CITY *of* BRISBANE

Housing Subcommittee Agenda

Monday, December 15th, 2025 at 3:30PM ● Hybrid Meeting
Brisbane City Hall Annex, Annex Conference Room, 25 Park Place, Brisbane, CA

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SPECIAL ASSISTANCE
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SUBCOMMITTEE MEMBERS:

Mayor Pro-tem Davis, Councilmember Kern (Alt)

ROLL CALL

A. Consider any request of a City Councilmember to attend the meeting remotely under the "Emergency Circumstances" of AB 2449

PUBLIC COMMENT

PRESENTATIONS AND DISCUSSION ITEMS

B. Receive Presentation of Proposal from HEART Responding to RFP for Ownership and Management of Visitacion Garden Senior Housing

PUBLIC COMMENT

ADJOURNMENT

File Attachments for Item:

B. Receive Presentation of Proposal from HEART Responding to RFP for Ownership and Management of Visitacion Garden Senior Housing

HOUSING SUBCOMMITTEE AGENDA REPORT

Meeting Date: December 15, 2025

From: John Swiecki, Community Development Director

Subject: Presentation of Proposal from HEART Responding to RFP for Ownership and Management of Visitacion Garden Senior Housing

Recommendation

That the subcommittee receive the presentation of HEART's proposal for ownership and management of Visitacion Garden senior apartments and recommend that the City negotiate a new ground lease with HEART.

Background

The Visitacion Garden Senior housing development at 8 Visitacion Avenue contains 14 apartment units for low-income seniors (age 62+) and includes a senior recreation center ("Sunrise Room"). The former Brisbane Redevelopment Agency (RDA) purchased the site in 1995 for $440,000. The RDA partnered with BRIDGE Housing, a non-profit affordable housing developer, to design, construct, and manage the affordable senior housing development. Construction was completed in November 1999. The RDA issued two loans to BRIDGE to fund the development of the property. The Brisbane Housing Authority was activated in 2011 through adoption of Resolution 2011-15. The Housing Authority is governed by a five-member Board of Commissioners, filled by the Brisbane City Council members. Following dissolution of the Brisbane Redevelopment Agency in 2012, the Housing Authority assumed control over the Low and Moderate Income Housing Funds previously held by the Redevelopment Agency.

Brisbane Housing Authority retains ownership of the land beneath the development while BRIDGE (under its subsidiary Brisbane Senior Housing, Inc.) owns the buildings and improvements and manages the facility under a 30-year ground lease ("lease") that expires in 2028. Under the terms of the existing lease, ownership of the building and improvements on the site will revert to the Housing Authority in 2028 unless a new lease is executed or the existing lease is extended.

BRIDGE reached out to City staff in 2023 to discuss possible extension of the lease. Following discussions among City staff, BRIDGE, and this Subcommittee, it was the consensus that a preferred path forward was to seek a new entity that would enter into the existing lease or, more likely, enter into a new lease, or a new entity that would manage and operate the facility.

Based on this direction, in July 2025, staff brought forward a draft Request for Proposal (RFP) to the full City Council in its capacity as the Housing Authority Board. Following authorization by the Council, the RFP was released in August 2025 (Attachment 1). One proposal was received from the Housing Endowment and Regional Trust of San Mateo County (HEART). The proposal was reviewed by staff as well as a review committee comprised of Douglas Frederick, HCD Housing

Program Manager of San Mateo County Department of Housing (which holds a loan on the property) and Leigh Macalino, Housing Management Analysist with the City of Redwood City. After reviewing the proposal and interviewing HEART, the internal review committee unanimously found HEART's proposal to be responsive to the RFP and recommended that the City enter into negotiations with HEART for a new lease.

Discussion

HEART was established in 2003 as a Joint Powers Authority (JPA) between the County and its jurisdictions to operate a capital trust fund to provide short- and medium-term loans for the acquisition, predevelopment, and rehabilitation of affordable multifamily projects. In 2023, HEART formed an affiliate JPA (HEART-SV) to hold title in real estate developments and in 2024 purchased its first, and to date only, rental property in Redwood City. Armando Sanchez, Executive Director, has an additional 15 years of experience in affordable housing development and management.

Key features of HEART's proposal (Attachment 2) include the following:

OVERALL INTENT

- HEART proposes to enter into a new 55 year ground lease and management agreement for Visitacion Garden, assigning its interest to HEART-SV, an affiliate JPA.

DEBT

- HEART is willing to assume the existing debt on the property on the condition that an appraisal demonstrates that the leasehold interest and improvements have a value equal to or greater than the debt. If the valuation is less than the Debt, HEART requests a restructuring of the Debt. (See Fiscal Impact section below.)
- To pay for all costs associated with assuming the Project, including pay for the immediate repairs, the capital reserve, and the operating reserve, HEART is proposing a combination of a new $350,000 City loan and a 15-year $262,350 HEART loan.

TENANT MANAGEMENT AND RENT RESTRICTIONS

- HEART will honor all existing leases and designated area median income (AMI) rent levels for tenants currently residing at the Project.
- Existing rent restrictions would be maintained with one modification: replacing two 40% AMI units with one 30% AMI unit and one 50% AMI unit to align rents with Housing and Community Development (HCD) published rent levels.
- HEART proposes using an off-site property management firm.

A full summary of relevant proposal elements can be found in HEART's letter of intent and proposed approach in Attachment 1. HEART has also provided a pro forma to demonstrate their

anticipated revenues and expenditures together with proposed debt management. HEART will make a full presentation of their proposal at the meeting.

Next Steps

As outlined in the RFP, the subcommittee will make a formal recommendation to the full Council in its capacity as the Brisbane Housing Authority whether to engage in further negotiation with HEART for a new ground lease and the terms of that ground lease.

Fiscal Impact

HEART has proposed to assume the existing debt on the property. Practically this would entail executing new loan agreements for the three existing loans (two City, one County). The two new loan agreements would equate to the existing loan amount plus accrued interest as one new loan, which would itself accrue interest on a 30-year term. Should the City move forward to negotiate with HEART, HEART has requested an appraisal which will determine whether HEART requests restructuring of the existing debt on the property. HEART also proposes a new $350,000 City/Authority residual receipts loan at 3% interest to finance capital improvements and reserves on a 30 year term. There are adequate funds in the low and moderate income housing fund to fund the new loan request.

As residual receipts loans, loan payments would be paid out of surplus revenue/receipts. HEART's submitted pro forma shows the distribution of anticipated cash flow toward all three City loans, and shows that all three loans would have unpaid balances due at the end of the 30 year term. Staff anticipates that HEART would request entering into new loans for new terms at the end of the 30 year term to roll over the remaining loan balances.

Attachments

1. Request for Proposals for Leasehold Interest and/or Management of the Visitacion Garden Senior Apartments
2. HEART of San Mateo County proposal

John Swiecki

John Swiecki, Community Development Director

Julia Ayres

Julia Ayres, Principal Planner

Jeremy Dennis
City Manager/Brisbane Housing Authority Executive Director

City of Brisbane and Brisbane Housing Authority Request for Proposals:

Leasehold Interest and/or Management of the Visitacion Garden Senior Apartments

8 Visitacion Avenue/3 Inyo Street, Brisbane, CA 94005

August 26, 2025

Please be aware that under the California Public Records Act, all documents submitted in response to this Requests for Proposals are considered part of the public record and will be made available to the public, upon request, following the application deadline.

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Enclosure C	County of San Mateo Promissory Note , Deed of Trust, and Declaration of Restrictive Covenants (1998)
Enclosure D	Ground Lease by and Between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998)
Enclosure E	First Amendment to the Ground Lease by and Between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998)
Enclosure F	Ground Lease by and Between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998) Second Amendment to the Ground Lease by and Between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (2000)
Enclosure G	Loan and Regulatory Agreements by and between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998)

Enclosure H	Addendum to the Loan and Regulatory Agreement by and between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998)
Enclosure I	Loan and Regulatory Agreements (Bond Proceeds) by and between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998)
Enclosure J	Declaration of Restriction by Brisbane Senior Housing, Inc. (2000)
Enclosure K	2022 Audited Financial Statement
Enclosure L	2023 Audited Financial Statement
Enclosure M	2024 Audited Financial Statement
Enclosure N	2025 Budget
Enclosure O	Current Rent Roll
Enclosure P	Capital Needs Assessment for Visitacion Gardens Apartments prepared by Integrated Property Analysis, Inc. (2024)

The City of Brisbane ("City") and the Brisbane Housing Authority ("Authority")[1] are pleased to issue this Request for Proposals (RFP) to Proposers with demonstrated experience to (a) assume an existing leasehold interest and manage 8 Visitacion Avenue/3 Inyo Street ("Visitacion Garden")["the Project"], or (b) enter into a management agreement for Project, or (c) to enter into a new ground lease and management agreement for the Project. Where the proposal is for management only, the Authority will continue to be the owner of the property.

Selection will be made from responsive proposals that will best serve the interests of the City, the Authority, and residents of Visitacion Garden based on a combination of cost, experience, and capacity to operate and manage the Project.

Please submit your proposal using the format specified in this RFP. PROPOSALS MUST BE RECEIVED BY Monday, September 29, 2025 by no later than 5 PM. Any proposal received after the specified time and date will not be considered. Proposals shall be submitted electronically by email to Principal Planner Julia Ayres via email to jayres@brisbaneca.org. Note: An email will be sent to confirm receipt of the electronic proposal.

Questions regarding proposals should be directed to:

Julia Ayres, Principal Planner
(415) 508-2129
jayres@brisbaneca.org

[1] The property is owned by the Brisbane Housing Authority. The Brisbane City Council serves as the Brisbane Housing Authority. As a practical matter, City staff carries out the day-to-day oversight of the Project.

1. Introduction

The Project is a 14-unit, income and rent-restricted apartment complex for seniors located at 8 Visitacion Avenue and 3 Inyo Street in Brisbane, CA. Construction began in 1998, and the building was occupied in early 2000. At the time of construction, the property was owned by the Redevelopment Agency of the City of Brisbane "RDA"). Bridge Housing Corporation ("BRIDGE"), a Bay Area based company, developed the site. Brisbane Senior Housing, Inc. (the "Current Owner") currently operates the Project pursuant to a long-term ground lease with the RDA ('Ground Lease"). When Redevelopment Agencies were dissolved statewide, the RDA transferred the property and its interest in the Ground Lease to the Brisbane Housing Authority ("Authority"). The Ground Lease terminates on January 26, 2028. The City of Brisbane ("City"), the RDA and the County of San Mateo are all lent money to develop the Project, which loans remain outstanding. In consultation with Brisbane Senior Housing, Inc., the City, and the Authority, are now seeking proposals for any of the following scenarios:

- Assignment and extension of the existing Ground Lease to a new lessee/operator and/or other modifications to the existing Ground Lease; or
- Early termination of the existing Ground Lease and execution of a new Ground Lease with the Proposer; or
- Early termination of the existing Ground Lease and execution of a property management and operations agreement under which the Proposer will manage and operate the Project for the Authority.

The Proposer must assume, but may work with the City, the County, and the Authority to restructure the existing project debt.

Income and Rent Limitations

Under the existing Ground Lease, the maximum household incomes allowed for tenants in the Project are as follows:

Table 1: Visitacion Garden, Number of Units by Income Restriction

Percent of Area Median Income ("AMI")	Bedrooms	Number of Units
30%	One	2
40%	One	2
50%	One	4
60%	One	2
60%	Two	2
80%	One	2

Notwithstanding the household income limits, the maximum rents, based on the percent of AMI, have been set by two recorded Declaration of Restrictions. While one of the one-bedroom units may be rented to a household with an income up to 80% of AMI, the maximum rent allowed for that unit is 60% of AMI. The resulting maximum rent table is as follows:

Table 2: Visitacion Garden, Number of Units by Rent Restriction			
Percent of Area Median Income ("AMI")	Rent Limit Source	Bedrooms	Number of Units
30%	HCD/San Mateo County	One	1
30%	HUD Low HOME Rents	One	1
40%	HCD/San Mateo County	One	2
50%	HCD/San Mateo County	One	4
60%	HUD High HOME Rents	One	4
60%	HCD/San Mateo County	Two	2

It is expected that existing income and rent limitations will remain the same for existing tenants and that the Proposer may propose new long-term income and rent limitations that would apply upon turnover of existing units. If the Proposer proposes new income and rent limitations, such rent limitations must be affordable to lower income households.

A. Original Project Financing

The Project was financed through a combination of RDA and County of San Mateo ("County") funds. As with many affordable housing developments, these funds are to be paid back out of surplus cash flow. And as with many similar developments, cash flow for this Project has been insufficient to repay the loans. Over the life of the Project, some small payments have been made, but substantial interest has been accrued by the Project. Initial debt on the Project was $2,675,000 (of which, $2,500,000 was lent by the former RDA). As of January 1, 2025, the Project owes the Authority (who assumed fee ownership of the property and the RDA loan) $3,937,189, and the County $292,352, for total outstanding debt of $4,229,541, or $302,110 per unit. See Table 3 for details.

Proposals should include a proposal for restructuring this debt.

Table 3: Source of Funds/Outstanding Debt, as of June 30, 2025				
Source of Funds	Original Loan Amount	Remaining Loan Amount	Accrued Interest	Total Outstanding Debt
Redevelopment Agency of the City of Brisbane/Authority Loan 1	$1,000,000	$899,873	$600,700	$1,500,573
Redevelopment Agency of the City of Brisbane/Authority Loan 2	$1,500,000	$1,436,214	$1,000,402	$2,436,616
County of San Mateo (HOME funds)	$175,000	$175,000	$117,352	$292,352
Totals	$2,675,000	$2,511,087	$1,718,454	$4,229,541

B. Schedule

The City and the Authority anticipate that the RFP process will take 60 to 90 days, after which time one entity will be recommended to the Authority for negotiation of an assignment and/or extension of the existing Ground Lease, a new ground lease and regulatory agreements, or an agreement to manage the Project. While the schedule stated in this RFP represents the preferred timetable, it shall not be considered binding upon the City or the Authority. In addition, the submission of a proposal in response to the RFP shall not be binding upon the City or the Authority nor construed as a contract with or commitment by the City or the Authority.

The schedule is as follows:

Table 4. RFP Schedule	
Activity	Date
RFP Released	Monday, August 26, 2025
Site Visit and Proposers Conference	Friday, September 12
Questions and Requests for Clarifications Due	Monday, September 15, 2025
City staff Response to RFP Questions/Clarifications	Monday, September 22, 2025
RFP Submittal Deadline	Monday, September 29, 2025
Proposer Interviews and Due Diligence	October 2025
Authority Subcommittee Review and Recommendation	October 2025
Authority Action	November 2025

1. **RFP Release:** The RFP is made available online at the City of Brisbane's website at https://www.brisbaneca.org/rfps and at the Community Development Department, Brisbane City Hall, 50 Park Place, Brisbane, CA 94005.
2. **Site Visit and Proposer's Conference:** A site visit will be held at the site at 8 Visitacion Avenue on Friday, September 12, 2025 at 10 a.m. A proposer's conference will immediately follow the site visit at Brisbane City Hall, Community Meeting Room, 50 Park Place on Friday, September 12, 2025 at 11 a.m. To submit a proposal, a representative from the Proposer's team MUST be in attendance at both the site visit and the proposers' conference.
3. **Questions and Requests for Clarification.** Proposers must submit any questions or requests for clarification on the RFP via email to City staff by 5 p.m. on Monday, September 12, 2025.
4. **City staff Response to RFP Questions/Clarifications:** City staff will respond to all timely questions and provide any clarifications online at https://www.brisbaneca.org/rfps.
5. **RFP Submittal Deadline**: The City/Authority must receive responses to the RFP on or before the deadline listed on page 1 of this RFP. It is the responsibility of the Proposer to ensure that the proposal is received by the City/Authority before the deadline and that the information provided in the proposal is complete. The omission of information may be deemed non-responsive and may subject the Proposer to disqualification. Adherence to the RFP submission deadline will be based on the time the City/Authority receives each submission email from the Proposer.
6. **Proposer Team Interviews**: The selection committee is expected to evaluate the proposals and then, provided that one or more proposals are deemed sufficient, the selection committee will hold interviews with one or more Proposers.
7. **Due Diligence:** The City/Authority reserves the right to request additional documentation and/or written responses to confirm statements made during the interview, follow-up questions, supplemental interviews, or to make other fact-finding efforts as the City/Authority determines it is necessary to assess the most qualified Proposer.
8. **Recommendation and Authority Vote:** The selection committee shall make a recommendation to the Authority's Executive Director and the City of Brisbane's Housing Subcommittee, before making a recommendation to the full Authority. Upon the affirmative vote of the Authority, City staff will negotiate with the selected Proposer an assignment and/or an extension of the existing Ground Lease, a new ground lease, or an agreement for management of the Project The Proposer shall also assume the existing obligations of the Project and the existing lessee shall be fully released from obligations associated with the Project by the City, Authority, and the County of San

Mateo and any successful Proposer. The Proposer should be prepared to perform its own due diligence, lease the Project in its as-is condition (if a ground lease is contemplated in the proposal) and enter into modified loan documents. City staff will also work with the Proposer to negotiate modifications to the County debt. If those negotiations are successful, the selected scenario will be presented to the Authority for a final decision.

2. Project Requirements

The following requirements and underwriting guidelines apply to the Project, whether or not the Proposer is, as part of its proposal, seeking funding from the Authority.

Table 5. Visitacion Garden Preservation Requirements and Underwriting Guidelines

Item	Requirement
Organization Status	The Proposer may be a for-profit organization, a nonprofit organization, local government agency, joint powers agency, or a community land trust.
Proposer Experience	Any potential Proposer shall have for at least three years owned or through a lease or other agreement operated at least one project similar to what is proposed in terms of scope, size, budget, financing structure, ability to obtain financing, and schedule. Proposers may use key principals to qualify for experience. Proposals for property management whether responding for just the management contract, or as part of a lessee/management team, must reflect that the Respondent has managed at least two completed projects similar to the existing Project in terms of scope, size, and operating budget.
Regulatory Term and Lease	99 years
Income Limits	See Table 1
Maximum Rents (Including Utility Allowances)	See Table 2 and discussion under “Income and Rent Limitations” on p. 5 of this RFP
City Monitoring Fee	Except where not allowed by law (AB2430), $125/unit per year.
Construction Management Fee (if applicable)	5% of total construction costs.

Item	Requirement
Replacement Reserves	Replacement reserve funding covers the cost of all repairs needed for 15 years as described in a Property Needs Assessment (PNA) prepared by a qualified third-party consultant. The reserve must include a 3% price escalator, if not included in the PNA. The reserve may be funded through an initial reserve deposit when the existing lease is extended, or a new lease is entered into or through annual deposits from cash flows (or a combination thereof). A minimum of $500 per unit per year is required if the initial reserve deposit does not cover 50% of the 15-year PNA cost.
Capitalized Operating Reserves	Minimum 3 months' expenses, including: hard debt, monitoring fees, and replacement reserves
Vacancy Loss Percentage	Minimum of 5%
Debt Coverage Ratio	1.1 over the first two years and 1.2 over the next 13 years of cash flow or the remaining loan term of any hard debt (whichever is longer).
Asset management fee	Lesser of $1,000/unit, or $25,000/year with a 3.5% escalator.
Subordination	The Authority will subordinate its deed of trust to lenders with a greater investment (senior lenders) and to private lenders that require it as a condition of funding. The city will not subordinate its regulatory agreement to any deed of trust but will consider subordinating its regulatory agreement to a senior lender's regulatory agreement.
Insurance	See Exhibit A.
Renovations	Any renovations proposed must either address the repairs and upgrades outlined in the Capital Needs Assessment or be justified by an independent assessment paid for by the Proposer.

Item	Requirement
Hard cost contingency	At least 20% of hard costs, including general requirements, overhead, profit, and contractor's contingency
Soft cost contingency	At least 10% of all costs except acquisition, hard costs, reserves, and construction management fees
Contingency Funds	Contingency funds shall first be used to cover construction cost over runs, and the remainder shall be deposited into the replacement reserve.
Relocation	Displacement or permanent relocation of existing tenants is not allowed. Temporary relocation during renovation is allowed. All relocation must follow local, state, and federal relocation laws, and a relocation budget must be part of the proposal.
Property Welfare Tax	If applicable, the budget must clearly show that the property will be accessing the welfare tax exemption.

If new Authority funds are requested, the following requirements also apply:

Authority Loan Terms	
Item	**Terms**
Loan Term	55 years
Interest	3% annual simple interest
Payments	Payments made from residual receipts
Subsidy Limit	$50,000/unit

Substantive changes to the requirements may only be made upon approval of the Authority.

