHFA. With these awards, HEART will jumpstart construction of new homes for working families through three new loan options:

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

Homeowner Assistance Loan Fund

In 2006, 88% of the employers surveyed by the Silicon Valley Leadership Group named high housing costs for employees as the most important challenge to business in our region. HEART will soon have programs to help solve employers’ needs: employee downpayment assistance loans and investing in new affordable home construction near public transit.

Future Plans

HEART’s goal is to create a dedicated source of public revenue to invest in affordable housing. Such ongoing funding would permit long-term planning and enable HEART to leverage and maximize private funds. HEART was a founding member of the California Coalition of Housing Trust Funds, which promotes housing trust funds at the state level.

“San Bruno is excited about The Village senior homes, which are close to both SamTrans and BART. HEART helped with a \$1.73 million completion loan, which made them even more affordable.” —MAYOR LARRY FRANZELLA, *San Bruno*



Teachers and Engineers: Moving Away

Denise and Allen Griffin grew up in San Mateo County, and dreamed of raising their family here. Until they had children, Allen taught at Abbott Middle School in San Mateo, and Denise worked for a software firm in Foster City. Their decision to be a one-income family was not easy. In order to buy a home they moved to Elk Grove, near Sacramento, where Allen is now a teacher.

“I hope that families like us do not have to go through the stress and heartbreak of leaving a place where you grew up, a job you love, and long-time family and friends. The Bay Area will not be a dynamic place if families can no longer afford to live here.”

HEART Staff



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Regional Trust of San Mateo County
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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.

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

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®
Jasmine Dawson, West Bay Housing
Jeremy Dennis, Office of Supervisor Richard Gordon
Rebecca Elliot, League of California Cities
Bruce Hamilton, HIP Housing
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
Sarah Phelps, Office of Assembly Member Gene Mullin
Laura Snideman, City of San Mateo
Sarah Rosendahl, Office of Senator Joe Simitian

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Marmion/North Georgia Media, Troy Paiva, Paula Stinson