



HEART
OF SAN MATEO COUNTY

10
YEARS
OF SERVICE

2014 Annual Report



Opening Doors in Our Community

The Housing Endowment and Regional Trust of San Mateo County



JACK MATTHEWS



MARK MOULTON

Letter from the Board Chair and Executive Director

Dear Friend,

HEART is proud to be the Local Housing Trust Fund (LHTF) for the County of San Mateo. HEART operates as a Joint Powers Authority (JPA) and non-profit organization 501(c)(3). Nineteen cities in San Mateo County, as well as the County, belong to HEART and pay dues to support administration costs. HEART is a public-private partnership that enables our community to work together to create more affordable homes.

The HEART first-time homebuyer downpayment assistance program continues with our lending partner Meriwest Mortgage to create opportunity for families who make up to \$150,000 per year and buy on the market. We have completed 60 loans to date.

HEART also funds multi-family rental and ownership housing by making short- and long-term loans for pre-development, construction or bridge uses, as well as permanent financing. To date, HEART has invested \$10 million in affordable rental housing construction to create 922 homes.

In 2014, the HEART Board of Directors formed a task force to investigate the feasibility of a mission-driven capital campaign called "Opening More Doors." Additionally, HEART received a grant from the Silicon Valley Community Foundation that, combined with funding from the Packard Foundation, will allow a study to conduct an inventory of the land available for affordable housing development in San Mateo County.

HEART is committed to meeting the critical housing needs of our community. We look forward to exploring new models to finance affordable housing developments. We are grateful to our partners and supporters who make our work possible.

Sincerely,

Jack Matthews
Chair, Board of Directors

Mark B. Moulton
Executive Director

"HEART is a big reason that working families can own a home in our county. With HEART, there's hope. Thank you for a job well done."

Honorable Jackie Speier
*Congresswoman,
14th Congressional District of California*

HEART Board of Directors

PUBLIC OFFICIALS

Jack Matthews, Chair
City Council, City of San Mateo

Don Horsley, Vice-Chair
Board of Supervisors
County of San Mateo

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City Council, City of San Carlos

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City Council,
Town of Portola Valley

Robert Gottschalk
City Council, City of Millbrae

Diane Howard
City Council
City of Redwood City

Ken Ibarra
City Council,
City of San Bruno

Cliff Lentz
City Council, City of Brisbane

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City Council, Town of Hillsborough

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City of South San Francisco

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County of San Mateo

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The Edge

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& Construction Trades Council

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Nibbi Brothers General Contractors

Paul Shepherd
Cargill

Joseph Galligan, Treasurer
Galligan, Thompson & Flocas, LLP
ex officio (term ends March 2015)

Buying Their First Home

“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 loans 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 \$521,250, with an income limit of \$150,000.
- Work or live in San Mateo County. FICO score of 680 or better.
- Find out more and apply online at www.heartofsmc.org



Newlyweds bought a townhouse in South San Francisco

Jeanette and Esmeraldo met and began dating while in high school in Pacifica. Esmeraldo is now a Criminalist for the California Department of Justice and Jeanette works as an Environmental Health Specialist for the County of San Mateo, where she conducts inspections of food facilities and commercial pools to monitor public health and safety. After marrying they lived with her family in Daly City for two years. Thanks to the HEART downpayment program, with a conforming loan from Meriwest Mortgage, they were able to purchase their perfect townhouse in South San Francisco with a deck overlooking the Bay. “Now we are finally where we want to be. We can think about starting our family and set down roots.”



County employee and environmentalist bought a house in La Honda

Krista K. works for the San Mateo County Recycling and Waste Prevention division, RecycleWorks. Krista answers the community’s questions about where to reuse and recycle nonstandard materials, and suggests places to find reclaimed items. With HEART’s help, she was able to buy a house in La Honda with a big yard where she keeps rescued hens. “I feel really fortunate to be able to own a home in San Mateo County, my dream location, thanks to HEART,” she says. With the hundreds of dollars a month HEART has saved her in private mortgage insurance costs, she can afford the HOA fees that cover her community’s facilities and self-sustaining water system.



Street inspector keeps his family close in San Mateo

A street and sidewalks inspector for the City of San Francisco, Fady Khoury bought a home a few minutes walk from his parents and extended family in San Mateo with support from HEART. Attending two free HEART first-time homebuyer workshops gave him the hope that he could buy a home on his own, and then the confidence to keep going as he tried making multiple offers over seven months. Fady’s new gated complex provides massive storage space for the dive gear and kayaks he uses for fishing. He loves that his secure home is just half a mile from the Bay Trail and that he and his girlfriend Rene can walk to both Burlingame and San Mateo. Thanks to HEART, his family can step over for a Mediterranean dinner any day of the week!