3. Evaluation and Selection Process

A. Evaluation Criteria

The City/Authority will use a quality-based selection process, and the assignment/lease/agreement will be awarded to the Proposer whose proposal is determined as providing the best value in meeting the interests of the City, the Authority, and Project tenants. Proposals will be evaluated by City staff based on professional qualifications and relevant experience; the proposed financing solution; the project approach; and the proposal's quality.

The City/Authority reserves the right to reject all proposals, refuse any or all proposal(s), to waive technicalities, and to accept whichever proposal that may be in the best interest of the City, the Authority and Project tenants, at the City's/Authority's sole discretion. City staff will evaluate all proposals deemed responsive and make a recommendation to the Authority based on the criteria below and the percentage of their importance.

1. **Professional qualifications and relevant experience (30 percent)**

Proposers should meet the following capacity and experience requirements:

- Proposers who intend to have a leasehold interest (whether existing or new) and operate the Project must have owned or had a long term leasehold interest for at least three years in at least one project similar to the existing Project in terms of scope, size, budget, financing structure, ability to obtain financing, and schedule. Proposers may use key principals to qualify for experience.
- Proposers, whether responding for a management contract only, or as part of an owner/manager team, shall have managed at least two) completed projects similar to what is proposed in terms of scope, size, and operating budget.

Proposers must provide documentation relevant to capacity and experience including the following from similar projects: two years audited financial statements, the most recent annual budget, and any legal or funding agreements. Statements are not required from key principals if they no longer have access to these documents.

Additional weight will be granted to those Proposers who have similar experience with affordable senior housing projects and/or have the clear capacity to address the capital improvement needs of the Project as outlined in the 2024 Capital Needs Assessment prepared by Integrated Property Analysis, Inc.

2. **Financing Solution (30 percent)**

Recapitalization is necessary for the Project to meet long-term maintenance needs and financial sustainability. Proposals will receive points based on the Proposer's ability to find creative solutions and reduce investment of scarce public resources while maximizing financial feasibility.

The Authority is open to providing funding for the Project, however Proposers will improve their score if they are able to minimize the expense to the Authority through viable plans to increase income to the Project and/or bringing alternative funding sources (e.g. county, state, private, or charitable funds) to the Project.

3. **Approach to the Project (20 points)**

The proposal should reflect that Proposers have identified the special circumstances of the Project and have identified viable solutions to the Project's needs. In addition, Proposers should provide a feasible timetable for repairs and upgrades to the Project, while minimizing relocation and other disruptions to tenants.

4. Quality of proposal (20 percent)

Points will be granted based on the information conveyed, the overall proposal quality and readability, and the technical expertise presented.

B. Selection Process

The Authority is the sole final decision maker regarding the selection, and it reserves the right to reject any or all proposals.

During the selection phase of the process, members of the City's selection panel and/or consultants retained by the City will evaluate the proposals. At their discretion, they may contact references and industry sources, investigate previous projects and current commitments, interview some or all the project team members, and take any other information into account in their evaluation of the proposal. The City reserves the right to request clarification or additional information from Respondents and to request that Respondents make presentations to the Authority, community groups or others. Based on their evaluations, City staff will prepare a "short list" of Respondents who will then be interviewed by the selection panel.

The Authority may, with the selected Proposer, enter into an assignment and/or an extension of the existing Ground Lease, an operating/management agreement, or a new ground lease. Any such assignment/extension, agreement or ground lease must have provisions that the existing income and rent limitations applicable to existing tenants shall remain in place.

Minimum Threshold Requirements:

1. The proposal must be complete.
2. A principal member of the Proposer's team must attend the site visit and proposers' conference.
3. The Proposer must commit to maintaining direct and continuing control of the project throughout the regulatory period.
4. The funds requested must align with identified repair and construction needs, as outlined in the 2023 Property Needs Assessment, or through a new assessment, completed by the Proposer at its own cost. Requested funds may also cover the costs of construction management.

4. Submission Requirements

Submit the proposal using the format specified in this Request for Proposals. PROPOSALS MUST BE RECEIVED BY Monday, September 29, 2025 by no later than 5 PM. Any proposal received after the specified time and date will not be considered. Proposals shall be submitted electronically to Principal Planner Julia Ayres at jayres@brisbaneca.org. Note: An email will be sent to confirm receipt of the electronic proposal.

Proposals must include the following, in the following order:

1. Cover letter with Proposer's name, amount of funding requested (if any), and proposal summary (max 1 page).

2. A clear statement as to whether the Proposer is seeking an assignment and extension of the existing Ground Lease and to operate and manage the Project, a contract to operate and manage the Project, or a new Ground Lease by which the Proposer will operate and manage the Project.

3. Description of the Proposer's approach to the Project, including a description of how the existing debts would be restructured or paid off and a summary of the sources and uses, including anticipated costs of repairs and renovation as established in the 2024 Capital Needs Assessment prepared by Integrated Property Analysis, Inc., Authority funding, and any additional funding sources anticipated or secured by the Proposer.

4. Description of the Proposer(s), including years of experience, types of projects, role in projects, and key principals with contact information (max 2 pages).

5. Organizational documents from the State, organizational chart, non-profit status (if applicable), and operating agreements for partnerships.

6. Last two years of audited financial statements of entities or principals. Small organizations that do not conduct audits may request a waiver but must submit two years of their financial statements (balance sheets and annual profit and loss statements), and two most recent years of their IRS Form 990.

7. Description of property management company, including years of experience and types of projects managed (max 2 pages).

8. Schedule listing proposed key dates including funding applications (if applicable), inspections, building permits (if applicable), and repairs and renovations.

9. Any property inspections completed by the Proposer.

10. Budget spreadsheets with unit mix by bedroom type and income restriction, development sources and uses, operating budget, 20-year cash flow, and debt

coverage ratios. Applicants should use the budget template provided by the City or provide the information in a spreadsheet (not a PDF) that provides substantially similar information.

11. Financing commitments.

12. Operating subsidy commitment, if applicable.

13. Relocation Plan and Budget, if applicable.

14. Signed Certifications in Enclosure B.

15. Description of any changes to the Project Requirements (Table 5 of this RFP) requested.

16. Any other materials required to evaluate scoring criteria.

5. General Terms and Conditions

1. This RFP does not commit to the City/Authority to pay any cost incurred in the preparation of a submittal to this RFP or in subsequent negotiations.
2. At any time prior to the specified time and date set for the submission, a person/firm, or a designated representative, may withdraw a proposal that has been submitted.
3. The issuance of this RFP and the acceptance of a submittal do not constitute an agreement by the Authority that the Authority will approve an assignment or extension of the existing Ground Lease, a contract to manage the Project, or a new ground lease. The Authority expressly reserves the right to:
    a. Reject any or all proposals.
    b. Reissue an RFP.
    c. Extend the period for submission of the proposals by notification to all parties who have registered an interest in this RFP with the City.
    d. Request more information from any or all Proposers.
    e. Waive any immaterial defect or informality.
    f. Decline to go forward with the RFP
    g. Reject any proposal.
4. Final terms of any assignment or extension, agreement or lease will be established during negotiations. Negotiations may be terminated by the City/Authority for failure to reach mutually acceptable terms.
5. Each Proposer will be responsible for all costs incurred in preparing a response to this RFP.

6. All materials and documents submitted in response to this RFP will become the property of the City/Authority and will not be returned. Proposers selected for further negotiations will be responsible for all costs incurred by it during negotiations regardless of the outcome of the negotiations.
7. Proposers are responsible for reviewing all portions of this RFP. A Proposer is to promptly notify the City, in writing, if a Proposer discovers any ambiguity, discrepancy, omission or other error in the RFP. Any such notification should be directed to the City promptly after discovery, but in no event later than five working days prior to the date for receipt of proposals.

A. Disclaimers

The City/Authority obtained the information contained in this RFP from sources deemed reliable; however, the City/Authority makes no guarantees, warranties, or representations, nor expresses or implies any opinion concerning the accuracy or completeness of the information provided. It is furnished solely as an aid to interested parties. Interested parties are responsible for undertaking all necessary investigations on and off the Project to determine the financial and physical condition of the Project.

Regarding the information submitted to the City/Authority by Proposers, please note: The California Public Records Act mandates public access to government records. There is a presumption that documents prepared, owned, used, or retained by a public agency are public records and therefore accessible by the public.

6. Enclosures

Enclosure A	Insurance Requirements
Enclosure B	Proposer Certifications
Enclosure C	County of San Mateo Promissory Note , Deed of Trust, and Declaration of Restrictive Covenants (1998)
Enclosure D	Ground Lease by and Between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998)
Enclosure E	First Amendment to the Ground Lease by and Between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998)
Enclosure F	Ground Lease by and Between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998) Second Amendment to the Ground Lease by and Between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (2000)
Enclosure G	Loan and Regulatory Agreements by and between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998)
Enclosure H	Addendum to the Loan and Regulatory Agreement by and between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998)
Enclosure I	Loan and Regulatory Agreements (Bond Proceeds) by and between the Redevelopment Agency of the City of Brisbane and BRIDGE Housing Corporation (1998)
Enclosure J	Declaration of Restriction by Brisbane Senior Housing, Inc. (2000)
Enclosure K	2022 Audited Financial Statement
Enclosure L	2023 Audited Financial Statement
Enclosure M	2024 Audited Financial Statement
Enclosure N	2025 Budget
Enclosure O	Current Rent Roll
Enclosure P	Capital Needs Assessment for Visitacion Gardens Apartments prepared by Integrated Property Analysis, Inc. (2024)

Enclosure A – Insurance Requirements

Prior to assuming or extending the existing Ground Lease, entering into an agreement to operate and manage the Project, or entering into a new ground lease, the following policies of insurance shall be obtained and maintained:

(a) Type of policies and coverage:

(1) Commercial General Liability Coverage. Consultant shall maintain commercial general liability insurance in an amount not less than $1,000,000 per occurrence, $2,000,000 general aggregate, and $2,000,000 products and completed operations aggregate for bodily injury, personal injury and property damage, providing coverage at least as broad as Insurance Services Office Commercial General Liability form CG 00 01. The policy shall include a per project or per location general aggregate endorsement. If a per project/location endorsement is not available, the limit for the general aggregate shall be doubled.

(2) Automobile Liability Coverage. Consultant shall maintain business automobile liability insurance in an amount not less than $1,000,000 each accident combined single limit for bodily injury and property damage, providing coverage at least as broad as Insurance Services Office form CA 00 01 Code 1 (any auto).

(3) Workers' Compensation and Employer's Liability Coverage. Consultant shall maintain workers' compensation insurance as required by the State of California and employer's liability insurance in an amount not less than $1,000,000 each accident, $1,000,000 by disease-policy limit, and $1,000,000 by disease-each employee for any and all persons employed directly or indirectly by Consultant in connection with the performance of services under this Agreement. In the alternative, Consultant may rely on a self-insurance program to provide this coverage so long as the program of self-insurance complies fully with the provisions of the California Labor Code. The insurer, if insurance is provided, or Consultant, if a program of self-insurance is provided, shall waive all rights of subrogation against City for loss arising from work performed by Consultant for City.

(4) Professional Liability Coverage. Consultant shall maintain professional liability insurance that insures against professional errors and omissions in an amount not less than $1,000,000 per claim and in the aggregate, covering negligent acts, errors or omissions which may be committed by Consultant in the performance of its services under this Agreement.

(b) Endorsements: Each general liability and automobile liability insurance policy shall contain and be endorsed to contain, the following provisions:

(1) The City, its officers, officials, employees, agents, and volunteers are to be covered as additional insureds as respects: liability arising out of activities performed by or on behalf of Consultant; on Insurance Services Office form CG 20 10 (or equivalent) for ongoing operations, and on Insurance Services Office form CG 20 37 (or equivalent) for products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, its officers, officials, employees, agents or volunteers.

(2) For any claims related to the Project, Consultant's insurance coverage shall allow and be endorsed primary insurance as respects the City, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees, agents or volunteers shall be excess of Consultant's insurance and shall not contribute with it.

(3) The commercial general liability, automobile liability and workers' compensation policies shall allow and be endorsed to include a waiver of subrogation in favor of the City, its officers, officials, employees, agents, and volunteers.

(4) Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to City, its officers, officials, employees, agents or volunteers.

(5) Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(6) Consultant's insurance coverage shall not be suspended, voided, canceled or reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to City. If a carrier will not provide the required notice, the Consultant shall provide written notice to the City no later than five (5) business days before policy modification or cancellation.

(c) Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by City. At City's option, Consultant shall

demonstrate financial capability for payment of such deductibles or self-insured retentions.

(d) Acceptability of Insurers. Insurance is to be placed with insurers having a current A.M. Best rating of no less than A:VII, unless otherwise approved by City in writing.

(e) Verification of coverage. Consultant shall provide certificates of insurance with original endorsements to City as evidence of the insurance coverage required by this Agreement. Certificates of such insurance and endorsements shall be filed with City before commencement of work by Consultant. At the request of City, Consultant shall provide complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by this Agreement.

Enclosure B – Proposer Certifications

Proposer hereby certifies:

1. **Truth of Application**
   That the information submitted in the proposal and any supporting materials is true, accurate, and complete to the best of its knowledge. Proposer acknowledges and understands that if facts and/or information herein are found to be misrepresented, it shall constitute grounds for rejecting the proposal or ending negotiations.

2. **Applications are Public Records**
   That Proposer acknowledges that the information submitted as part of this proposal may be made available to the public pursuant to a request under the California Public Records Act.

3. **Legal Authority**
   The signatory has the legal authority to submit this proposal on behalf of the Proposer.

4. **Civil and Legal Questions (include an explanation for any questions answered "Yes")**

   a. Has the Proposer filed bankruptcy or receivership or had a bankruptcy or receivership commenced against it, defaulted on a loan, or been foreclosed against in the past ten years?

   b. Is the Proposer currently a party to, or has it been notified that it may become a party to any civil litigation that may materially and adversely affect the financial condition of the Proposer's business in this proposal?

   c. Have there been any administrative or civil settlements, decisions, or judgements against the Proposer within the past 10 years that materially and adversely affected the financial condition of the Proposer's business in this proposal?

   d. Is the Proposer currently subject to, or been notified that it may become subject to, any civil or administrative proceeding, examination, or investigation by a local, state, or federal licensing or accreditation agency, a local, state, federal taxing authority, or a local, state, or federal regulatory or enforcement agency?

   e. In the past 10 years, has the Proposer been subject to any civil or administrative proceeding, examination, or investigation by a local, state, or federal licensing or accreditation agency, a local, state, or federal taxing authority, or a local,

state, or federal regulatory or enforcement agency that resulted in a settlement, decision, or judgment?

f. Is the Proposer currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination, or investigation, of any kind, involving, or that could result in felony charges against the Proposer?

g. Is the Proposer currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in misdemeanor charges against the Proposer for matters relating to the conduct of the Proposer's business?

h. Is the Proposer currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in criminal charges against the Proposer for any financial or fraud related crime?

i. Is the Proposer currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in criminal charges against the Proposer that could affect the financial condition of the Proposer's business?

j. Within the past 10 years, has the Proposer been convicted of any felony?

k. Within the past 10 years, has the Proposer been convicted of any misdemeanor related to the conduct of the Proposer's business?

l. Within the past 10 years, has the Proposer been convicted of any misdemeanor for any financial or fraud related crime?

Proposer Name and Title: Organization:

_____ _____

Signature Date

_____ _____

HEART
OF SAN MATEO COUNTY

September 29, 2025

Julia Ayres, Principal Planner
50 Park Place
Brisbane, CA 94005

Re: Visitacion Garden Senior Apartment, 8 Visitacion Avenue/3 Inyo Street, Brisbane, CA (the "Project")

Dear Ms. Ayres,

This letter sets forth our proposal to enter into a new ground lease and management agreement for the Project. The purpose of this letter is to summarize the material terms of our mutual understanding regarding the ground lease and management of the Project by the Housing Endowment and Regional Trust of San Mateo County ("HEART" or "Buyer") and its assignee, HEART-SV. The landowner is referred to as the "City."

1. Debt Assumption HEART is willing to assume the existing City and County of San Mateo loans ("Debt") on the condition that an appraisal demonstrates that the leasehold interest and improvements have a value equal to or greater than the Debt. If the valuation is less than the Debt, HEART requests a restructuring of the Debt.

2. Acquisition Price The assumed (or restructured) Debt shall constitute the "Acquisition Price" of the Project.

3. Due Diligence Period HEART intends to conduct a full due diligence review, including an appraisal, property needs assessment, Phase I environmental report (if not already provided by the City), and any other studies deemed necessary. HEART will have forty-five (45) days from the date the City notifies HEART that the City Subcommittee is recommending HEART for the Project (the "Due Diligence Period"). At the start of the Due Diligence Period, City will deliver to HEART any due diligence materials provided by the current owner.

4. Assignment The City acknowledges that, immediately prior to closing, Buyer will assign the Project acquisition to HEART-SV, an affiliate of HEART, which will take title.

5. Financing Based on the information provided in the Request for Proposals, HEART believes that existing rental revenue is sufficient to cover general operating expenses. However, outstanding repairs and future capital needs identified in the capital needs assessment exceed projected revenues. To address this gap, HEART proposes a

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combination of a new City loan and a HEART loan. Following our own property needs assessment, HEART will confirm whether a capital infusion is necessary and, if so, in what amount, or whether future repairs can be funded through rent revenue.

6. Rent Restriction

HEART accepts and proposes to maintain the existing rent restrictions, while implementing subsidy "stacking" to ensure long-term project sustainability. HEART proposes one modification: replacing two 40% AMI units with one 30% AMI unit and one 50% AMI unit. This will allow rents to align with the State Office of Housing and Community Development (HCD) published rent levels.

To maintain viability, HEART intends to rent four units at 80% AMI. However, Health & Safety Code §§50053 and 50052.5 require that units restricted at 80% AMI be rented at 60% AMI rent levels. To serve 80% AMI households at appropriate rents, these units must instead be deed restricted at 120%. A table summarizing the current and proposed restrictions, subsidy stacking, and targeted occupancy is shown below.

	Deed Restriction			
AMI	City	HOME	HEART	Target
30%	2	2	3	3
40%	2	2	0	0
50%	0		1	1
60%	1	1	6	6
80%	1		0	4
120%	8		4	0
Total	14		14	14
Average AMI	89%		70%	59%

7. Current Tenants

HEART will honor all existing leases and designated AMI rent levels for tenants currently residing at the Project.

8. Affordability

Because the City's original funding for the Project came from the former Redevelopment Agency, HEART understands that H&SC dictates the method of calculating rents for units regulated by the City deed restriction. HEART and the City further acknowledge that if City and County subsidies are stacked, five units will be subject to the lesser of HUD HOME Income Limits or H&SC-based limits.

9. Property Management

HEART believes that the Project's prior financial challenges stemmed in part from reliance on part-time, on-site management and maintenance. We propose utilizing a capable, responsive off-site property management team to ensure both quality service to tenants and proper maintenance. Should this approach fall short, HEART is willing to adjust its strategy.

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10. Repairs and Upgrades HEART proposes a $300,000 construction budget to address identified repairs needed in the next three years. In addition, HEART will capitalize a $90,000 reserve fund and contribute 10% of gross income annually, beginning with approximately $20,000 in the first year, with contributions increasing in subsequent years. The combination of construction budget, capitalized reserves and the annual deposits to the reserve are sufficient to address all of the repairs identified in the capital needs assessment provided in the request for proposals.

11. Non-Binding Effect This proposal reflects the mutual understanding of the parties with respect to the general terms and conditions of the proposed transaction. Except for provisions expressly intended to be binding (if any), this proposal is non-binding and subject to the negotiation and execution of mutually acceptable definitive agreements.

Thank you for considering this proposal. We look forward to further discussions and to working together to preserve and strengthen affordable housing in the City of Brisbane.

Sincerely,

Armando F. Sanchez
Executive Director.

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Statement of Intent

HEART is proposing a new 55-year ground lease to operate and manage the Project.

HEART's Proposed Approach

HEART proposes to assume the existing Debt on the condition that an appraisal demonstrates the leasehold interest and improvements have a value equal to or greater than the Debt. HEART will conduct an appraisal as part of its due diligence review and if the valuation is less than the Debt, HEART requests to restructure the Debt.

The provided 2024 Capital Needs Assessment by Integrated Property Analysis identifies $796,200 in capital needs. Completing the repairs based on the Assessment's schedule, the future cost of these repairs with inflation will be approximately $980,460. However, the existing Project revenue does not support this level of repairs. To address this deficit, HEART proposes to establish a $363,000 construction budget to immediately finance the first 3 years of capital needs, fund a $90,000 capital reserve, and contribute 10% of gross income annually to the capital reserve fund. The immediate repairs, future repair schedule and total cost are subject to change based on the property needs assessment HEART will conduct once the City notifies HEART that the City Subcommittee is recommending HEART for the Project.

To pay for all costs associated with assuming the Project, including pay for the immediate repairs, the capital reserve, and the operating reserve, HEART is proposing a combination of a new $350,000 City loan and a 15-year $262,350 HEART loan.

Table 1: Experience Last 10 Years

HEART MULTIFAMILY LOANS

HEART's role is to provide predeveldopment and/or permanent financing to multifamily projects for new construuction, preservation and predevelopment.

Development	Developer	Borrower	Units	Afford. Units	Type	Status	HEART Loan Amount	Note Date	Repayment Type	Total Devt Costs
Stambaugh	HEART-SV	HEART-SV	8	8	Preservation	Completed	$1,900,000	7/29/24	Residual Receipts	$3,760,327
Stambaugh	HEART-SV	HEART-SV	8	8	Preservation	Completed	$450,000	2/29/24	Repaid	
Ridge at Ralston	CRP	CRP Affordable Communities	65	64	New Construction	Predevelopment	$1,000,000	7/1/24	Balloon, Interest annually	$61,272,000
Ridge at Ralston	CRP	CRP Affordable Communities	65	64	New Construction	Predevelopment	$3,000,000	1/1/24	Balloon, Interest annually	
Colibri	MidPen Housing	MP 965 Weeks Street Ass.	136	135	New Construction	Construnction	$3,230,000	10/1/23	Residual Receipts	$140,737,067
493 Eastmoor Ave	CORE	Eastmoor Multifamily	72	71	New Construction	Predevelopment	$3,000,000	9/18/23	Repaid	$71,774,000
Kiku	MidPen Housing	Donwtown SM Partners	225	223	New Construction	Construnction	$3,800,000	12/17/21	Residual Receipts	$169,000,000
Nugent Square	EDEN/ EPACANDO	Nugent Square Partners	32	31	Rehabilitation	Completed	$850,000	9/13/21	Repaid	$850,000
353 Main Street Family Apartments	ROEM	353 Main Street Apartments	125	124	New Construction	Completed	$3,500,000	7/29/19	Repaid	$87,894,313
PSD Oddstad Blvd.	Pacifica School District	Pacifica School District	70	45	New Construction	Predevelopment	$900,000	7/1/18	Repaid	$24,000,000
2821 El Camino Real Unincorporated (North Fair Oaks)	Palo Alto Housing	2821 ECR LLC	67	66	New Construction	Completed	$3,500,000	10/2/17	Repaid	$33,899,243
Bay Meadows Affordable San Mateo	BRIDGE	Winfield Hill, Inc.	68	67	New Construction	Completed	$500,000	2/21/17	Repaid	$46,958,277
Jefferson Av. Homeownership Redwood City	Habitat for Humanity	Habitat for Humanity Greater San Francisco	20	20	New Construction	Completed	$500,000	2/24/15	Repayment: $12,500 semi-annual	$10,262,000
10 Year Totals:			961	926			$26,130,000			$650,407,227

Table 2: Armando Sanchez Preservation Experience

Project	Units	Affordable	Purchase Price	Year Purchased	Years in Service	Role	Current Status
232 Miller Avenue, SSF	2	2	$700,000	2006	7	Acquisition, property management	Demolished, New Parking Structure
217-219 Grand Avenue, SSF	1	1	$1,500,000	2010	3	Acquisition, rehab, property management	Demolished, New Affordable Housing Development
310-314 Miller Avenue, SSF	12	12	$4,215,672	2001-2008	15	Acquisition, rehab, property management	Demolished, New Affordable Housing Development
714-718 Linden Ave, SSF	3	3	$755,118	2005	20	Acquisition, rehab, property management	Affordable 3-plex
339-341 Commecial Ave, SSF	4	4	$932,705	2007	18	Acquisition, rehab, property management	Affordable 4-plex

HEART Experience

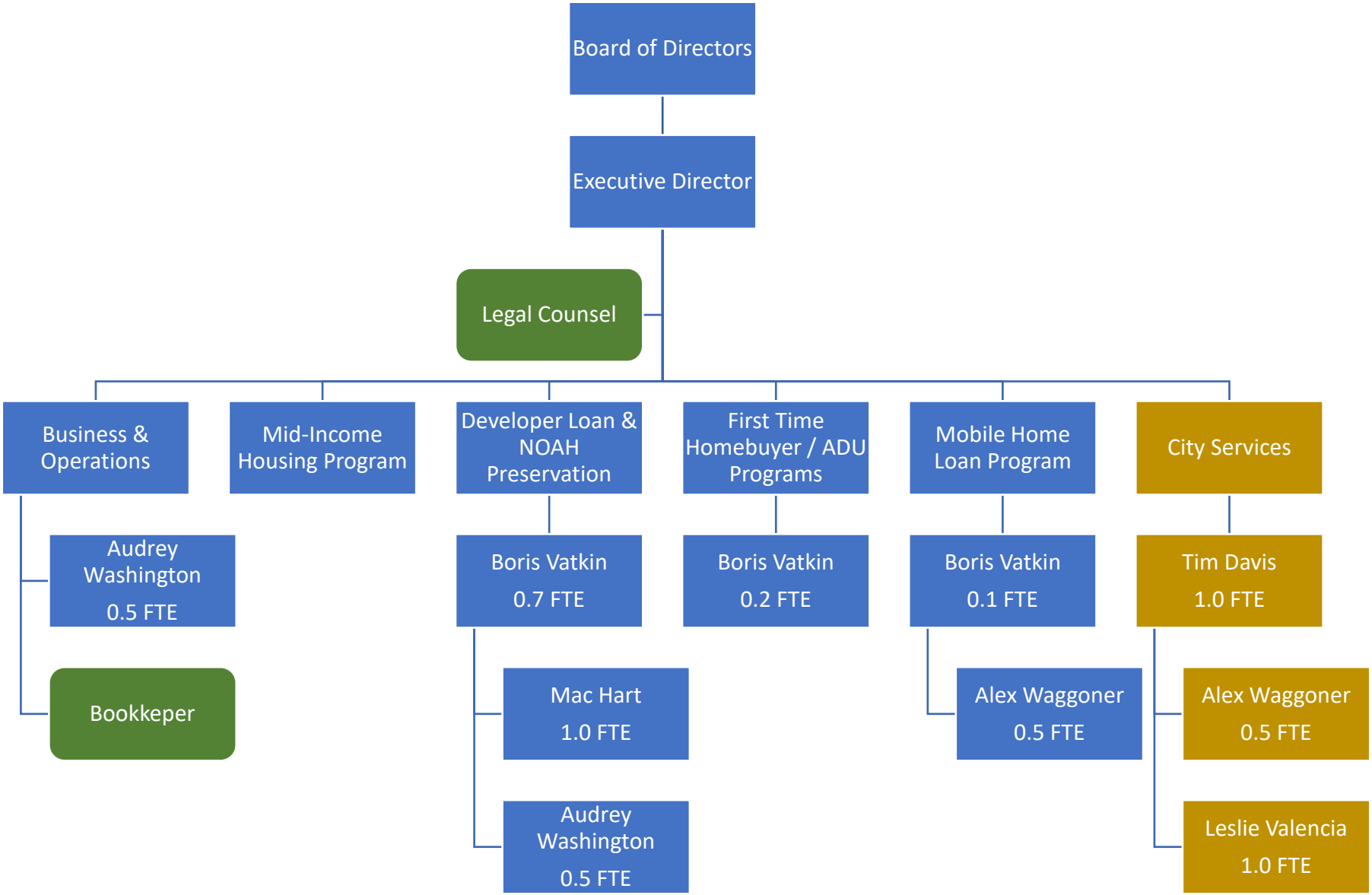
HEART is a Joint Powers Authority founded in 2003 in collaboration with the County of San Mateo and its cities to address the region's need for affordable housing for low- and moderate-income families. HEART operates a capital trust fund to provide short- and medium-term loans for the acquisition, predevelopment, and rehabilitation of affordable multifamily projects. Table 1 provides an overview of HEART's loan portfolio over the last 10 years.

In 2024, HEART launched its Preservation Program and established an affiliate organization, HEART-SV, to acquire Naturally Occurring Affordable Housing (NOAH) properties and provide rent stability for existing tenants. In July 2024, HEART completed its first acquisition of an 8-unit property in Redwood City, propelling HEART into property acquisition and operations. Armando Sanchez, Executive Director of HEART brings over 15 years of experience as a consultant with South San Francisco where he led the purchase and operations of 5 properties detailed in Table 2.

Key Principle
Armando Sanchez
asanchez@heartofsmc.org
(650) 204-5641

HEART

Organization Chart



First Amended
Joint Exercise of Powers Agreement
Housing Endowment and Regional Trust of San Mateo County

This Agreement which supersedes in its entirety the Joint Exercise of Powers Agreement entered into the 13th day of May 2003, which established the Housing Endowment and Trust of San Mateo County, pursuant to the provisions of the Joint Exercise of Powers Act (Title 1, Division 7, Article 1, §6500 et seq. of the California Government Code), is by and between the County of San Mateo ("County") and those cities and towns within the County of San Mateo who become signatories to this Agreement, and relates to the joint exercise of powers among the signatories hereto, hereafter individually referred to as "Member Agency" and collectively referred to "Member Agencies".

RECITALS

A. The Member Agencies are responsible for the health and safety of the residents within their geographic boundaries.

B. Each Member Agency has the individual power to plan, acquire, construct, manage, regulate, operate, and control the development, construction and operation of workforce and affordable housing programs generated within its jurisdictional boundaries, as well as to create and issue development agreements for such activities.

C. The Member Agencies find it in their mutual economic interest to address work force and affordable housing issues on a regional level.

D. A county-wide adequate supply of housing will provide social and economic benefits to residents and taxpayers of the Member Agencies.

E. The Member Agencies desire to act in the public interest to lessen the burden of government by reducing the need for each Member Agency to act individually, and to provide charitable support for workforce and affordable housing in San Mateo County.

F. California Government Code §6500 et seq. ("Joint Exercise of Powers Act" or "Act") permits two or more public agencies to create joint powers authorities for the purposes cited herein, and permits the agencies to exercise jointly any power that the public agencies could exercise separately, and further grants certain additional powers to such joint powers authorities.

G. Local land-use decisions remain solely with the Member Agencies. Nothing in this Agreement deprives member agencies of their sovereign powers or transfers those powers to the joint powers authority.

NOW, THEREFORE BE IT RESOLVED that the Member Agencies do hereby establish the entity to be known as the Housing Endowment and Regional Trust of San Mateo County (hereinafter referred to herein as "HEART"), to generate and disburse funding that will result in permanent additions to the workforce and affordable housing stock within San Mateo County, and do hereby agree as follows:

1. **Purpose.**

1.1 The purpose of this Agreement is to establish an organization that shall be responsible for the joint fundraising, planning, adoption, financing, administration, review, monitoring and reporting of certain workforce and affordable housing program activities in San Mateo County. By entering this joint powers authority, the Member Agencies earn economic benefits not realized when operating individually. Further, the establishment of this joint powers authority provides for the economic viability and coordination of workforce and affordable housing program financing and facilities throughout San Mateo County.

1.2. HEART shall be an entity which is legally independent from the parties to this Agreement and shall be responsible for the administration of this Agreement.

1.3 The assets, rights, debts, liabilities, and obligations of HEART shall not constitute assets, rights, debts, liabilities, or obligations of any of the Member Agencies. However, nothing in this Agreement shall prevent any of the Member Agencies from separately contracting for, or assuming responsibility for, specific debts, liabilities, or obligations of HEART, provided that both the Board and the Member Agency approve such contract or assumption.

2. **Powers.**

2.1 HEART is authorized, but is in no way required, to act in its own name on any or all of the following matters, as each Member Agency could act separately, and as it deems in the best interest of its Members, to the extent permitted by any and all applicable laws, codes, ordinances, resolutions and regulations:

a. Facilitate and assist the Member Agencies and others in the housing sector to acquire, construct, finance, refinance, operate, regulate and maintain housing programs, projects and facilities.

b. Facilitate the planning, study, and recommendation of proper and appropriate housing programs, projects and facilities, and management practices. Research and study issues related to housing, including without limitation workforce, affordable and special needs housing.

c. Educate the public, its Member Agencies, and other agencies and entities as to housing programs, projects and facilities, including without limitation workforce, affordable and special needs housing.

d. Provide for or enter into agreements to provide for financial, engineering, legal, audit, and any other professional services supporting any of the HEART's programs or activities.

e. Solicit, apply for, accept, and receive grants, gifts, donations, advances, and contributions.

f. Hire agents and employees, including consultants and legal counsel.

g. Sue and be sued in its own name.

h. Incur and discharge debts, liabilities, and obligations provided that such debt shall be in the form of secured bonds, revenue bonds or other similar forms of secured debt.

i. Issue bonds or notes and associated covenants, for designated purposes, subject to the provisions and limitations of the California Government Code.

j. Acquire or protect any necessary security or leasehold interests involved in loans, bonds, notes, or other financing methods implemented to carry out the purposes of this Agreement.

k. Acquire, hold, lease and dispose of real and personal property as may be necessary and appropriate in connection with the programmatic needs of HEART.

l. Issue and receive loans.

m. Acquire such insurance protection as it deems necessary.

n. Adopt, as authorized by California law, resolutions necessary to carry out the purposes of this Agreement

o. Utilize and establish advisory committees or subcommittees whenever necessary.

p. Adopt bylaws and such other rules and procedures as may be deemed necessary.

2.2 HEART shall facilitate and encourage the creation, construction, development, and maintenance of certain workforce and affordable housing throughout San Mateo County.

3. **Term and Termination**

3.1 This Agreement shall be effective upon its execution by the County and at least three (3) cities, at least two (2) of which have an adopted housing element that the Department of Housing and Community Development has determined to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code ("certified housing element").

3.2 This Agreement shall continue at least until March 30, 2013, and thereafter shall continue until terminated or dissolved pursuant to Section 3.3 of this Agreement. However, in no event shall the Member Agencies vote to terminate or dissolve HEART if its termination or dissolution would conflict with or violate the terms or conditions of any bonds, financial instruments, or related documentation by or on behalf of HEART, including, without limitation, indentures, resolutions, and letter of credit agreements.

3.3. This Agreement may be terminated by consent of all Member Agencies, and upon full and complete liquidation of all liabilities, including, but not limited to any bonds. Upon the date

of termination (hereinafter "Termination Date"), payment of any and all obligations and division of any and all assets of HEART shall be conducted subject to the then-applicable requirements of the law, pursuant to the following:

a. In the event of termination of HEART where there is a successor public agency that will conduct all of the activities of HEART and will assume all of its obligations, any and all HEART assets and liabilities remaining upon termination of HEART shall be transferred to the successor public agency.

b. If there is no successor public agency that would conduct HEART's activities, all assets and liabilities shall be apportioned to each Member Agency in proportion to the contribution of each Member Agency's total contribution during the term of this Agreement.

c. If there is a successor public agency that would conduct some of HEART's activities, then the Board shall allocate HEART's assets and liabilities between the successor public agency and the Member Agencies each in proportion to its total contribution during the term of this Agreement..

d. In the event HEART is terminated under circumstances falling within (b) or (c) above, all decisions of the Board with regard to determinations of amounts to be transferred to the Member Agencies or any successor shall be final.

e. The obligations of HEART terminate on the Termination Date, and each Member Agency shall pay all amounts owed to HEART prior to that date. In the event of default by a Member Agency with regard to payment of amounts due, the obligation to pay all sums due to HEART shall survive and remain in full force after the Termination Date.

f. By unanimous agreement of all then current Member Agencies, said current Member Agencies may dispose of, divide, distribute, or return assets on a basis different from that established in this Section 3.

g. The assets distributed pursuant to this Section 3 to Member Agencies will be used for public purposes.

4. Governance

4.1 HEART is governed and administered by a Board of Directors ("Board") that shall exercise all powers and authority on behalf of HEART. The Board shall consist of no more than 21 voting members (hereinafter "Directors"), as follows:

2 No more than two (2) members of the San Mateo County Board of Supervisors

9 No more than nine (9) City representatives appointed by the City Selection Committee of the Council of Cities from among city council members, provided only those cities that are Member Agencies may have a representative Director and no city may have more than one (1) representative Director.

These foregoing Directors shall be referred to as the "Public Directors". Subject to any restriction that may be in the bylaws, the body selecting a Public Director may decide whether to select or allow alternates who may participate when the regular Public Director is absent.

10 Not more than 10 individuals who are not publicly elected officials, and who as broadly as may be reasonable, represent the following interests or constituencies: housing advocate groups; labor groups; non-profit developers; real estate development or sales; the population seeking below market housing; the faith community; local school districts or the County Office of Education; the business community; private foundations interested in housing; and finance or financial institutions. These Directors shall be referred to as the "At Large Directors".

Initially, the Public Directors shall, by majority vote of those present at the meeting, select the At Large Directors. Thereafter, successor At Large Directors shall be selected by a majority vote of the voting Directors (Public Directors and At Large Directors) present at the meeting.

The number of Public Directors shall at all times be at least one more than the number of At Large Directors. Vacancies among the Public Directors shall be filled as soon as practical by the City Selection Committee of the Council of Cities to assure that this condition is met.

Additional ex-officio, non-voting, Affiliate Directors may be established by unanimous Board action, and such Affiliate Directors shall be referred to as "Affiliates". Regular attendance by each Director and Affiliate shall be encouraged by the HEART Board and the Member Agencies.

4.2. Directors shall hold office as follows:

a. The Public Directors' terms shall be three (3) calendar years from March of the first year through February of the third year; provided, however the initial Public Sector Directors selected by the City Selection Committee of the Council of Cities shall each be deemed

to have started in March 2003, and shall have staggered terms such that three (3) have a one (1) year term, three (3) have a two (2) year term, and three (3) have a three (3) year term.

b. The At Large Directors' terms shall be three (3) calendar years from March of the first year through February of the third year; provided, however the initial At Large Directors shall each be deemed to have started in March 2003, and shall have staggered terms such that four (4) have a one (1) year term, three (3) have a two (2) year term, and three (3) have a three (3) year term.

c. There shall be no limit to the number of terms that a Director may serve.

4.3. Directors shall receive no compensation from HEART for serving on the Board. HEART may reimburse Directors for reasonable expenses necessarily incurred on the Board's behalf, with prior approval of the Board.

4.4 The Board may establish an Executive Committee to carry out any and all functions of the Board that the Board may delegate to said Executive Committee. Executive Committee members shall be Board members, but the exact composition of the Executive Committee shall be as determined by the Board.

4.5 The Board may establish Advisory Committees to advise the Board or the Executive Committee. Advisory Committee members need not be Board members. The composition and role of an Advisory Committee shall be as determined by the Board.

4.6 There is established a Member Agency Committee, at any given time composed of all the current Public Directors, plus one (1) City Council member from each Member Agency (as may be selected by that Member Agency) that does not have a council member on the Board at the time. The Board shall receive advice and input from the Member Agency Committee in all matters involving budgets, assessments to Member Agencies and decisions as to the jurisdictions in which Program funds are to be spent. The Member Agency Committee is intended to provide an opportunity for every Member Agency, whether or not it has a council member on the Board, to participate in the fiscal and programmatic deliberations of HEART. The Member Agency Committee may provide advice and input to the Board on additional topics or matters as may be set forth in the bylaws, or as may otherwise be determined by the Board from time to time.

5. **Budgets and Financing.**

5.1 The Board annually shall adopt, by a date HEART designates by resolution, an operating budget for HEART setting forth anticipated expenses, financing sources and proposed service levels necessary to carry out the purposes of this Agreement. The budget for HEART shall distinguish between Administrative costs (i.e., the cost of operating HEART) and Program costs (i.e., the financing of the programs funded or sponsored by HEART). HEART shall establish its fiscal year by resolution. Immediately after approving the annual budget, the Board shall recommend the budget to the governing bodies of the Member Agencies. The Board shall secure from each Member Agency contributions, appropriations and/or commitments to contribute services or other consideration in accordance with each Member Agency's obligations as determined by the Board as set forth in this Agreement. It is expressly agreed and understood that the Board has no authority to bind any governing board of any Member Agency to make the recommended contribution, appropriation and/or commitment and that this decision rests solely with each governing body. Each Member Agency shall deposit its monetary contribution to the budget with the HEART Treasurer on or before the date HEART designates by resolution. Contributions from private persons or entities and not-for-profit entities, whether or not their interests are represented by any At Large Directors, are acceptable so long as they do not cause a violation of any applicable conflict of interest statutes, rules or regulations.