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 South San Francisco
- Town of Woodside
- County of San Mateo

HEART HOMEBUYER RESULTS:

Homes in: Brisbane, East Palo Alto, Foster City, Half Moon Bay, La Honda, Pacifica, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco

# OF BORROWERS	HEART LOANS	TOTAL HOME VALUE
60	\$3.4M	\$25M

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 – Occupied, renovations complete

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

Peninsula Station – Opened Nov. 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 – Predevelopment

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 – Predevelopment

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 – Predevelopment

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 – Predevelopment

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

HEART Results

CONSTRUCTION LOAN RESULTS

# OF UNITS	HEART FUNDS	TOTAL PROJECT
922	\$10M	\$255M
TOTAL LEVERAGE		
\$25:\$1		

ALL PROGRAMS RESULTS

# OF UNITS	HEART FUNDS	TOTAL PROJECT
982	\$13.4M	\$280M
TOTAL LEVERAGE		
\$21:\$1		

Responding to community needs and investing in 922 homes for working families, special needs families, college students, veterans and seniors.



Affordable Homeownership in Redwood City

HEART made a loan of \$500,000 to Habitat for Humanity Greater San Francisco for the land acquisition of 612 Jefferson Avenue, Redwood City. The HEART loan will support the creation of 20 affordable condominiums in this transit- and amenity-rich downtown neighborhood. The development will feature a mix of one, two, and three bedroom homes. CEO Phillip Kilbridge says, **“This development comes at a critical time. With home prices pushing more working families out of the area, this is one of the few options for families to purchase a home, build equity and achieve financial security.”** Construction is set to begin in 2016 and finish in 2018.



Housing for Veterans in Menlo Park

In 2014, HEART made a loan of \$700,000 to Core Affordable Housing for pre-development of affordable housing for Veterans. Willow Housing will provide 60 affordable, high-quality apartments for homeless and at-risk Veterans, in close proximity to healthcare on the existing U.S. Department of Veterans Affairs campus in Menlo Park. This development will include in-house supportive services to promote wellness, vocational training, self-sufficiency and self-determination. **“It has been a privilege to collaborate with the Department of Veterans Affairs and local leaders from Menlo Park and San Mateo County to create a safe, affordable permanent community for our local Veterans in need,”** said Chris Neale, Vice President of The Core Companies, at the groundbreaking ceremony in February 2015.



Statements of Activities

For the Years Ended June 30, 2014 and 2013

Expenses	2014	2013
General management and administrative support	\$ 403,969	\$333,489
Legal services	12,000	12,000
Interest on long-term debt	362	4,000
Grant funding	2,500	22,500
Miscellaneous	576	7,441
Total Expenses	419,407	379,430

Program Revenues

Operating grants and contributions		
Member agencies	203,016	203,011
Donors	151,305	123,925
Grant Revenue	1,079,327	—
Charges for Services	25,338	6,900
Total Program Revenues	1,458,986	333,836
Net Program Revenue	1,039,579	(45,594)

General Revenues (Expenses)

Investment earnings	278,404	178,902
Total General Revenues	278,404	178,902

Change in Net Positions

Net Positions – beginning

Net Positions – ending

Statements of Positions

For the Years Ended June 30, 2014 and 2013

Assets	2014	2013
Cash and cash equivalents	\$ 2,073,725	1,960,527
Receivables, net:		
Interest	455,294	342,023
Loans	7,163,270	6,027,463
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents	408,979	408,570
Total Assets	10,101,268	8,738,583

Liabilities

Accounts payable	12,144	58,489
Unearned revenues	1,325,000	1,025,000
Noncurrent liabilities:		
Due in less than one year	—	208,953
Total Liabilities	1,337,144	1,292,442

Net Position

Restricted for:		
Home Buyer Assistance Loan Program - pledge account	408,979	408,570
Unrestricted	8,355,145	7,037,571
Total Net Position	\$ 8,764,124	\$7,446,141

The Housing Endowment and Regional Trust's financial statements for the fiscal year ended June 30, 2014 are audited by Badawi & Associates. To obtain a copy of HEART's complete audited financial statements, please call 650-872-4444 x4# or visit www.heartofsmc.org.

TEN YEARS OF SERVICE 2005-2015

COMMUNITY PILLAR DONATIONS: \$1 MILLION OR MORE



PLATINUM HARDHAT

\$100,000-\$999,999



GOLDEN HARDHAT

\$50,000-\$99,999



SILVER HARDHAT

\$25,000-\$49,999



Nibbi Brothers
General Contractors



Concar Enterprises, Inc.