5.2. In consideration of the mutual promises contained herein, the parties agree that they shall make the following annual contributions towards the Administrative budget of HEART: Initially, the County of San Mateo has or will, make available up to Seventy-Five Thousand Dollars ($75,000) for the Administrative budget during the start up and initial work of HEART. Thereafter, funds required for the Administrative budget shall be provided by the contribution of each Member Agency and each Member Agency's contribution shall be its pro-rata share of the revenue needed for the Administrative budget as adopted by the Board of Directors. The pro-rata share of each Member Agency shall be based upon its population as then currently in use by City/County Association of Governments of San Mateo County (C/CAG). By unanimous vote, under special circumstances, the Board of Directors may waive one or more Member Agency's contribution. If a Member Agency fails to pay its annual contribution to the Administrative budget, during the period of such non-payment it shall forfeit any right it may have to have a Public Director from its jurisdiction on the Board. A Member Agency's contribution to the

Administrative budget shall be in the form of money, unless the Board approves another form of contribution such as services, personal property or use of real or personal property, or other in-kind contributions. The acceptance and valuation of any such non-monetary contributions shall be as determined by the Board.

5.3 The particular Programs and Program budget, funded, sponsored or operated by HEART, as well as the level of, and mechanisms for, the involvement of HEART and each Member Agency, in such Programs and Program budget, shall be determined and approved by the Board. A Member Agency's individual contribution, involvement and role in any particular Program or the Program budget shall be as may be mutually agreed between the Member Agency and HEART. By way of example only, said contributions, involvement or role may include: cash contributions, provision of services or staffing, use or transfer of title to real or personal property, participation or funding from the Redevelopment Agency under the control of or under contract with the Member Agency, pledges, guarantees or whatever other instruments or involvement the Member Agency and HEART may agree to. Contributions of all kinds to the Program budget from private persons or entities and not-for-profit entities, whether or not their interests are represented by any At Large Directors, are encouraged, so long as they do not cause a violation of any applicable conflict of interest statutes, rules or regulations.

6. **Financial Management**

6.1. HEART may appoint a financial manager to manage, hold, invest and distribute the funds of HEART ("Financial Manager"). The duties of the Financial Manager shall include those responsibilities as deemed necessary or appropriate by the Board. There shall be a strict accountability of all funds and report of all receipts and disbursements.

6.2. The public office or officers or person or persons who may be designated to have charge of, handle, or have access to any property of HEART, shall file an official bond in an amount to be fixed by the Board.

7. **Staffing**.

7.1. It is understood that HEART may require the support of its own administrative staff. When deemed necessary, the Board may employ or use a managing agent ("Managing Agent"), to implement the objectives of HEART. The Managing Agent may consist of a separate entity or an executive director. The Board shall have responsibility for all employment decisions regarding said Managing Agent, who shall serve at the pleasure of the Board.

7.2. The Managing Agent may be delegated authority as deemed necessary or appropriate by the Board.

7.3. The Managing Agent shall be responsible for the day-to-day administration of HEART under the direction of the Board. The Managing Agent shall have the authority to employ or use administrative staff consistent with the goals, needs and approved budget of HEART.

7.4 If there is a Managing Agent that is a separate entity, that Managing Agent shall designate who on its staff shall be the Executive Director of HEART, but the acceptance of such choice shall be subject to the approval of the Board.

8. **Meetings**

8.1 The Board shall schedule by Resolution at least two (2) regular meetings each Fiscal Year.

8.2. Special meetings of the Board may be called by the Chairperson and otherwise as in accordance with provisions of the California Government Code §54956.

8.3. All meetings of the Board shall be held subject to the provisions of California Government Code §54950 et seq. and other applicable laws of the State of California.

8.4 All meetings of the Board must be held within the County of San Mateo at a location determined by the Chairperson, except that the Board may hold a special meeting outside the County of San Mateo upon an affirmative vote in accordance with Section 8.8 of this Agreement.

8.5 The Secretary shall cause the taking and keeping of minutes of all Board meetings. Promptly after each meeting, the Secretary shall cause a copy of the minutes to be forwarded to each Director, either electronically or in paper form.

8.6 A majority of the Directors shall constitute a quorum for the transaction of business of the Board, except that Directors constituting less than a quorum may adjourn any meeting.

8.7 Each Director is entitled to cast one vote on any matter presented to the Board for a vote.

8.8 All decisions and actions shall be by a majority of the total number of Directors, regardless of the number of Directors present, unless otherwise provided in this Agreement. For example, with 21 total Directors, 11 votes are required for a decision or action by the Board; and with 13 total Directors, 7 votes would be required.

8.9 Meetings of the Board shall be conducted by a Chairperson, or in the Chairperson's absence by the Vice Chairperson. In the absence of both the Chairperson and the Vice Chairperson, meetings shall be conducted by the Public Director in attendance who represents the largest Member Agency with Board representation, by population.

9. **Bylaws.** The Board from time to time may adopt and amend bylaws for the conduct of its affairs, provided that they are consistent with this Agreement and are necessary and appropriate in order to carry out HEART's purpose.

10. **Officers and Employees**.

10.1 Every two (2) years, the Board shall elect a Chairperson and a Vice Chairperson from among its members.

10.2 The Board shall appoint a Secretary who may, but need not be, a member of the Board.

10.3 The Board shall select a Treasurer, from one of the Member Agencies or a certified public accountant, who shall be the depository and have custody of all the money and property of HEART from whatever source. The duties of HEART Treasurer shall include those set forth in the Act, including those set forth in Government Code §6505.5. If the Board designates a certified public accountant as the Treasurer, then the auditor of one of the Member Agencies

shall be designated as the auditor of HEART. The Treasurer may, if the Board so elects, also serve as the Financial Manager.

10.4 HEART shall designate its legal counsel.

11. **Withdrawal.** Any Member Agency may withdraw from this Agreement effective as of the end of any fiscal year, provided ninety (90) days prior written notice is provided to the other Member Agencies.. The rights and obligations of such withdrawing Member Agency shall terminate as of the last day of the fiscal year. The withdrawal of any Member Agency from this Agreement shall in no way affect the rights and obligations of the remaining parties. If a Member Agency withdraws from this Agreement, such Member Agency shall not be entitled to the return of any funds contributed to HEART nor to the return in cash or in kind of any materials or supplies until termination of this Agreement. If a withdrawing Member Agency has obligations under contracts or commitments, including bonds, that are independent from its obligations to HEART, such withdrawal from HEART shall have no impact on such independent obligations.

12. **Amendments.** Subject to all legal obligations of HEART, this Agreement may be amended by one or more supplemental agreements executed by all of the Member Agencies of HEART.

13. **Filings.** The Secretary shall cause to be filed all required notices with the California Secretary of State, in accordance with California Government Codes §6503.5 and §53051.

14. **Notices**.

14.1. All notices to the Member Agencies shall be deemed to have been given to the Member Agencies when mailed, postage prepaid by United States mail, or when hand delivered to the governing body of each Member Agency during usual business hours at the principal office, or to the person apparently in charge of that office.

14.2 All notices to HEART shall be deemed to have been given to HEART when mailed, postage prepaid by United States mail, or when hand delivered to each of the Chairperson, Vice

IN WITNESS WHEREOF, the parties hereto by their duly authorized representative, have affixed their signatures on this Agreement, effective as of the date first stated above.

COUNTY OF SAN MATEO

By:_____

President, Board of Supervisors

Date: 9/9/08

Certificate of Delivery
(Government Code Section 25103)
I certify that a copy of the original document filed in the Office of the Clerk of the Board of Supervisors of San Mateo County has been delivered to the President of the Board of Supervisors.

Marie L. Peterson
Deputy Clerk of the Board of Supervisors

ATTEST:

By:_____

Clerk of Said Board

11-07-08P04:46 RCVD

_____
Clerk of the Board

TOWN OF ATHERTON

By_____
Mayor

ATTEST:

Kathi Hamilton
Clerk of Town Council

CITY OF BELMONT

By_____
Mayor

ATTEST:

_____
Clerk of City Council

CITY OF BRISBANE

By_____
Mayor

ATTEST:

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Clerk of City Council

CITY OF BURLINGAME

By_____
Mayor

ATTEST:

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Clerk of City Council

TOWN OF COLMA

By_____
Mayor

ATTEST:

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Clerk of the Board

TOWN OF ATHERTON

By_____
Mayor

ATTEST:

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Clerk of Town Council

CITY OF BELMONT

By Warren Lieberm
Mayor

ATTEST:

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Clerk of City Council

CITY OF BRISBANE

By_____
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Clerk of City Council

CITY OF BURLINGAME

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Clerk of City Council

CITY OF BRISBANE

By_____
Mayor

ATTEST:

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Clerk of City Council

CITY OF BURLINGAME

By Rosalie M. O'Malley
Mayor

ATTEST:
Doris M. Mortensen
Clerk of City Council

TOWN OF COLMA

By_____
Mayor

ATTEST:

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Clerk of Town Council

CITY OF DALY CITY

By_____
Mayor

ATTEST:

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Clerk of City Council

CITY OF EAST PALO ALTO

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Clerk of the Board

TOWN OF ATHERTON

By_____
Mayor

ATTEST:

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Clerk of Town Council

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CITY OF BRISBANE

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CITY OF BURLINGAME

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Clerk of City Council

TOWN OF COLMA

By Helen Fisicaro
Mayor

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Clerk of Town Council

CITY OF DALY CITY

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CITY OF FOSTER CITY

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Clerk of City Council

CITY OF HALF MOON BAY

By_____
Mayor

ATTEST:

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Clerk of City Council

TOWN OF HILLSBOROUGH

By_____
Mayor

ATTEST:

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Clerk of Town Council

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Clerk of Town Council

CITY OF DALY CITY

By Carol L Klatt
Mayor

ATTEST:
Maria E. Cortes
Clerk of City Council

CITY OF EAST PALO ALTO

By_____
Mayor

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Clerk of City Council

CITY OF FOSTER CITY

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Clerk of Town Council

CITY OF DALY CITY

By_____
Mayor

ATTEST:

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Clerk of City Council

CITY OF EAST PALO ALTO

By Patricia Foster
Mayor, Patricia Foster

ATTEST:

Clerk of City Council, Minnette Warren

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Clerk of Town Council

CITY OF DALY CITY

By_____
Mayor

ATTEST:

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Clerk of City Council

CITY OF HALF MOON BAY

By Bonnie McClung
Mayor

ATTEST:

Stephen Smith
Clerk of City Council

TOWN OF HILLSBOROUGH

By_____
Mayor

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Clerk of Town Council

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CITY OF DALY CITY

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CITY OF HALF MOON BAY

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TOWN OF HILLSBOROUGH

By Cathe O'Malloy
Mayor

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Clerk of Town Council

CITY OF MENLO PARK

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CITY OF PACIFICA

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Mayor

ATTEST:

Kathy O'Connell
Clerk of City Council

TOWN OF PORTOLA VALLEY

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CITY OF REDWOOD CITY

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CITY OF SOUTH SAN FRANCISCO

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TOWN OF WOODSIDE

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Clerk of City Council

CITY OF SAN CARLOS

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Clerk of City Council

CITY OF SAN MATEO

By Carole Groom
Mayor, Carole Groom

ATTEST:

Norma Gomez
Clerk of City Council, Norma Gomez

CITY OF SOUTH SAN FRANCISCO

By_____
Mayor

ATTEST:

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Clerk of City Council

TOWN OF WOODSIDE

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CITY OF SOUTH SAN FRANCISCO

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ATTEST:

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Clerk of City Council

TOWN OF WOODSIDE

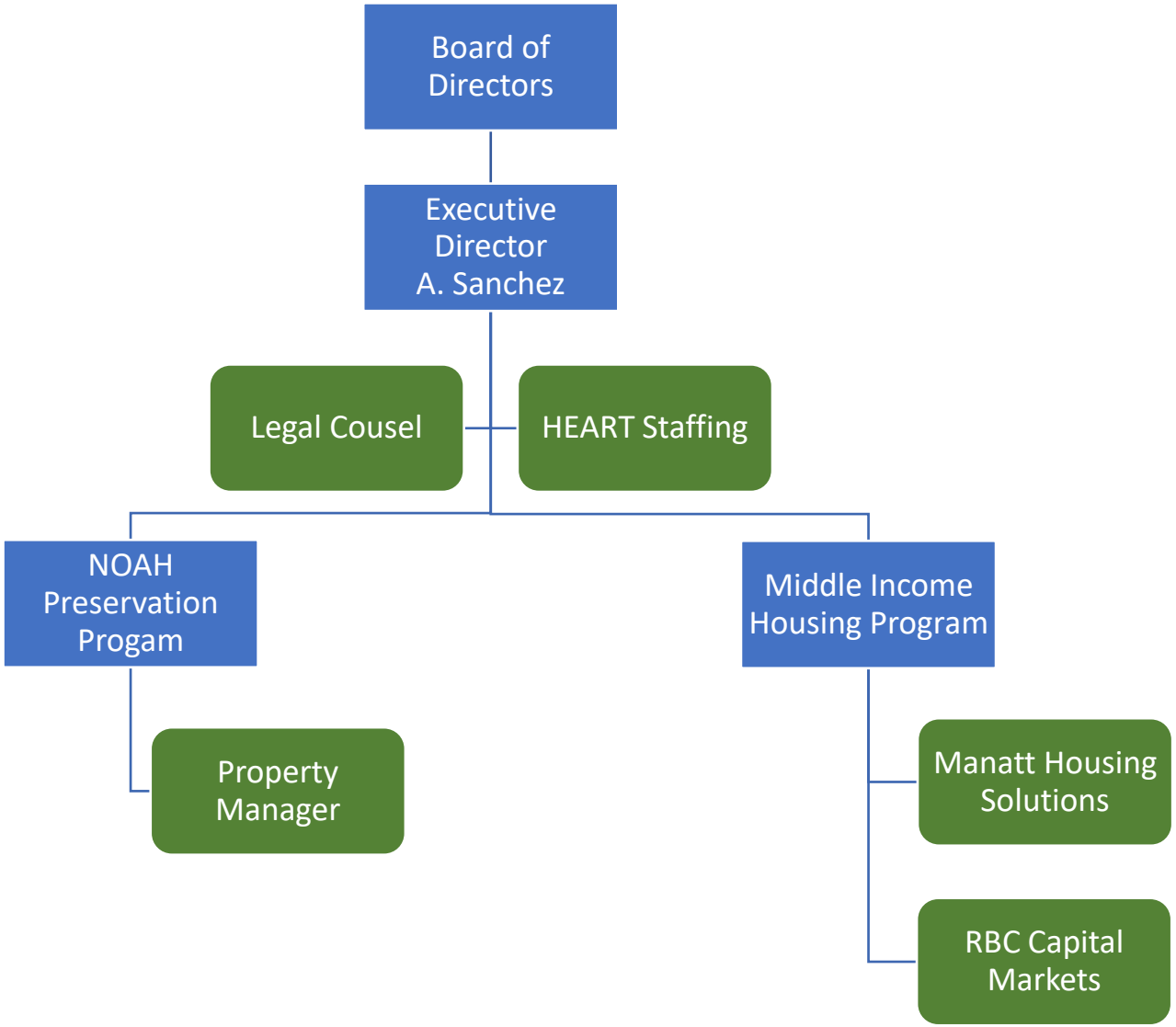
By_____
Mayor

ATTEST:

Janet G. Kulsack
_____
Clerk of Town Council

HEART-SV

Organization Chart



Indicates consultants and outside services

Joint Exercise of Powers Agreement
HEART-SV

This Agreement is entered into the 23 day of May 2023, pursuant to the provisions of the Joint Exercise of Powers Act (Title 1, Division 7, Article 1, §6500 et seq. of the California Government Code), is by and between the Housing Endowment and Trust of San Mateo County ("HEART") and those Counties, Cities and Towns, School Districts, College Districts and any other Public Agency who become signatories to this Agreement, and relates to the joint exercise of powers among the signatories hereto, each of which, including HEART, is hereafter individually referred to as "Member Agency" and collectively referred to "Member Agencies".

RECITALS

A. The Member Agencies have determined that there is an undersupply of affordable housing for "low income," "median income" and "moderate income" residents of the State of California and wish to provide for the public good and promote the health, safety, education, and/or welfare of the citizens of the State by making dwelling units available to such residents within their geographic boundaries.

B. Each Member Agency has the individual power to plan, acquire, construct, manage, regulate, operate, finance and control the development, construction and operation of housing programs generated within its jurisdictional boundaries, as well as to create and issue development agreements for such activities.

C. The Member Agencies find it in their mutual economic interest to address housing needs of their residents on a regional level.

D. An adequate supply of housing will provide social and economic benefits to residents and taxpayers of the Member Agencies.

E. The Member Agencies desire to act in the public interest to lessen the burden on government by reducing the need for each Member Agency to act individually, and to provide charitable support for housing within their geographic boundaries.

F. California Government Code §6500 et seq. ("Joint Exercise of Powers Act" or "Act") permits two or more public agencies to create joint powers authorities for the purposes cited herein, and permits the agencies to exercise jointly any power that the public agencies could exercise separately, and further grants certain additional powers to such joint powers authorities.

G. Local land-use decisions remain solely with the Member Agencies. Nothing in this Agreement deprives member agencies of their sovereign powers or transfers those powers to the joint powers authority.

NOW, THEREFORE BE IT RESOLVED that the Member Agencies do hereby establish the entity to be known as HEART-SV, to generate and/or maintain housing, disburse funding, and take other actions that will result in permanent additions to the housing stock within HEART-SV's jurisdictional boundaries, and do hereby agree as follows:

1. **Purpose.**

1.1 The purpose of this Agreement is to establish an organization that shall be responsible for the joint acquisition, management, operation, fundraising, planning, adoption, financing, administration, review, monitoring and reporting of certain housing program activities in the region for the benefit of low, median and moderate income residents. By entering this joint powers authority, the Member Agencies earn economic benefits not realized when operating individually. Further, the establishment of this joint powers authority provides for the economic viability and coordination of housing program financing and facilities throughout HEART-SV's jurisdictional boundaries.

1.2. HEART-SV shall be an entity which is legally independent from the parties to this Agreement, and shall be responsible for the administration of this Agreement.

1.3 The assets, rights, debts, liabilities, and obligations of HEART-SV shall not constitute assets, rights, debts, liabilities, or obligations of any of the Member Agencies. However, nothing in this Agreement shall prevent any of the Member Agencies from separately contracting for, or assuming responsibility for, specific debts, liabilities, or obligations of HEART-SV, provided that both the Board and the Member Agency approve such contract or assumption.

2. **Powers.**

2.1 HEART-SV is authorized, but is in no way required, to act in its own name on any or all of the following matters, as each Member Agency could act separately, and as it deems in the best interest of its Members, to the extent permitted by any and all applicable laws, codes, ordinances, resolutions and regulations:

a. Facilitate and assist the Member Agencies and others in the housing sector to acquire, construct, rehabilitate, finance, refinance, operate, regulate and maintain low, median and moderate income and/or affordable housing programs, projects and facilities ("HEART-SV Housing Programs").

b. Facilitate the planning, study, and recommendation of proper and appropriate HEART-SV Housing Programs, and management practices. Research and study issues related to housing, including without limitation workforce, affordable and special needs housing.

c. Educate the public, its Member Agencies, and other agencies and entities as to HEART-SV Housing Programs.

d. Provide for or enter into agreements to provide for financial, construction, engineering, legal, audit, and any other professional services supporting any of the HEART-SV Housing Programs or related activities.

e. Solicit, apply for, accept, and receive grants, gifts, donations, advances, and contributions.

f. Hire agents and employees, including consultants and legal counsel.

g. Sue and be sued in its own name.

h. Incur and discharge debts, liabilities, and obligations which may include but shall not be limited to being in the form of secured bonds, revenue bonds or other forms of secured or unsecured debt.

i. Issue bonds or notes and associated covenants, for designated purposes, subject to the provisions and limitations of the California Government Code.

j. Acquire or protect any necessary security or leasehold interests involved in loans, bonds, notes, or other financing methods implemented to carry out the purposes of this Agreement.

k. Acquire, hold, lease, improve, construct, rehabilitate, maintain, pledge, assign, mortgage, operate and dispose of real and personal property as may be necessary and appropriate in connection with the creation, construction, financing, development, and maintenance of certain workforce and affordable housing, and the programmatic needs of HEART-SV.

l. Issue and receive loans.

m. Acquire such insurance protection as it deems necessary.

n. Adopt, as authorized by California law, resolutions necessary to carry out the purposes of this Agreement

o. Utilize and establish advisory committees or subcommittees whenever necessary.

p. Form wholly owned and controlled affiliate entities to accomplish any of its purposes.

p. Adopt bylaws and such other rules and procedures as may be deemed necessary.

q. Convey real and/or personal property interests, and/or funds.

r. Other acts necessary to carry out the actions identified above.

2.2 HEART-SV shall undertake, facilitate and encourage the acquisition, creation, construction, development, and maintenance of certain workforce, affordable and other public benefit housing, programs, projects and facilities.

3. **Term and Termination**

3.1 This Agreement shall be effective upon its execution by HEART and at least one Member Agency.

3.2 This Agreement shall continue at least until May 22, 2033, and thereafter shall continue until terminated or dissolved pursuant to Section 3.3 of this Agreement. However, in no event shall the Member Agencies vote to terminate or dissolve HEART-SV if its termination or dissolution would conflict with or violate the terms or conditions of any bonds, financial instruments, or related documentation by or on behalf of HEART-SV, including, without limitation, indentures, resolutions, and letter of credit agreements.

3.3. This Agreement may be terminated by consent of all Member Agencies, and upon full and complete liquidation of all liabilities, including, but not limited to any bonds. Upon the date of termination (hereinafter "Termination Date"), payment of any and all obligations and division of any and all assets of HEART-SV shall be conducted subject to the then-applicable requirements of the law, pursuant to the following:

a. In the event of termination of HEART-SV, where there is a successor public agency that will conduct all of the activities of HEART-SV and will assume all of its obligations, any and all HEART-SV assets and liabilities remaining upon termination of HEART-SV shall be transferred to the successor public agency.

b. If there is no successor public agency that would conduct HEART-SV's activities, all assets and liabilities shall be apportioned to each Member Agency in proportion to the contribution of each Member Agency's total contribution during the term of this Agreement. Notwithstanding the above, any real property assets shall be distributed to the Member Agency in which such real asset is located.

c. If there is a successor public agency that would conduct some of HEART-SV's activities, then the Board shall allocate HEART-SV's assets and liabilities between the successor public agency and the Member Agencies each in proportion to its total contribution during the term of this Agreement. Notwithstanding the above, any real property assets shall be distributed to the Member Agency in which such real asset was located.

d. In the event HEART-SV is terminated under circumstances falling within (b) or (c) above, all decisions of the Board with regard to determinations of amounts to be transferred under the requirements of this Agreement to the Member Agencies or any successor shall be final.

f. By unanimous agreement of all then current Member Agencies, said current Member Agencies may dispose of, divide, distribute, or return assets on a basis different from that established in this Section 3, but only in accordance with the terms of any financing related to such assets and if such financing was exempt from state and federal income taxation, only with an opinion of bond counsel that such disposition will not adversely affect such tax exemption.

g. The assets distributed pursuant to this Section 3 to Member Agencies will be used for public purposes and will not inure to the benefit of any private person.

4. **Governance**

4.1 HEART-SV is governed and administered by a Board of Directors ("Board") that shall exercise all powers and authority on behalf of HEART-SV. The Board shall consist of no more than 31 voting members (hereinafter "Directors"), as follows:

21 No more than twenty-one (21) voting Public Directors and At Large Directors of the HEART Board of Directors ("HEART Directors").

10 No more than ten (10) Member Agency representatives or individuals who are not representatives of a Member Agency, appointed by a majority vote of the Directors present at the meeting. These Directors shall be referred to as the "Regional Directors".

15 The sum of all Directors representing a Public Agency, whether a HEART Director or a Regional Director, shall at all times be at least one more than the number of Directors from a non-public agency.

The number of HEART-SV Directors shall at all times be at least one more than the number of Regional Directors.

Additional ex-officio, non-voting, Affiliate Directors may be established by majority Board action, and such Affiliate Directors shall be referred to as "Affiliates". Regular attendance by each Director and Affiliate shall be encouraged by the HEART-SV Board and the Member Agencies.

4.2. Directors shall hold office as follows:

a. The HEART Directors' terms shall be the same as their HEART Board terms, and shall be served concurrently with their HEART Board term. If a HEART Director is no longer serving on the HEART Board, they shall immediately be removed from the Board.

b. The Regional Directors' terms shall be three (3) calendar years, running from March of the first year through February of the third year.

c. There shall be no limit to the number of terms that a Director may serve.

4.3. Directors shall receive no compensation from HEART-SV for serving on the Board. HEART-SV may reimburse Directors for reasonable expenses necessarily incurred on the Board's behalf, with prior approval of the Board.

4.4 The Board shall establish an Executive Committee to carry out any and all functions of the Board that the Board may delegate to said Executive Committee. Executive Committee members shall be Board members, but the exact composition of the Executive Committee shall be as determined by the Board.

4.5 The Board may establish an Advisory Committees to advise the Board or the Executive Committee. Advisory Committee members need not be Board members. The composition and role of an Advisory Committee shall be as determined by the Board.

5. **Budgets and Financing.**

5.1 The Board annually shall adopt, by a date HEART-SV designates by resolution, an operating budget for HEART-SV setting forth anticipated expenses, financing sources and proposed service levels necessary to carry out the purposes of this Agreement. The budget for HEART-SV shall distinguish between Administrative costs (i.e., the cost of operating HEART-SV) and Program costs (i.e., the financing of the programs funded or sponsored by HEART-SV). HEART-SV shall establish its fiscal year by resolution. Contributions from private persons or entities and not-for-profit entities, whether or not their interests are represented by any Directors, are acceptable so long as they do not cause a violation of any applicable conflict of interest statutes, rules or regulations.

5.2 The particular Programs and Program budget, funded, sponsored or operated by HEART-SV, as well as the level of, and mechanisms for, the involvement of HEART-SV and each Member Agency, in such Programs and Program budget, shall be determined and approved by the Board. A Member Agency's individual contribution, involvement and role in any particular Program or the Program budget shall be as may be mutually agreed between the Member Agency and HEART-SV. By way of example only, said contributions, involvement or role may include: cash contributions, provision of services or staffing, use or transfer of title to real or personal property, pledges, guarantees or whatever other instruments or involvement the Member Agency and HEART-SV may agree to. Contributions of all kinds to the Program budget from private persons or entities and not-for-profit entities, whether or not their interests are represented by any Directors, are encouraged, so long as they do not cause a violation of any applicable conflict of interest statutes, rules or regulations.

6. **Financial Management**

6.1. HEART-SV may appoint a financial manager to manage, hold, invest and distribute the funds of HEART-SV ("Financial Manager"). The duties of the Financial Manager shall include those responsibilities as deemed necessary or appropriate by the Board. There shall be a strict accountability of all funds and report of all receipts and disbursements.

6.2. The public office or officers or person or persons who may be designated to have charge of, handle, or have access to any property of HEART-SV, shall file an official bond in an amount to be fixed by the Board.

7. **Staffing**.

7.1. It is understood that HEART-SV will require the support of administrative staff. When deemed necessary, the Board may employ or use a managing agent ("Managing Agent"), to implement the objectives of HEART-SV. The Managing Agent may consist of a separate entity or an executive director. The Board shall have responsibility for all employment decisions regarding said Managing Agent, who shall serve at the pleasure of the Board.

7.2. The Managing Agent may be delegated authority as deemed necessary or appropriate by the Board.

7.3. The Managing Agent shall be responsible for the day-to-day administration of HEART-SV under the direction of the Board. The Managing Agent shall have the authority to employ or use administrative staff consistent with the goals, needs and approved budget of HEART-SV.

7.4 If there is a Managing Agent that is a separate entity, that Managing Agent shall designate who on its staff shall be the Executive Director of HEART-SV, but the acceptance of such choice shall be subject to the approval of the Board.

8. **Meetings**

8.1. The Board shall schedule by Resolution at least two (2) regular meetings each Fiscal Year.

8.2. Special meetings of the Board may be called by the Chairperson and otherwise as in accordance with provisions of California Government Code §54956 and/or HEART-SV's bylaws.

8.3. All meetings of the Board shall be held subject to the provisions of California Government Code §54950 et seq. (the "Brown Act") and other applicable laws of the State of California.

8.4 All meetings of the Board must be held within the County of San Mateo at a location determined by the Chairperson, except that the Board may hold a special meeting outside the County of San Mateo upon an affirmative vote in accordance with Section 8.8 of this Agreement.

8.5 The Secretary shall cause the taking and keeping of minutes of all Board meetings. Promptly after each meeting, the Secretary shall cause a copy of the minutes to be forwarded to each Director, either electronically or in paper form.

8.6 A majority of the current and appointed Directors shall constitute a quorum for the transaction of business of the Board, except that Directors constituting less than a quorum may adjourn any meeting.

8.7 Each Director is entitled to cast one vote on any matter presented to the Board for a vote.

8.8 All decisions and actions shall be by a majority of the total number of Directors, regardless of the number of Directors and/or Affiliate Directors present, unless otherwise provided in this Agreement. For example, with 21 total current Directors, 11 votes are required for a decision or action by the Board; and with 13 total current Directors, 7 votes would be required.

8.9 Meetings of the Board shall be conducted by a Chairperson, or in the Chairperson's absence by the Vice Chairperson. In the absence of both the Chairperson and the Vice Chairperson, meetings shall be conducted by the HEART Director in attendance who represents the largest HEART Member Agency with Board representation, by population.

9. **Bylaws.** The Board from time to time may adopt and amend bylaws for the conduct of its affairs, provided that they are consistent with this Agreement and are necessary and appropriate in order to carry out HEART-SV's purpose.

10. **Officers and Employees**.

10.1 Every two (2) years, the Board shall elect a Chairperson and a Vice Chairperson from among its members.

10.2 The Board shall appoint a Secretary who may, but need not be, a member of the Board.

10.3 The Board shall select a Treasurer, from one of the Member Agencies or a certified public accountant, who shall be the depository and have custody of all the money and property of HEART-SV from whatever source. The duties of HEART-SV Treasurer shall include those set forth in the Act, including those set forth in Government Code §6505.5. The Treasurer may, if the Board so elects, also serve as the Financial Manager.

10.4 HEART-SV shall designate its legal counsel.

11. **New Members.** New Member Agencies may be added to HEART-SV by a majority vote of the Directors present at the meeting. Membership is effective immediately upon execution of this Agreement by the new Member.

12. **Withdrawal.** Any Member Agency may withdraw from this Agreement effective as of the end of any fiscal year, provided ninety (90) days prior written notice is provided to the other Member Agencies. The rights and obligations of such withdrawing Member Agency shall terminate as of the last day of the fiscal year. The withdrawal of any Member Agency from this Agreement shall in no way affect the rights and obligations of the remaining parties. If a Member Agency withdraws from this Agreement, such Member Agency shall not be entitled to the return of any funds contributed to HEART-SV nor to the return in cash or in kind of any materials or supplies until termination of this Agreement. If a withdrawing Member Agency has obligations under contracts or commitments, including bonds, that are independent from its obligations to HEART-SV, such withdrawal from HEART-SV shall have no impact on such independent obligations.

13. **Amendments.** Except as provided in Section 11, as needed to admit a new Member Agency, subject to all legal obligations of HEART-SV, this Agreement may be amended by one or more supplemental agreements executed by all of the Member Agencies of HEART-SV.

14. **Filings.** The Secretary shall cause to be filed all required notices with the California Secretary of State, in accordance with California Government Codes §6503.5 and §53051.

15. **Notices**.

15.1. All notices to the Member Agencies shall be deemed to have been given to the Member Agencies when mailed, postage prepaid by United States mail, or when hand delivered to the governing body of each Member Agency during usual business hours at the principal office, or to the person apparently in charge of that office.

15.2 All notices to HEART-SV shall be deemed to have been given to HEART-SV when mailed, postage prepaid by United States mail, or when hand delivered to each of the

Chairperson, Vice Chairperson, and any Executive Director of HEART-SV during usual business hours at the principal office, or to the person apparently in charge of that office.

16. **Assignments; Other Agreements.** This Agreement shall be binding upon and shall inure to the benefit of the successors of any Member Agency. No Member Agency may assign any right or obligation hereunder without the written consent of all other Member Agencies. Participation in HEART-SV is not intended to preclude Member Agencies from entering into similar agreements with other jurisdictions.

17. **Severability.** If any provision of this Agreement or its application to any person or circumstances is held invalid or illegal by a final judgment of a court of law in the State of California, the remainder of this Agreement and the application of the provision to other persons or circumstances shall not be affected.

18. **Headings.** All section headings contained in this Agreement are for convenience and reference only. They are not intended to define or limit the scope of any provision of this Agreement.

19. **Confirmation of Jurisdictional Authority**. By signing this Agreement, the Member Agencies retain all jurisdictional authority granted to them by the State and/or their respective Charters. The powers and/or authority granted to HEART-SV pursuant to this Agreement shall in no way serve to limit or restrict an individual Member Agency's jurisdictional authority.

IN WITNESS WHEREOF, the parties hereto by their duly authorized representative, have affixed their signatures on this Agreement, effective as of the date first stated above.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY

By_____

Executive Director
Armando F. Sanchez
5/4/23

ATTEST:

_____

Secretary of the Board

COUNTY OF SAN MATEO

By_____

President of the Board of Supervisors

ATTEST:

_____

Clerk of the Board

IN WITNESS WHEREOF, the parties hereto by their duly authorized representative, have affixed their signatures on this Agreement, effective as of the date first stated above.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY

By_____

Executive Director

Armando F. Sanchez
5/4/23

ATTEST:

_____

Secretary of the Board

COUNTY OF SAN MATEO

By_____ Resolution No. 079645

President of the Board of Supervisors

ATTEST:

_____

Clerk of the Board

Date: May 23, 2023

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY

HEART
OF SAN MATEO COUNTY

Financial Statements and
Independent Auditors' Report
June 30, 2023 and 2022

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY

JUNE 30, 2023 and 2022

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BADAWI & ASSOCIATES
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Housing Endowment and Regional Trust
of San Mateo County
San Mateo, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Housing Endowment and Regional Trust of San Mateo County, California (HEART), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise HEART's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of HEART, as of June 30, 2023 and 2022, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HEART and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

HEART's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HEART's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Address: 2855 Telegraph Avenue, Suite 312 Berkeley, CA 94705 • Phone: 510.768.8251 • Fax: 510.768.8249

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HEART's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HEART's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-9 and 33-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise HEART's basic financial statements. The status of funds schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The status of funds schedule is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the status of funds schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024 on our consideration of HEART's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HEART's internal control over financial reporting and compliance.

Badawi & Associates

Badawi and Associates, CPAs
Berkeley, California
March 4, 2024

Housing Endowment and Regional Trust of San Mateo County
Management's Discussion and Analysis

As management of the Housing Endowment and Regional Trust of San Mateo County (HEART), we offer our readers of HEART's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes.

Financial Highlights

- HEART's total net position as of June 30, 2023 amounted to $17,146,533, an increase of $1,716,882 from the prior year. This was the result of receiving $1.7 million in grant to its Trust Fund to assist in the development of affordable housing.

- Consistent with prior years, HEART's net position primarily made up of $11.1 million in outstanding interest and loan receivables from affordable housing developers.

- Cash and cash equivalents are $10,130,466. This amount is largely comprised of $4,620,000 in borrowed funds from the County of San Mateo Measure-K loan, $5,095,506 in HEART Trust Funds, and $414,960 in restricted funds. $9.1 million in cash and cash equivalents can only be used to develop affordable housing.

- During the fiscal year HEART made two preliminary loans commitments totaling $6 million dollars to support the development of affordable housing, but these funds will not be disbursed until the next fiscal year. During the year, HEART received one loan repayment in the amount of $678,726 from Nugent Square Partners.

- Total operating and program revenue for the year amounted to $2,064,968 comprised of $1.7 million in grants restricted for affordable housing, $236,286 in contributions from member agencies and the balance of $119,082 from loan origination fees, interest received, and donor contributions.

Overview of the Financial Statements

HEART's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of HEART's finances, in a manner similar to a private-sector business.

The *statements of net positions* present information on HEART's assets and liabilities, with the difference reported as net positions. Over time, increases or decreases in net positions may serve as a useful indicator of whether the financial position of HEART is improving or deteriorating.

The *statements of activities* report how HEART's net positions changed during the most recent two fiscal years. Changes in net positions are reported as soon as underlying events occur, regardless of the timing of the related cash flows. Thus, some revenues and expenses reported in this statement may result in cash flows only in future periods. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Housing Endowment and Regional Trust of San Mateo County
Management's Discussion and Analysis

Fund Financial Statements

A fund is a group of related accounts that is used to control resources that have been segregated for specific activities or objectives. HEART uses fund accounting to ensure compliance with various legal requirements, such as the annually adopted budget. Accordingly, a budgetary comparison schedule has been included in the supplementary information section of the financial statements to demonstrate compliance with budget. Fund financial statements report essentially the same information as the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year.

As required by accounting principles, the financial transactions of HEART are accounted for in a Special Revenue Fund, a governmental fund, as monies received by it are legally restricted to specific use. Monies allocated and disbursed to HEART can be expended only for purposes authorized under the Agreement.

The fund financial statements can be found on pages 17 through 18 of this report.

Notes to the Financial Statements

The *notes to the financial statements* on pages 21 through 30 provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Other information

This report also presents certain required supplementary information concerning compliance with HEART's annual budget. This information, as well as associated notes, immediately follows the basic financial statements and the accompanying notes.

Housing Endowment and Regional Trust of San Mateo County
Management's Discussion and Analysis

Financial Analysis – Government-Wide Financial Statements

Assets	**2023**	**2022**
Cash and cash equivalents	$ 10,130,466	$ 8,053,608
Receivables, net:		
Interest	1,311,665	1,118,907
Loans	9,809,489	10,512,573
Accounts	162,343	533
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents	414,960	411,932
Total Assets	21,828,923	20,097,553
Liabilities		
Accounts payable	62,390	47,902
Long-term liabilities		
San Mateo County Measure-K Loan	4,620,000	4,557,500
Paycheck Protection Program Loan	0	62,500
Total Liabilities	4,620,000	4,667,902
Net Position		
Restricted for:		
Homebuyer Assistance Loan Program – pledge account	411,960	411,932
Unrestricted	16,731,573	15,017,719
Total Net Positions	$ 17,146,533	$ 15,429,651

- HEART's total assets are $21,828,960, an increase of $1,731,370. This is an increase of 9% compared to the prior year. A $1.7 million grant from the City of East Palo Alto is largely responsible for the net $1.7 million asset increase from the previous year.

- Cash and cash equivalents increased from $8 million to approximately $10.1 million. The increase in cash and cash equivalents is largely to the $1.7 million grant from the City of East Palo Alto and the repayment of a $678,726 loan from Nugent Square Partners.

- Loans outstanding decrease $703,084 due to the Nugent Square Partners loan repayment and a few other small loan repayments from other borrowers.

- Total liabilities for the current year are $4,682,390. This represents a small increase of $14,488 from the previous year. HEART's total Measure-K loan from the county stands at $4,620,000. The remaining $62,390 in liabilities includes $57,792 in payroll liabilities and payroll tax payments due and $4,598 in accounts payable to consultants and miscellaneous vendors.

Housing Endowment and Regional Trust of San Mateo County
Management's Discussion and Analysis

- Net position of governmental activities is $17,146,533, an increase of $1,716,882, or 11% more compared to the previous fiscal year. The increase in net position was due to a $1.7 million grant from the City of East Palo Alto that is slated for a loan to for the development of Colibri Commons, and affordable housing development in the City of East Palo Alto.

Changes in Net Positions

Changes in Net Positions	2023	2022
Revenues:		
Program Revenues:		
Operating grants and contributions		
Member Agencies	$ 236,286	$ 236,280
Donors	1,823,882	4,165,177
Charges for Services	4,800	23,078
Total Program Revenues	2,064,968	4,424,535
Expenses:		
General management and admin support	671,139	524,837
Legal services	9,773	24,816
Interest on long-term debt	44,960	44,960
Miscellaneous	135	-
Total Expenses	764,259	594,613
Net Program Revenue	1,300,709	3,829,922
General Revenues – Investment Earnings	416,173	58,889
Change in Net Positions	1,716,882	3,951,311
Net positions – beginning	15,429,651	11,478,240
Net positions – ending	$ 17,146,533	$ 15,429,651

- Total operating and program revenue during the current period was $2,064,968, lower than the prior year's amount of $4,424,535. This reflects a decrease in grants received to support the development of affordable housing. Grants received decreased from $4 million to $1.7 million.