HEART Donors July 2014 to March 2015

Champion

\$25,000-\$50,000

Facebook

Roofers

\$10,000-\$25,000

Bank of America
Boston Private Bank & Trust Company
Cargill
Google, Inc.
Silicon Valley Bank
Silicon Valley Community Foundation
The David and Lucile Packard Foundation
US Bank

Framers

\$5,000-\$9,999

Franklin Templeton Investments
SAMCAR Foundation
Wells Fargo

Finishers

\$1,000-\$4,999

Allied Waste Services of Daly City
Berkshire Hathaway CA Realty
BKF Engineers
Brookwood Equities
Byrd Family Fund
Cahill Contractors
City of Millbrae

City of Redwood City
Comcast
Concar Enterprises, Inc.
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Raiser Organization
Recology San Bruno
Recology San Mateo County
Related California
San Mateo Credit Union
Sares Regis Group of Northern California
SC Properties

South San Francisco Scavenger
John and Gussie Stewart
The Core Companies
The Hawkins Foundation
The Pauls Corporation
Universal Paragon Corporation
Wilson Meany
Windy Hill Property Ventures

Bricks and Mortar

\$500-\$999

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Building Trades Council of San Mateo County
C.G. Appliance Express
Jennifer Cheung
Chonita and Mike Cleary
Ron Collins
David Crabbe Architect
Karyl Eldridge
Emerald Fund
Essex Property Trust
First National Bank of Northern California
Robert Grassilli
Tom Kasten
Laurence May
Mills-Peninsula Health Services
Sergio Nibbi
Mark Olbert and Barbara McHugh

Peninsula Health Care District
Plumbers and Steamfitters Local 467
Jonathan Scharfman
Paul Shepherd
Sofitel San Francisco Bay
Trans World Assurance Company
W. L. Butler Construction
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\$250-\$499

Barbara Evers
First National Bank of Northern California
Helen Fiscaro
Galli Investments
Ralph and Jean Garcia
Hathaway Dinwiddie Construction Co.
Robert Morehead
Mark Moulton
Office of Assemblymember Kevin Mullin
Liza Normandy
Anne Oliva
San Mateo County Dept. of Housing
Town of Hillsborough
United American Bank

Up to \$249

Valerie Alsip

Rhovy Lyn Antonio
Linda Asbury
Denise Baker
Thomas Banks
Duane Bay
BayBio
Bruce Bean
Eric Berggren
Ellis Berns
Betty Bernstein
Shweta Bhatnager
Jim Bigelow
Charlie Bronitsky
Mitch Bull
Carol Gurley Bullock
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Bart Charlow
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Carolyn Clarke
Ben Cohn
Kate Comfort Harr
Courtney Conlon
John Conover
Sandy Council
Tom and Judy Cronin
Liz Cullinan
Gordon Deegan
Jeff DeMartini
Sue Digre
Kelly Ehrenfeld
Diana Enriquez
Ted and Lois Everett

HEART Donors July 2014 to March 2015 (Continued)

Paul Fassinger	Melinda Henning	Keri Lung	Barbara Pierce	Jim Sun
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Barbara Christensen	San Mateo County Community College District
Laura Peterhans	SFOP/PIA
Marcia Raines	City of Millbrae
Sarah Rosendahl	Office of Supervisor Don Horsley

HEART Staff

Mark Moulton	Executive Director
Paula Stinson	Development and Communications Manager
Serena Ip	Business Manager
Joann McEntire	Development and Communications Associate

PROGRAM, FISCAL AND LEGAL SERVICES

Barbara Leff	Financial Services Manger, Dept. of Housing, County of San Mateo
Bill Lowell	Executive Director, Dept. of Housing, County of San Mateo
Justin Mates	Office of the County Counsel, County of San Mateo
Thelma Villar	Financial Office Specialist, Dept. of Housing
Matt Warner	HEART Homebuyer Program, Hello Housing
Marina Yu	Affordable Housing Program Administrator, Dept. of Housing

Photo credits: **Habitat for Humanity Greater San Francisco, Jeffrey Michael George Illustration, Serena Ip, Joann McEntire, Paula Stinson, VTBS Architects**

On the Cover

HEART helps working families

Mark and Amy bought their first home in South San Francisco with the HEART downpayment loan program, "We are overjoyed. HEART has helped us realize the American dream." (left)

Tiffanie and Timothy (right) grew up in Foster City and South San Francisco, and are grateful that they were selected to rent a new affordable apartment at Delaware Pacific in San Mateo.

Housing for Veterans in Menlo Park

HEART made a \$700K loan to Core Affordable Housing for pre-development costs of 60 affordable apartments for homeless and at-risk veterans.



The Housing Endowment and Regional Trust of San Mateo County

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www.heartofsmc.org

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

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