- Excluding the $1.7 grant from the City of East Palo Alto, operating and program revenue was $364,968. This amount is comprised of $236,286 from Member Agency contributions and $128,682 from other donations and program service fees.

- Total expenses incurred during the current period amounted to $764,259, an increase of $169,682, or 28.5% more, than the previous year. The vast majority (86%) of the increase in expenses is due to the addition of more staff at HEART to meet the increased program work load.

Housing Endowment and Regional Trust of San Mateo County
Management's Discussion and Analysis

Budgetary Analysis

	Budgeted Amount Final	Actual Amount – Budgetary Basis	Variance -Positive (Negative)
Total Revenues and Other Financing Sources	$ 798,848	$ 2,279,140	$ 1,658,882
Total Expenditures and Other Financing Uses	798,848	764,259	(34,589)
Net Change in Fund Balance	$ -	$ 1,514,259	$ 1,514,881

Actual revenues were higher than budgeted by $1,658,882. While HEART's individual revenue sources fluctuated and differed from the budgeted amounts, the $1.7 million grant awarded to HEART for affordable housing development was responsible for generating the large positive variance. Operating expenses were slightly below the amount budgeted by $34,589. Expenses were lower largely due the lower utilization of outside contract and consulting services.

Beyond FY 2023

In 2024 HEART is planning to continue making loans to affordable housing developers with its Trust Fund. Currently, it is planning to make $6 million in loans to two affordable housing developments. Additional funds will be available to make more loans throughout 2024. These loans will help HEART achieve its mission of creating more affordable housing units, while increasing its revenue from developer loan origination fees.

Over the next year HEART will also expend significant resources creating new programs to create and preserve affordable housing by financing the acquisition of privately owned, existing apartment buildings and by providing staffing help to cities to assist them with carrying out their affordable housing programs. HEART will also explore the possibility of developing a loan program to help mobile homeowners replace their units with new ones.

Due to continuing high interest rates, it is likely HEART's first-time homebuyer down payment loan program, "Opening Doors," will continue to see low demand for its loans. HEART will continue to present community workshops for first time homebuyers and work with realtors and cities to help buyers prepare for a time when homebuying becomes feasible again.

Requests for Information

This financial report is designed to provide a general overview of HEART's finances for all those interested. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to Housing Endowment and Regional Trust of San Mateo County, Attn: Executive Director, 2905 S. El Camino Real, San Mateo, CA 94403.

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BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

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Housing Endowment and Regional Trust of San Mateo County

Statements of Net Position

June 30, 2023 and 2022

	Governmental Activities	
	2023	2022
Assets		
Cash and investments	$ 10,130,466	$ 8,053,608
Receivables, net:		
Interest	1,311,665	1,118,907
Loans	9,809,489	10,512,573
Accounts	162,343	533
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents	414,960	411,932
Total Assets	21,828,923	20,097,553
Liabilities		
Accounts payable	62,390	47,902
Long-term liabilities:		
San Mateo County Measure K loan	4,620,000	4,620,000
Total Liabilities	4,682,390	4,667,902
Net Position		
Restricted for:		
Home Buyer Assistance Loan Program - pledge account	414,960	411,932
Unrestricted	16,731,573	15,017,719
Total Net Position	$ 17,146,533	$ 15,429,651

The notes to the financial statements are an integral part of this statement.

Housing Endowment and Regional Trust of San Mateo County

Statements of Activities

For the Years Ended June 30, 2023 and 2022

	Governmental Activities	
	2023	**2022**
Expenses		
General management and administrative support	669,638	$ 524,837
Legal services	11,274	24,816
Interest on long-term debt	83,212	44,960
Miscellaneous	135	-
Total Expenses	764,259	594,613
Program Revenues		
Operating grants and contributions:		
Member agencies	236,286	236,280
Donors	1,823,882	4,165,177
Charges for Services	4,800	23,078
Total Program Revenues	2,064,968	4,424,535
Net Program Revenue (Expenses)	1,300,709	3,829,922
General Revenues		
Investment earnings	416,173	58,889
PPP Loan forgiveness	0	62,500
Total General Revenues	416,173	121,389
Change in Net Positions	1,716,882	3,951,311
Net Positions - beginning	15,429,651	11,478,340
Net Positions - ending	$ 17,146,533	$ 15,429,651

The notes to the financial statements are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

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Housing Endowment and Regional Trust of San Mateo County

Balance Sheets - Governmental Fund

June 30, 2023 and 2022

	2023	2022
Assets		
Cash and investments	$ 10,130,466	$ 8,053,608
Receivables, net:		
Interest	1,311,665	1,118,907
Loans	9,809,489	10,512,573
Accounts	162,343	533
Cash - restricted	414,960	411,932
Total Assets	$ 21,828,923	$ 20,097,553
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities		
Accounts payable	$ 62,390	$ 47,902
Total Liabilities	62,390	47,902
Deferred Inflows of Resources		
Unavailable revenues	1,311,665	1,118,907
Total Deferred Inflows of Resources	1,311,665	1,118,907
Fund Balance		
Nonspendable	9,809,489	10,512,573
Restricted	414,960	411,932
Unassigned	10,230,419	8,006,239
Total Fund Balance	20,454,868	18,930,744
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 21,828,923	$ 20,097,553
Reconciliation of Fund Balance Sheets to the Statements of Net Position:		
Total Fund Balance - Governmental Fund	$ 20,454,868	$ 18,930,744
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund		
Interest receivable	1,311,665	1,118,907
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Fund Balance Sheet		
Paycheck Protection Program loan	-	-
County of San Mateo-Measure-K loan	(4,620,000)	(4,620,000)
Net position of governmental activities	$ 17,146,533	$ 15,429,651

The notes to the financial statements are an integral part of this statement.

Housing Endowment and Regional Trust of San Mateo County

Statements of Revenues, Expenditures, and Changes in Fund Balance

For the Years Ended June 30, 2023 and 2022

	2023	2022
Revenues		
Member agency contributions	$ 236,286	$ 236,280
Donor contributions	1,823,882	4,165,177
Charges for services	4,800	23,078
Investment earnings	223,415	87,819
Total Revenues	2,288,383	4,512,354
Expenditures		
General management and administrative support	669,638	524,837
Legal services	11,274	24,816
Miscellaneous	135	-
Debt service:		
Interest and fiscal charges	83,212	44,960
Total Expenditures	764,259	594,613
Excess (Deficit) of Revenues Over Expenditures	1,524,124	3,917,741
Other Financing Sources (Uses)		
Loan proceeds	-	1,120,000
Total Other Financing Sources (Uses)	-	1,120,000
Net Change in Fund Balance	1,524,124	5,037,741
Fund Balance - Beginning	18,930,744	13,893,003
Fund Balance - Ending	$ 20,454,868	$ 18,930,744

Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statements of Activities (page 14)

Net change in fund balance - governmental fund	$ 1,524,124	$ 5,037,741
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	192,758	(28,930)
Gain due to the PPP loan forgiveness recognized as revenue in the government-wide statement of activities, but no long-term debt transactions recorded in the governmental fund statement of revenues, expenditures, and changes in fund balance	-	62,500
Loan proceeds provided current financial resources to governmental funds, but increased long-term liabilities in the government-wide statemem of net position.	-	(1,120,000)
Change in net positions of governmental activities	$ 1,716,882	$ 3,951,311

The notes to the financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

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HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

On February 26, 2002, the County of San Mateo (County) approved establishment of a housing trust fund for the County and set aside $3 Million from reserves to be used as the initial capitalization for the fund. A Joint Powers Agreement (Agreement) between the County and certain cities and towns within the County (Member Agencies) established the Housing Endowment and Regional Trust (HEART) in 2003 under the Joint Exercise of Powers Act per California Government Code Sections 6500 et seq. The Agreement was in effect at least until March 30, 2013 and can be terminated thereafter according to the terms specified in the Agreement. HEART's general purpose is to support and generate funding that will result in permanent additions to workforce housing needs in San Mateo County. HEART obtained a determination from the Internal Revenue Service of its tax-exempt status and classification as a public charity under Section 501(c)(3) of the Internal Revenue Code (Code), effective January 8, 2008. Contributions to HEART are tax deductible under Section 170 of the Code.

HEART is an entity separate from each participating entity and is under the direction of a Board of Directors (Board). The Board is comprised of 11 elected officials from the County and Member Agencies and 10 at-large members who are not publicly elected officials. The Board appoints a managing agent who is responsible for the day-to-day administration of HEART under its direction.

The County also made an initial allocation of $75,000 for administrative costs in addition to the $3 Million initial capitalization. HEART received $2.075 Million in fiscal year 2004 and the remaining $1 Million was paid in equal installments from fiscal years 2005 through 2009. The Member Agencies support HEART by contributing annual dues. The dues were assessed annually through fiscal year 2009 based upon Member Agency's population information used by City/County Association of Governments of San Mateo County (C/CAG). The dues remained fixed from fiscal years 2009 through 2011. The dues were reduced by 10% annually in FY 2012, and remained fixed in FY 2014 through FY 2023 at the lower rate.

Monies allocated and disbursed to HEART can be expended only for purposes authorized under the Agreement.

(b) Measurement Focus, Basis of accounting, and Financial Statement Presentation

Under the new financial reporting model, governments are required to present government-wide and fund financial statements along with reconciliation from the fund financial statements to the government-wide statements. The government-wide financial statements are reported on a basis of accounting similar to a commercial enterprise, which is different from the traditional basis of accounting used for the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Measurement Focus, Basis of accounting, and Financial Statement Presentation (continued)

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues from reimbursement type programs are considered to be *available* when they are collectible within two months of the end of the current fiscal period in order to properly match revenues with related expenditures. Expenditures are recognized in the accounting period in which the liability is incurred.

Cash and Cash Equivalents: Cash and cash equivalents include all monies held in banks, highly liquid investments with maturities of less than three months and cash held in the San Mateo County Investment Pool (County Pool). A portion of the cash balance is pooled with other funds of the County to earn a higher rate of return than could be earned by investing the funds individually. HEART considers its equity in the County's investment pool to be cash equivalents.

Receivables: All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Restricted Assets: Amounts maintained in separate bank accounts are classified as restricted assets on the balance sheet because uses of the funds are externally restricted by the lending agencies to maintain a minimum balance in the Pledge Account for financing eligible housing developers and homeowners.

Long-term Obligations: Long-term debts are reported as liabilities in the government-wide financial statements. In the fund financial statements, governmental fund types report the face amount of the debt issued as other financing sources and interest and principal payments made in the current period are reported as debt service expenditures.

(c) Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results based on subsequent events could differ from those estimates.

(d) Budgetary Information

HEART adopts an annual budget that can be amended throughout the year. The basis used to prepare the budget is the same as the basis used to reflect actual revenues and expenditures except that unrealized gains and losses are not included in the budget. See Note 1 of the notes to the required supplementary information for detail.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) New Pronouncements

In fiscal year 2022-23, HEART adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- *GASB Statement No. 91, Conduit Debt Obligations* – The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement did not apply to the HEART for the current fiscal year.

- *GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP in an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this statement did not apply to the HEART for the current fiscal year.

- *GASB Statement No. 96, Subscription-based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement did not apply to the HEART for the current fiscal year.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

2. CASH AND INVESTMENTS

(a) Cash and Investments

As of June 30, 2023 and 2022, HEART's cash and investments consisted of:

	FY 22-23	FY 21-22
Cash and investments:		
Cash on hand	$ -	$ 3,090
Wells Fargo Checking and Savings Accounts	1,833,816	47,343
Meriwest Committed Account	88,145	238,867
San Mateo County Investment Pool	8,208,505	7,764,308
Total unrestricted cash and investments	10,130,466	8,053,608
Meriwest Restricted Account	414,960	411,932
Total cash and investments	$ 10,545,426	$ 8,465,540

Cash Deposits

The carrying amount of HEART's cash deposits were a total of $1,921,961. Bank balances before reconciling items were a positive amount of $1,921,961 as of June 30, 2023. The carrying amount of HEART's cash deposits were a total of $286,210. Bank balances before reconciling items were a positive amount of $292,991 as of June 30, 2022.

The California Government Code requires California banks and savings and loan associations to secure HEART's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in HEART's name. The fair value of pledged securities must equal at least 110% of HEART's cash deposits. California law also allows institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the total cash deposits. HEART's cash deposit was fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The remaining amount was not collateralized

San Mateo County Investment Pool

Investment in the County Pool is reported at fair value. The change in fair value for the year is recorded as unrealized gain or loss and reported as part of investment earnings. Fair value is based on information provided by the County Treasurer. The fair value in HEART's investment in the County Pool as of June 30, 2023 and 2022 was $8,208,505 and $7,764,308 respectively. The fair value factor of 0.9715 and 0.9688 was used to calculate the fair value of the investments in the County Pool for fiscal year 2023 and fiscal year 2022.

HEART does not have a formally adopted investment policy.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

2. CASH AND INVESTMENTS (CONTINUED)

(b) Risk Disclosures

Interest Risk: Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of HEART's portfolio.

Investments held in HEART grouped by maturity date as of June 30, 2023 and 2022 are shown below:

FY2023		Investment Maturities (in years)		
Investment Type	**Total**	**1 year or Less**	**1 - 2 years**	**2- 3 years**
San Mateo County Investment Pool	$ 8,208,505	$ 8,208,505	$ -	$ -
Total Investments	$ 8,208,505	$ 8,208,505	$ -	$ -

FY2022		Investment Maturities (in years)		
Investment Type	**Total**	**1 year or Less**	**1 - 2 years**	**2- 3 years**
San Mateo County Investment Pool	$ 7,764,308	$ 7,764,308	$ -	$ -
Total Investments	$ 7,764,308	$ 7,764,308	$ -	$ -

Credit Risk: Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of an issuer to repay its debt. As of June 30, 2023, HEART's deposits and investments were rated as follow:

	FY2023 Credit Quality Ratings			FY2022 Credit Quality Ratings		
	Moody's	**S&P**	**% of Portfolio**	**Moody's**	**S&P**	**% of Portfolio**
San Mateo County Investment Pool	Not Rated	Not Rated	100%	Not Rated	Not Rated	100%
Total			100%			100%

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside.

3. RECEIVABLES

(a) Interest Receivable

The interest receivable balance reported at June 30, 2023 and 2022 of $1,311,665 and $1,118,907 respectively represent uncollected interest on loans receivable and fourth quarter interest due from the County Treasurer on investments made by HEART in the County Pool.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

3. RECEIVABLES (CONTINUED)

(b) Loans Receivable

Loans receivable as of June 30, 2023and 2022 consist of the following:

	2023	2022
In September 2006, HEART loaned $1,730,000 of program funds to The Crossings Phase II, L.P. for the development of the 113-unit The Village at the Crossing project in San Bruno, CA, which will provide housing for very-low and extremely-low income households. The loan has a term of 55 years from the issuance of the Certificate of Occupancy and bears interest at a rate of 3% per annum. The Certificate of Occupancy was issued on January 10, 2008.	$ 1,709,866	$ 1,721,724
In June 2006, HEART signed a loan agreement with Hillcrest Senior Housing Corporation (HSHC) for $510,000 to assist with construction financing of the 39-unit Hillcrest Gardens project in Daly City, CA, which will provide housing for very-low and extremely-low income seniors. The loan has a term of 55 years from the issuance of the Certificate of Occupancy and/or Notice of Completion for the development, whichever is earlier, and bears interest at a rate of 3% per annum. The Notice of Completion was issued on December 11, 2008.	510,000	510,000
In February 2015, HEART signed a loan agreement with Habitat for Humanity for $500,000 to assist in the acquisition of the land and improvements located at 612 Jefferson Avenue, Redwood City ("Property") to build a multifamily development. The loan is secured by a Deed of Trust recorded against the property. The loan has a term of 5 years with an option to extending for a term of one year and bears interest at a rate 0% for the first five years and at a rate of 3% if the borrower fails to achieve the project completion milestone at maturity.	487,500	500,000
In December 2007, HEART signed a loan agreement with Trestle Glen Associates for $1,760,000 to assist with the development of a 119-unit rental housing project in Colma, CA, which will provide housing for very-low and extremely-low income households. The loan has a term of 55 years from the issuance of the Certificate of Occupancy and/or Notice of Completion for the development, whichever is later, and bears interest at a rate of 3% per annum. The Certificate of Occupancy was issued on December 30, 2009.	1,760,000	1,760,000
In October 2015, Bridge Housing Ventures assumed National Church Residences loan including accrued interest for the amount of $542,123, to assist with the one hundred units of rental housing affordable to low-income households, commonly known as Ocean View Senior Apartments, located at 555 Crespi Drive in Pacifica, California. The loan has a term of 57 years from the date of the modification agreement, which bears interest at a rate of 3% per annum commencing on October 16, 2016.	542,123	542,123
Sub-total carried forward	$ 5,009,489	$ 5,033,847

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

3. RECEIVABLES (CONTINUED)

(b) Loans Receivable

	2023	2022
Sub-total carried forward	$ 5,009,489	$ 5,033,847
In March 2011, HEART signed a loan agreement with Mid-Peninsula South City, L.P. for $600,000, which was funded by the Genetech Foundation South Francisco Fund to assist with the development of 62-units of a 109-unit rental housing project in South San Francisco, CA, which will provide housing for low and very-low income households. The loan has a term of 55 years from the issuance of the Certificate of Occupancy, which evidences project completion and bears interest at a rate of 3% per annum commencing upon project completion. The Certificate of Occupancy was issued on October 19, 2012.	600,000	600,000
In March 2011, HEART signed a loan agreement with Mid-Peninsula South City II, L.P. for $400,000, which was funded by the Genetech Foundation South Francisco Fund to assist with the development of 47-units of a 109-unit rental housing project in South San Francisco, CA, which will provide housing for low and very-low income households. The loan has a term of 55 years from the issuance of the Certificate of Occupancy, which evidences project completion and bears interest at a rate of 3% per annum commencing upon project completion. The Certificate of Occupancy was issued on October 19, 2012.	400,000	400,000
In September 2021, HEART signed a loan agreement with Nugent Square Partners, L.P. for $850,000 to rehabilitate an existing affordable housind development in need of emergency repairs. Nugent Square apartments is located in the City of East Palo Alto and consists of 32 units affordable to very low- and extremely low-income households. The loan has a term of two years and bears interest at a rate of 3% commencing on October 19, 2021.	-	678,726
In December 2021, HEART signed a Deveopment Loan Agreement with MP Downtown San Mateo Associates, L.P. to provide $3,800,000 for the development of 225 rental homes for extremely low- very low- and low-income individuals and families. The project is located in the City of San Mateo. The loan has a term of 55 years from and bears an interest rate of 3% commencing in March 2022.	3,800,000	3,800,000
Total Loans Receivable	$ 9,809,489	$ 10,512,573

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

4. ACCOUNTS PAYABLE

Accounts payable comprises of the following:

	2023	2022
Payable for contractor service	$ 4,598	$ 12,039
Accrued payroll	57,792	35,863
Total Accounts payable	$ 62,390	$ 47,902

5. NON-CURRENT LIABILITIES

The following is summary of non-current liability activity of HEART:

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
San Mateo County:Measure-K	$ 4,620,000	$ -	$ -	$ 4,620,000
Total	$ 4,620,000	$ -	$ -	$ 4,620,000

	Balance at July 1, 2021	Additions	Deletions	Balance at June 30, 2022
San Mateo County:Measure-K	$ 3,500,000	$ 1,120,000	$ -	$ 4,620,000
Paycheck Protection Program loan:				
Loan # 9780199-02	62,500	-	(62,500)	-
Total	$ 3,562,500	$ 1,120,000	$ (62,500)	$ 4,620,000

San Mateo County: Measure-K loan

On August 1, 2017 HEART entered into a loan agreement with the County of San Mateo for an amount of $5,000,000 with a maturity date of July 31, 2024. Interest rate will be paid annually based on the amount of interest that the loan would have earned had it been invested in the San Mateo County Pooled Investment rate starting twelve months from the date of the initial disbursement. The proceeds of the loan will to be used to make predevelopment, acquisition, construction and bridge loans that are consistent with the terms of HEART's Quick Start Loan Program. As of June 30, 2023 HEART drawn an amount of $4,620,000 from the total loan agreement of $5,000,000.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

6. REVENUES

(a) Operating Grants and Contributions

Operating grants and contributions consist of the following:

Member Agencies Dues

Member Agencies are billed annually for dues to cover administrative expenses.

Donors

Other operating grants and contributions include contributions from private donors.

(b) Charges for Services

Charges for services are loan processing fees collected from home buyers upon close of escrow on each home loan.

(c) Investment Earnings

Investment earnings reported in the government fund *statements of revenues, expenditures, and changes in fund balance* comprise of quarterly interest received from the County Treasurer on investments made by HEART in the County Pool and interest collected from developers on cumulative interest receivable accrued. Interest is recorded in the year it is earned and is available to pay current liabilities.

Investment earnings reported in the government-wide *statements of activities* includes earnings from the County investments noted above plus interest earned in the current year on loans made to developers.

7. FUND BALANCES / NET POSITION

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which HEART is bound to honor constraints on the specific purpose for which amount in the fund can be spent. As of June 30, 2023 and 2022, fund balance for the governmental fund consists of the following classifications respectively:

(a) *Nonspendable Fund Balance* – includes amounts that cannot be spent because they are not in spendable form, such as prepaid items and loans receivable.

(b) *Restricted Fund Balance* – includes amounts that can be spent only for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

(c) *Unassigned Fund Balance* – is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted and then unassigned.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

7. FUND BALANCES / NET POSITION (CONTINUED)

At fiscal year-end, fund balance reported on the balance sheets on page 17 includes:

	2023	2022
Nonspendable	$ 9,809,489	$ 10,512,573
Restricted:		
Home Buyer Assistance Loan Program - pledge account see Note 2(a)	414,960	411,932
Unassigned	10,230,419	8,006,239
Total Fund Balance	$ 20,454,868	$ 18,930,744

The amount shown as restricted above is also reported as restricted net position on the *statement of net positions* on page 13.

8. RISK MANAGEMENT

HEART is exposed to various risks of losses related to assets having a current or future benefit to HEART. HEART has insurance coverage provided by the Hartford. In addition, HEART has special excess liability insurance coverage provided as part of the County's insurance coverage. The existing insurance policies are current as of the issuance of this report. Under an agreement with the County, the Department of Housing (DOH) of San Mateo County provides fiscal and program services to HEART. Agents of the DOH are covered by the County's insurance provider. The County Counsel provides legal representation for any claims or litigation of HEART under a contract. For the years ended June 30, 2023 and 2022, the annual amount contracted with County Counsel for legal representation was $9,773 and $24,816 respectively.

REQUIRED SUPPLEMENTARY INFORMATION

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Housing Endowment and Regional Trust of San Mateo County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amount Original	Budgeted Amount Final	Actual Amount Budgetary Basis (Note 1)	Variance with Final Budget Positive (Negative)
Revenues				
Member Agency contributions	$ 236,280	$ 236,280	$ 236,286	$ 6
Other contributions	152,000	165,000	1,823,882	1,658,882
Investment earnings	111,996	111,996	138,219	26,223
Loan proceeds - interest	123,429	103,572	75,953	(27,619)
Charges for services and other administrative support	658,100	182,000	4,800	(177,200)
	1,281,805	798,848	2,279,140	1,480,292
Expenditures				
General management and administrative support	800,705	688,381	669,638	18,743
Legal services	25,000	15,000	11,274	3,726
Debt services				
Interest and fiscal charges	95,467	95,467	83,212	12,255
Contingency	360,633	-	135	(135)
Total Expenditures	1,281,805	798,848	764,259	34,589
Net Change in Fund Balance	$ -	$ -	1,514,881	1,514,881
Fund Balance - beginning			19,180,792	
Fund Balance - ending			$ 20,695,673	

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023 **and 2022**

1. BUDGETS, BUDGETARY PROCESS, AND ENCUMBRANCES

HEART uses two funding sources to manage operations: Administrative Funds and Program Funds. The Board adopts an annual operating budget, which can be amended by the Board throughout the year. Actual revenues and expenditures presented reflect activity in both funds during the year. As discussed in Note 1(d) of the notes to the basic financial statements, the basis used to prepare the budget is the same as the basis used to reflect actual revenues and expenditures, except for unrealized gains and losses under GASB 31. The financial statements record unrealized gains and losses as required by Generally Accepted Accounting Principles (GAAP). Adjustments were made to certain budgeted accounts to reflect changes made in financial statement presentation.

HEART uses an encumbrance system to assist in controlling expenditures. Purchase orders, contracts, and other commitments for the expenditures of monies are recorded under this system in order to reserve applicable appropriations. Any encumbrances outstanding at year-end are recorded as reservations of fund balance as they do not constitute expenditures or liabilities.

The actual net change in fund balance under the budgetary basis on page 33 is reconciled to the change in fund balance under GAAP on page 18 as follows:

Explanation of difference between budgetary basis and GAAP basis:

		FY 22-23
Net Change in Fund Balance - budgetary basis	$	1,514,881
Net unrealized loss on cash in County Investment Pool under GASB 31		9,243
Change in Fund Balance - GAAP basis	$	1,524,124
Fund Balance - budgetary basis	$	20,695,673
Unrealized loss on cash in County Investment Pool under GASB 31 as of June 30, 2023		(240,805)
Fund Balance - GAAP basis	$	20,454,868

SUPPLEMENTARY INFORMATION

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Housing Endowment and Regional Trust of San Mateo County
Status of Funds
For the Year Ended June 30, 2023

	Program Funds	Administrative Funds	Total
Revenues			
Member agency contributions	$ -	$ 236,286	$ 236,286
Donor contributions	1,714,318	109,564	1,823,882
Investment earnings	59,089	79,130	138,219
Loan proceeds interest	17,130	58,823	75,953
Loan origination fees	4,800	-	4,800
Total Revenues	1,795,337	483,803	2,279,140
Expenditures			
General management and administrative support	490,081	179,557	669,638
Legal services	9,724	1,550	11,274
Debt services			
Interest and fiscal charges	83,212	-	83,212
Total Expenditures	583,017	181,242	764,259
Net Change in Fund Balance	1,212,320	302,561	1,514,881
Fund Balance - beginning	18,141,589	1,039,203	19,180,792
Fund Balance - ending	$ 19,353,909	$ 1,341,764	$ 20,695,673

Notes:

(1) All income received from investment earnings is categorized to Program Funds

(2) The above schedule does not include adjustments made for GASB No. 31 as required by generally accepted accounting principles.

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BADAWI & ASSOCIATES
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of Directors
of the Housing Endowment and Regional Trust
of San Mateo County
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Housing Endowment and Regional Trust of San Mateo County (HEART) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise HEART's basic financial statements, and have issued our report thereon dated March 4, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HEART's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HEART's internal control. Accordingly, we do not express an opinion on the effectiveness of HEART's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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To the Board of Directors
of the Housing Endowment and Regional Trust
of San Mateo County
San Mateo, California
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether HEART's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Badawi & Associates

Badawi & Associates, CPAs
Berkeley, California
March 4, 2024

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY

HEART
OF SAN MATEO COUNTY

Financial Statements and
Independent Auditors' Report
June 30, 2024 and 2023

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY

JUNE 30, 2024 and 2023

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BADAWI & ASSOCIATES
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Housing Endowment and Regional Trust
of San Mateo County
San Mateo, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Housing Endowment and Regional Trust of San Mateo County, California (HEART), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise HEART's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of HEART, as of June 30, 2024 and 2023, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HEART and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

HEART's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HEART's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HEART's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HEART's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-9 and 33-34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise HEART's basic financial statements. The status of funds schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The status of funds schedule is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the status of funds schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2025 on our consideration of HEART's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HEART's internal control over financial reporting and compliance.

Badawi & Associates

Badawi and Associates, CPAs
Emeryville, California
August 31, 2025

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Housing Endowment and Regional Trust of San Mateo County
Management's Discussion and Analysis

As management of the Housing Endowment and Regional Trust of San Mateo County (HEART), we offer our readers of HEART's financial statements this narrative overview and analysis of its financial activities for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes.

Financial Highlights

- HEART's total net position as of June 30, 2023 amounted to $19,627,530, an increase of $2,480,997 from the prior year. This increase was the result of receiving $1.8 million in grants to assist in the development of affordable housing, an increase of $354,000 in accrued interest, and the balance from operations.

- Consistent with prior years, HEART's net position primarily made up of $14.5 million in outstanding interest and loan receivables from affordable housing developers.

- Cash and cash equivalents are $9.68 million. This amount is largely comprised of $2,000,000 in borrowed funds from the County of San Mateo Measure-K loan, $7,258,787 in HEART Trust Funds, and $421,359 in restricted funds. Of the total $9.68 million in cash and cash equivalents, $8.5 million can only be used to develop or preserve affordable housing.

- During the fiscal year HEART made two loans totaling $6 million dollars to support the development of affordable housing. During the year, HEART received one loan repayment in the amount of $3 million.

- Total operating and program revenue for the year amounted to $2,580,071 comprised of $2 million in grants restricted for affordable housing, $236,363 in contributions from member agencies and the balance of $262,225 from loan origination fees and charges to cities for HEART's City staffing program.

Overview of the Financial Statements

HEART's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of HEART's finances, in a manner similar to a private-sector business.

The *statements of net positions* present information on HEART's assets and liabilities, with the difference reported as net positions. Over time, increases or decreases in net positions may serve as a useful indicator of whether the financial position of HEART is improving or deteriorating.

The *statements of activities* report how HEART's net positions changed during the most recent two fiscal years. Changes in net positions are reported as soon as underlying events occur, regardless of the timing of the related cash flows. Thus, some revenues and expenses reported in this statement may result in cash flows only in future periods. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund Financial Statements

A fund is a group of related accounts that is used to control resources that have been segregated for specific activities or objectives. HEART uses fund accounting to ensure compliance with various legal requirements, such as the annually adopted budget. Accordingly, a budgetary comparison schedule has been included in the supplementary information section of the financial statements to demonstrate compliance with budget. Fund financial statements report essentially the same information as the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year.

As required by accounting principles, the financial transactions of HEART are accounted for in a Special Revenue Fund, a governmental fund, as monies received by it are legally restricted to specific use. Monies allocated and disbursed to HEART can be expended only for purposes authorized under the Agreement.

The fund financial statements can be found on pages 17 through 18 of this report.

Notes to the Financial Statements

The *notes to the financial statements* on pages 21 through 30 provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Other information

This report also presents certain required supplementary information concerning compliance with HEART's annual budget. This information, as well as associated notes, immediately follows the basic financial statements and the accompanying notes.

Housing Endowment and Regional Trust of San Mateo County
Management's Discussion and Analysis

Financial Analysis – Government-Wide Financial Statements

Assets	**2024**	**2023**
Cash and cash equivalents	$ 9,680,146	$ 10,130,466
Receivables, net:		
Interest	1,665,692	1,311,665
Loans	12,834,489	9,809,489
Accounts	104,754	162,343
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents	421,359	414,960
Total Assets	24,706,440	21,828,923
Liabilities		
Accounts payable	78,910	62,390
Long-term liabilities		
San Mateo County Measure-K Loan	5,000,000	4,620,000
Paycheck Protection Program Loan	0	0
Total Liabilities	5,078,910	4,620,000
Net Position		
Restricted for:		
Homebuyer Assistance Loan Program – pledge account	421,359	411,960
Unrestricted	19,206,171	16,731,573
Total Net Positions	$ 19,627,530	$ 17,146,533

- HEART's total assets are $24,706,440, an increase of $2,877,517 from the previous year. This is an increase of 11.6% compared to the prior year. A $1.7 million grant from the California Department of Housing and Community Development and a $1.3 million grant from the City of Daly City are largely responsible for the net $2.9 million asset increase from the previous year.

- Cash and cash equivalents decreased from $10.1 million to approximately $9.7 million. HEART experienced large cash inflow and outflows during the fiscal year. This included receiving $3 million in grants, making $6 million in loans, receiving $3 million in loan repayments and drawing down a $380,000 loan from the County of San Mateo. The net effect of these flows and total operations was a net decrease of $450,300 in cash and cash equivalents.

- Loans outstanding increased by a net amount of approximately $3 million due to a new loan to CRP The Ridge at Ralston for a development project in the City of Belmont.

- Total liabilities for the current year are $5,078,910. This represents an increase of $458,920 from the previous year. The increase is largely due to drawing $380,000 from HEART's Measure-K loan from the County of San Mateo, bringing the total loan from the County to $5 million. The remaining

$78,910 in liabilities includes $65,923 in payroll liabilities for accrued vacation and payroll taxes, and $12,987 in accounts payable to consultants and miscellaneous vendors.

- Net position of governmental activities is $17,146,533, an increase of $1,716,882, or 11% more compared to the previous fiscal year. The increase in net position was due to a $1.7 million grant from the California Department of Housing and Community Development for the development of Colibri Commons, and affordable housing development in the City of East Palo Alto.

Changes in Net Positions

Changes in Net Positions	2024	2023
Revenues:		
Program Revenues:		
Operating grants and contributions		
Member Agencies	$ 236,363	$ 236,286
Donors	2,081,483	1,823,882
Charges for Services	262,225	4,800
Total Program Revenues	2,580,071	2,064,968
Expenses:		
General management and admin support	993,913	669,638
Legal services	1,069	11,274
Interest on long-term debt	92,748	83,212
Miscellaneous	201	135
Total Expenses	1,027,941	764,259
Net Program Revenue	1,552,130	1,300,709
General Revenues – Investment Earnings	928,867	416,173
Change in Net Positions	2,480,997	1,716,882
Net positions – beginning	17,146,533	15,429,651
Net positions – ending	$ 19,627,530	$ 17,146,533

- Total operating and program revenue during the current period was $2,580,071, higher than the prior year's amount of $2,064,968. This is an increase of 25% or $519,1033. The increase is due to an increase of $257,601 in contributions received and an increase of $257,425 in charges for services. Grants of $1.7 million the previous year and a similar amount the current year for the Colibri Commons development in East Palo Alto round out the total program revenue.

- The $257,601 in contribution noted above is the result of two contributions from the County of San Mateo: a contribution of $85,436 to HEART's Trust Fund from the County's impact fees and a contribution of $114,949 from the County to support the HEART's City Staffing Program.

- The increase of $257,425 in charges for services is largely comprised of $171,000 in fees charged to cities for HEART's City Staffing Program, and $90,069 in developer loan fees.

- Total expenses incurred during the current period amounted to $1,027,941, an increase of $263,682, or 24.5% more, than the previous year. Most of the increase in expenses is due to the addition of more staff at HEART to meet the increased program work load of HEART's City Staffing Program.

Budgetary Analysis

	Budgeted Amount Final	Actual Amount – Budgetary Basis	Variance -Positive (Negative)
Total Revenues and Other Financing Sources	$ 1,336,253	$ 2,966,132	$ 1,629,879
Total Expenditures and Other Financing Uses	1,446,392	1,027,941	418,451
Net Change in Fund Balance	$ (110,139)	$ 2,318,191	$ 2,428,330

- Actual revenues were higher than budgeted by $1,629,879. While HEART's individual revenue sources fluctuated and differed from the budgeted amounts, the $1.7 million grant awarded to HEART for affordable housing development was responsible for generating the large positive variance.
- Operating expenses were lower than budgeted by $418,451. Expenses were lower largely due the lower utilization than expected of outside contract and consulting services.

Beyond FY 2024

In 2025 HEART is planning to continue making loans to affordable housing developers with its Trust Fund. Currently, is planning on making $3 million in loans two affordable housing projects. Additional funds will be available to make more loans throughout 2025. These loans will help HEART achieve its mission of creating more affordable housing units, while increasing its revenue from developer loan origination fees.

Over the next year HEART will also expend significant resources creating new programs to create and preserve affordable housing by financing the acquisition of privately owned, existing apartment buildings and by providing staffing help to cities to assist them with carrying out their affordable housing programs. HEART has also developed a loan program to help mobile homeowners replace their units with new ones and anticipates making $1 million in loans to mobile homeowners in 2025.

Due to continuing high interest rates, it is likely HEART's first-time homebuyer down payment loan program, "Opening Doors," will continue to see low demand for its loans. HEART will continue to present community workshops for first time homebuyers and work with realtors and cities to help buyers prepare for a time when homebuying becomes feasible again.

Housing Endowment and Regional Trust of San Mateo County
Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of HEART's finances for all those interested. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to Housing Endowment and Regional Trust of San Mateo County, Attn: Executive Director, 2905 S. El Camino Real, San Mateo, CA 94403.

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

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Housing Endowment and Regional Trust of San Mateo County

Statements of Net Position

June 30, 2024 and 2023

	Governmental Activities	
	2024	2023
Assets		
Cash and investments	$ 9,680,146	$ 10,130,466
Receivables, net:		
Interest	1,665,692	1,311,665
Loans	12,834,489	9,809,489
Accounts	104,754	162,343
Restricted assets:		
Temporarily restricted:		
Cash and cash equivalents	421,359	414,960
Total Assets	24,706,440	21,828,923
Liabilities		
Accounts payable	78,910	62,390
Long-term liabilities:		
San Mateo County Measure K loan	5,000,000	4,620,000
Total Liabilities	5,078,910	4,682,390
Net Position		
Restricted for:		
Home Buyer Assistance Loan Program - pledge account	421,359	414,960
Unrestricted	19,206,171	16,731,573
Total Net Position	$ 19,627,530	$ 17,146,533

The notes to the financial statements are an integral part of this statement.

Housing Endowment and Regional Trust of San Mateo County

Statements of Activities

For the Years Ended June 30, 2024 and 2023

	Governmental Activities	
	2024	**2023**
Expenses		
General management and administrative support	933,913	$ 669,638
Legal services	1,069	11,274
Interest on long-term debt	92,758	83,212
Miscellaneous	201	135
Total Expenses	1,027,941	764,259
Program Revenues		
Operating grants and contributions:		
Member agencies	236,363	236,286
Donors	2,081,483	1,823,882
Charges for Services	262,225	4,800
Total Program Revenues	2,580,071	2,064,968
Net Program Revenue (Expenses)	1,552,130	1,300,709
General Revenues		
Investment earnings	928,867	416,173
PPP Loan forgiveness	-	-
Total General Revenues	928,867	416,173
Change in Net Positions	2,480,997	1,716,882
Net Positions - beginning	17,146,533	15,429,651
Net Positions - ending	$ 19,627,530	$ 17,146,533

The notes to the financial statements are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

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Housing Endowment and Regional Trust of San Mateo County

Balance Sheets - Governmental Fund

June 30, 2024 and 2023

	2024	2023
Assets		
Cash and investments	$ 9,680,146	$ 10,130,466
Receivables, net:		
Interest	1,665,692	1,311,665
Loans	12,834,489	9,809,489
Accounts	104,754	162,343
Cash - restricted	421,359	414,960
Total Assets	$ 24,706,440	$ 21,828,923
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities		
Accounts payable	$ 78,910	$ 62,390
Total Liabilities	78,910	62,390
Deferred Inflows of Resources		
Unavailable revenues	1,665,692	1,311,665
Total Deferred Inflows of Resources	1,665,692	1,311,665
Fund Balance		
Nonspendable	12,834,489	9,809,489
Restricted	421,359	414,960
Unassigned	9,705,990	10,230,419
Total Fund Balance	22,961,838	20,454,868
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 24,706,440	$ 21,828,923
Reconciliation of Fund Balance Sheets to the Statements of Net Position:		
Total Fund Balance - Governmental Fund	$ 22,961,838	$ 20,454,868
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund		
Interest receivable	1,665,692	1,311,665
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Fund Balance Sheet		
County of San Mateo-Measure-K loan	(5,000,000)	(4,620,000)
Net position of governmental activities	$ 19,627,530	$ 17,146,533

The notes to the financial statements are an integral part of this statement.

Housing Endowment and Regional Trust of San Mateo County

Statements of Revenues, Expenditures, and Changes in Fund Balance

For the Years Ended June 30, 2024 and 2023

	2024	2023
Revenues		
Member agency contributions	$ 236,363	$ 236,286
Donor contributions	2,081,483	1,823,882
Charges for services	262,225	4,800
Investment earnings	574,840	223,415
Total Revenues	3,154,911	2,288,383
Expenditures		
General management and administrative support	933,913	669,638
Legal services	1,069	11,274
Miscellaneous	201	135
Debt service:		
Interest and fiscal charges	92,758	83,212
Total Expenditures	1,027,941	764,259
Excess (Deficit) of Revenues Over Expenditures	2,126,970	1,524,124
Other Financing Sources (Uses)		
Loan proceeds	380,000	-
Total Other Financing Sources (Uses)	380,000	-
Net Change in Fund Balance	2,506,970	1,524,124
Fund Balance - Beginning	20,454,868	18,930,744
Fund Balance - Ending	$ 22,961,838	$ 20,454,868

Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statements of Activities (page 14)

Net change in fund balance - governmental fund	$ 2,506,970	$ 1,524,124
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	354,027	192,758
Loan proceeds provided current financial resources to governmental funds, but increased long-term liabilities in the government-wide statemem of net position.	(380,000)	-
Change in net positions of governmental activities	$ 2,480,997	$ 1,716,882

The notes to the financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

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HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Reporting Entity

On February 26, 2002, the County of San Mateo (County) approved establishment of a housing trust fund for the County and set aside $3 Million from reserves to be used as the initial capitalization for the fund. A Joint Powers Agreement (Agreement) between the County and certain cities and towns within the County (Member Agencies) established the Housing Endowment and Regional Trust (HEART) in 2003 under the Joint Exercise of Powers Act per California Government Code Sections 6500 et seq. The Agreement was in effect at least until March 30, 2013 and can be terminated thereafter according to the terms specified in the Agreement. HEART's general purpose is to support and generate funding that will result in permanent additions to workforce housing needs in San Mateo County. HEART obtained a determination from the Internal Revenue Service of its tax-exempt status and classification as a public charity under Section 501(c)(3) of the Internal Revenue Code (Code), effective January 8, 2008. Contributions to HEART are tax deductible under Section 170 of the Code.

HEART is an entity separate from each participating entity and is under the direction of a Board of Directors (Board). The Board is comprised of 11 elected officials from the County and Member Agencies and 10 at-large members who are not publicly elected officials. The Board appoints a managing agent who is responsible for the day-to-day administration of HEART under its direction.

The County also made an initial allocation of $75,000 for administrative costs in addition to the $3 Million initial capitalization. HEART received $2.075 Million in fiscal year 2004 and the remaining $1 Million was paid in equal installments from fiscal years 2005 through 2009. The Member Agencies support HEART by contributing annual dues. The dues were assessed annually through fiscal year 2009 based upon Member Agency's population information used by City/County Association of Governments of San Mateo County (C/CAG). The dues remained fixed from fiscal years 2009 through 2011. The dues were reduced by 10% annually in FY 2012, and remained fixed in FY 2014 through FY 2024 at the lower rate.

Monies allocated and disbursed to HEART can be expended only for purposes authorized under the Agreement.

(c) Measurement Focus, Basis of accounting, and Financial Statement Presentation

Under the new financial reporting model, governments are required to present government-wide and fund financial statements along with reconciliation from the fund financial statements to the government-wide statements. The government-wide financial statements are reported on a basis of accounting similar to a commercial enterprise, which is different from the traditional basis of accounting used for the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Measurement Focus, Basis of accounting, and Financial Statement Presentation (continued)

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues from reimbursement type programs are considered to be *available* when they are collectible within two months of the end of the current fiscal period in order to properly match revenues with related expenditures. Expenditures are recognized in the accounting period in which the liability is incurred.

Cash and Cash Equivalents: Cash and cash equivalents include all monies held in banks, highly liquid investments with maturities of less than three months and cash held in the San Mateo County Investment Pool (County Pool). A portion of the cash balance is pooled with other funds of the County to earn a higher rate of return than could be earned by investing the funds individually. HEART considers its equity in the County's investment pool to be cash equivalents.

Receivables: All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Restricted Assets: Amounts maintained in separate bank accounts are classified as restricted assets on the balance sheet because uses of the funds are externally restricted by the lending agencies to maintain a minimum balance in the Pledge Account for financing eligible housing developers and homeowners.

Long-term Obligations: Long-term debts are reported as liabilities in the government-wide financial statements. In the fund financial statements, governmental fund types report the face amount of the debt issued as other financing sources and interest and principal payments made in the current period are reported as debt service expenditures.

(d) Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results based on subsequent events could differ from those estimates.

(e) Budgetary Information

HEART adopts an annual budget that can be amended throughout the year. The basis used to prepare the budget is the same as the basis used to reflect actual revenues and expenditures except that unrealized gains and losses are not included in the budget. See Note 1 of the notes to the required supplementary information for detail.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) New Pronouncements

In fiscal year 2022-23, HEART adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- *GASB Statement No. 100, Accounting Changes and Error Corrections* – an Amendment of GASB Statement No. 62 – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

2. CASH AND INVESTMENTS

(a) Cash and Investments

As of June 30, 2024 and 2023, HEART's cash and investments consisted of:

	FY 23-24	FY 22-23
Cash and investments:		
Cash on hand	$ -	$ -
Wells Fargo Checking and Savings Accounts	3,501,846	1,833,816
Meriwest Committed Account	250,283	88,145
San Mateo County Investment Pool	5,928,017	8,208,505
Total unrestricted cash and investments	9,680,146	10,130,466
Meriwest Restricted Account	421,359	414,960
Total cash and investments	$ 10,101,505	$ 10,545,426

Cash Deposits

The carrying amount of HEART's cash deposits were a total of $3,752,129. Bank balances before reconciling items were a positive amount of $3,752,129 as of June 30, 2024. The carrying amount of HEART's cash deposits were a total of $3,752,129. Bank balances before reconciling items were a positive amount of $3,752,129 as of June 30, 2023.

The California Government Code requires California banks and savings and loan associations to secure HEART's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in HEART's name. The fair value of pledged securities must equal at least 110% of HEART's cash deposits. California law also allows institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the total cash deposits. HEART's cash deposit was fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The remaining amount was not collateralized

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

2. CASH AND INVESTMENTS (CONTINUED)

(a) Cash and Investments, Continued

San Mateo County Investment Pool

Investment in the County Pool is reported at fair value. The change in fair value for the year is recorded as unrealized gain or loss and reported as part of investment earnings. Fair value is based on information provided by the County Treasurer. The fair value in HEART's investment in the County Pool as of June 30, 2024 and 2023 was $5,928,017 and $8,208,505 respectively. The fair value factor of 0.9913 and 0.9715 was used to calculate the fair value of the investments in the County Pool for fiscal year 2024 and fiscal year June 30, 2023.

HEART does not have a formally adopted investment policy.

(b) Risk Disclosures

Interest Risk: Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of HEART's portfolio. Investments held in HEART grouped by maturity date as of June 30, 2024 and 2023 are shown below:

FY2024		Investment Maturities (in years)		
Investment Type	**Total**	**1 year or Less**	**1 - 2 years**	**2- 3 years**
San Mateo County Investment Pool	$ 5,928,017	$ 5,928,017	$ -	$ -
Total Investments	$ 5,928,017	$ 5,928,017	$ -	$ -

FY2023		Investment Maturities (in years)		
Investment Type	**Total**	**1 year or Less**	**1 - 2 years**	**2- 3 years**
San Mateo County Investment Pool	$ 8,208,505	$ 8,208,505	$ -	$ -
Total Investments	$ 8,208,505	$ 8,208,505	$ -	$ -

Credit Risk: Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of an issuer to repay its debt. As of June 30, 2024, HEART's deposits and investments were rated as follow:

	FY2024Credit Quality Ratings			FY2023 Credit Quality Ratings		
	Moody's	**S&P**	**% of Portfolio**	**Moody's**	**S&P**	**% of Portfolio**
San Mateo County Investment Pool	Not Rated	Not Rated	100%	Not Rated	Not Rated	100%
Total			100%			100%

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

3. RECEIVABLES

(a) Interest Receivable

The interest receivable balance reported at June 30, 2024 and 2023 of $1,665,692 and $1,311,665 respectively represent uncollected interest on loans receivable and fourth quarter interest due from the County Treasurer on investments made by HEART in the County Pool.

(b) Loans Receivable

Loans receivable as of June 30, 2024and 2023 consist of the following:

	2024	2023
In September 2006, HEART loaned $1,730,000 of program funds to The Crossings Phase II, L.P. for the development of the 113-unit The Village at the Crossing project in San Bruno, CA, which will provide housing for very-low and extremely-low income households. The loan has a term of 55 years from the issuance of the Certificate of Occupancy and bears interest at a rate of 3% per annum. The Certificate of Occupancy was issued on January 10, 2008.	$ 1,709,866	$ 1,709,866
In June 2006, HEART signed a loan agreement with Hillcrest Senior Housing Corporation (HSHC) for $510,000 to assist with construction financing of the 39-unit Hillcrest Gardens project in Daly City, CA, which will provide housing for very-low and extremely-low income seniors. The loan has a term of 55 years from the issuance of the Certificate of Occupancy and/or Notice of Completion for the development, whichever is earlier, and bears interest at a rate of 3% per annum. The Notice of Completion was issued on December 11, 2008.	510,000	510,000
In February 2015, HEART signed a loan agreement with Habitat for Humanity for $500,000 to assist in the acquisition of the land and improvements located at 612 Jefferson Avenue, Redwood City ("Property") to build a multifamily development. The loan is secured by a Deed of Trust recorded against the property. The loan has a term of 5 years with an option to extending for a term of one year and bears interest at a rate 0% for the first five years and at a rate of 3% if the borrower fails to achieve the project completion milestone at maturity.	462,500	487,500
In December 2007, HEART signed a loan agreement with Trestle Glen Associates for $1,760,000 to assist with the development of a 119-unit rental housing project in Colma, CA, which will provide housing for very-low and extremely-low income households. The loan has a term of 55 years from the issuance of the Certificate of Occupancy and/or Notice of Completion for the development, whichever is later, and bears interest at a rate of 3% per annum. The Certificate of Occupancy was issued on December 30, 2009.	1,760,000	1,760,000
Sub-total carried forward	$ 4,442,366	$ 4,467,366

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

3. RECEIVABLES (CONTINUED)

(b) Loans Receivable

	2024	2023
Sub-total carried forward	$ 4,442,366	$ 4,467,366
In October 2015, Bridge Housing Ventures assumed National Church Residences loan including accrued interest for the amount of $542,123, to assist with the one hundred units of rental housing affordable to low-income households, commonly known as Ocean View Senior Apartments, located at 555 Crespi Drive in Pacifica, California. The loan has a term of 57 years from the date of the modification agreement, which bears interest at a rate of 3% per annum commencing on October 16, 2016.	542,123	542,123
In March 2011, HEART signed a loan agreement with Mid-Peninsula South City, L.P. for $600,000, which was funded by the Genetech Foundation South Francisco Fund to assist with the development of 62-units of a 109-unit rental housing project in South San Francisco, CA, which will provide housing for low and very-low income households. The loan has a term of 55 years from the issuance of the Certificate of Occupancy, which evidences project completion and bears interest at a rate of 3% per annum commencing upon project completion. The Certificate of Occupancy was issued on October 19, 2012.	600,000	600,000
In March 2011, HEART signed a loan agreement with Mid-Peninsula South City II, L.P. for $400,000, which was funded by the Genetech Foundation South Francisco Fund to assist with the development of 47-units of a 109-unit rental housing project in South San Francisco, CA, which will provide housing for low and very-low income households. The loan has a term of 55 years from the issuance of the Certificate of Occupancy, which evidences project completion and bears interest at a rate of 3% per annum commencing upon project completion. The Certificate of Occupancy was issued on October 19, 2012.	400,000	400,000
In December 2021, HEART signed a Deveopment Loan Agreement with MP Downtown San Mateo Associates, L.P. to provide $3,800,000 for the development of 225 rental homes for extremely low- very low- and low-income individuals and families. The project is located in the City of San Mateo. The loan has a term of 55 years from and bears an interest rate of 3% commencing in March 2022.	3,800,000	3,800,000
In February 2024, HEART signed a Deveopment Loan Agreement with CRP Affordable Housing and Community Development CA LLC. to provide $3,000,000 for the development of 65 rental homes for low-income persons and households. The project is located in the City of San Mateo. The loan has a term of 55 years from and bears an interest rate of 5%.	3,000,000	-
In July 2024, HEART signed a Deveopment Loan Agreement with HEART-SV, a California Joint Powers Authority. to provide $450,000 for the development of 8 rental homes for low-income persons and households. The project is located in the City of San Mateo. The loan has a term of 55 years from and bears an interest rate of 3%.	50,000	-
Total Loans Receivable	$ 12,834,489	$ 9,809,489

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

4. ACCOUNTS PAYABLE

Accounts payable comprises of the following:

	2024	2023
Payable for contractor service	$ 12,986	$ 4,598
Accrued payroll	65,924	57,792
Total Accounts payable	$ 78,910	$ 62,390

5. NON-CURRENT LIABILITIES

The following is summary of non-current liability activity of HEART:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
San Mateo County:Measure-K	$ 4,620,000	$ 380,000	$ -	$ 5,000,000
Total	$ 4,620,000	$ 380,000	$ -	$ 5,000,000

	Balance at July 1, 2022	Additions	Deletions	Balance at June 30, 2023
San Mateo County:Measure-K	$ 4,620,000	$ -	$ -	$ 4,620,000
Total	$ 4,620,000	$ -	$ -	$ 4,620,000

San Mateo County: Measure-K loan

On August 1, 2017 HEART entered into a loan agreement with the County of San Mateo for an amount of $5,000,000 with a maturity date of July 31, 2024. Interest rate will be paid annually based on the amount of interest that the loan would have earned had it been invested in the San Mateo County Pooled Investment rate starting twelve months from the date of the initial disbursement. The proceeds of the loan will to be used to make predevelopment, acquisition, construction and bridge loans that are consistent with the terms of HEART's Quick Start Loan Program. As of June 30, 2024 HEART drawn an amount of $5,000,000 from the total loan agreement of $5,000,000.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

6. REVENUES

(a) Operating Grants and Contributions

Operating grants and contributions consist of the following:

Member Agencies Dues

Member Agencies are billed annually for dues to cover administrative expenses.

Donors

Other operating grants and contributions include contributions from private donors.

(b) Charges for Services

Charges for services are loan processing fees collected from home buyers upon close of escrow on each home loan.

(c) Investment Earnings

Investment earnings reported in the government fund *statements of revenues, expenditures, and changes in fund balance* comprise of quarterly interest received from the County Treasurer on investments made by HEART in the County Pool and interest collected from developers on cumulative interest receivable accrued. Interest is recorded in the year it is earned and is available to pay current liabilities.

Investment earnings reported in the government-wide *statements of activities* includes earnings from the County investments noted above plus interest earned in the current year on loans made to developers.

7. FUND BALANCES / NET POSITION

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which HEART is bound to honor constraints on the specific purpose for which amount in the fund can be spent. As of June 30, 2024 and 2023, fund balance for the governmental fund consists of the following classifications respectively:

(a) *Nonspendable Fund Balance* – includes amounts that cannot be spent because they are not in spendable form, such as prepaid items and loans receivable.

(b) *Restricted Fund Balance* – includes amounts that can be spent only for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

(c) *Unassigned Fund Balance* – is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted and then unassigned.

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

7. FUND BALANCES / NET POSITION (CONTINUED)

At fiscal year-end, fund balance reported on the balance sheets on page 17 includes:

	2024	2023
Nonspendable	$ 12,834,489	$ 9,809,489
Restricted:		
Home Buyer Assistance Loan Program - pledge account see Note 2(a)	421,359	414,960
Unassigned	9,705,990	10,230,419
Total Fund Balance	$ 22,961,838	$ 20,454,868

The amount shown as restricted above is also reported as restricted net position on the *statement of net positions* on page 13.

8. RISK MANAGEMENT

HEART is exposed to various risks of losses related to assets having a current or future benefit to HEART. HEART has insurance coverage provided by the Hartford. In addition, HEART has special excess liability insurance coverage provided as part of the County's insurance coverage. The existing insurance policies are current as of the issuance of this report. Under an agreement with the County, the Department of Housing (DOH) of San Mateo County provides fiscal and program services to HEART. Agents of the DOH are covered by the County's insurance provider. The County Counsel provides legal representation for any claims or litigation of HEART under a contract. For the years ended June 30, 2024 and 2023, the annual amount contracted with County Counsel for legal representation was $1,069 and $9,773 respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

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Housing Endowment and Regional Trust of San Mateo County
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amount Original	Budgeted Amount Final	Actual Amount Budgetary Basis (Note 1)	Variance with Final Budget Positive (Negative)
Revenues				
Member Agency contributions	$ 236,286	$ 236,286	$ 236,363	$ 77
Other contributions	355,000	355,000	2,081,483	1,726,483
Investment earnings	157,166	157,166	386,061	228,895
Charges for services and other administrative support	587,801	587,801	262,225	(325,576)
	1,336,253	1,336,253	2,966,132	1,629,879
Expenditures				
General management and administrative support	1,274,392	1,274,392	933,913	340,479
Legal services	72,000	72,000	1,069	70,931
Debt services				
Interest and fiscal charges	100,000	100,000	92,758	7,242
Contingency	-	-	201	(201)
Total Expenditures	1,446,392	1,446,392	1,027,941	418,451
Net Change in Fund Balance	$ (110,139)	$ (110,139)	2,318,191	2,428,330
Fund Balance - beginning			20,695,673	
Fund Balance - ending			$ 23,013,864	

HOUSING ENDOWMENT AND REGIONAL TRUST OF SAN MATEO COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024 **and 2023**

1. BUDGETS, BUDGETARY PROCESS, AND ENCUMBRANCES

HEART uses two funding sources to manage operations: Administrative Funds and Program Funds. The Board adopts an annual operating budget, which can be amended by the Board throughout the year. Actual revenues and expenditures presented reflect activity in both funds during the year. As discussed in Note 1(d) of the notes to the basic financial statements, the basis used to prepare the budget is the same as the basis used to reflect actual revenues and expenditures, except for unrealized gains and losses under GASB 31. The financial statements record unrealized gains and losses as required by Generally Accepted Accounting Principles (GAAP). Adjustments were made to certain budgeted accounts to reflect changes made in financial statement presentation.

HEART uses an encumbrance system to assist in controlling expenditures. Purchase orders, contracts, and other commitments for the expenditures of monies are recorded under this system in order to reserve applicable appropriations. Any encumbrances outstanding at year-end are recorded as reservations of fund balance as they do not constitute expenditures or liabilities.

The actual net change in fund balance under the budgetary basis on page 33 is reconciled to the change in fund balance under GAAP on page 18 as follows:

Explanation of difference between budgetary basis and GAAP basis:

		FY 23-24
Net Change in Fund Balance - budgetary basis	$	2,318,191
Net unrealized loss on cash in County Investment Pool under GASB 31		188,779
Change in Fund Balance - GAAP basis	$	2,506,970
Fund Balance - budgetary basis	$	23,013,864
Unrealized loss on cash in County Investment Pool under GASB 31 as of June 30, 2024		(52,026)
Fund Balance - GAAP basis	$	22,961,838

SUPPLEMENTARY INFORMATION

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Housing Endowment and Regional Trust of San Mateo County
Status of Funds
For the Year Ended June 30, 2024

	Program Funds	Administrative Funds	Total
Revenues			
Member agency contributions	$ -	$ 236,363	$ 236,363
Donor contributions	1,938,375	143,108	2,081,483
Investment earnings	-	386,061	386,061
Loan origination fees	217,156	45,069	262,225
Total Revenues	2,155,531	810,601	2,966,132
Expenditures			
General management and administrative support	768,541	165,372	933,913
Legal services	553	516	1,069
Debt services			
Interest and fiscal charges	92,758	-	92,758
Total Expenditures	861,852	166,089	1,027,941
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,293,679	644,512	1,938,191
Other Financing Sources (Uses)			
Loan proceeds:			
- San Mateo County Measure K Loan	380,000	-	380,000
Total Other Financing Sources (Uses)	380,000	-	380,000
Net Change in Fund Balance	1,673,679	644,512	2,318,191
Fund Balance - beginning	19,353,909	1,341,764	20,695,673
Fund Balance - ending	$ 21,027,588	$ 1,986,276	$ 23,013,864

Notes:

(1) All income received from investment earnings is categorized to Program Funds

(2) The above schedule does not include adjustments made for GASB No. 31 as required by generally accepted accounting principles.

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BADAWI & ASSOCIATES
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Board of Directors
of the Housing Endowment and Regional Trust
of San Mateo County
San Mateo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of the Housing Endowment and Regional Trust of San Mateo County (HEART) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise HEART's basic financial statements, and have issued our report thereon dated August 31, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HEART's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HEART's internal control. Accordingly, we do not express an opinion on the effectiveness of HEART's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Address: 5901 Christie Avenue, Suite 307, Emeryville, CA 94608 • Phone: 510.768.8251 • Fax: 510.768.8249

To the Board of Directors
of the Housing Endowment and Regional Trust
of San Mateo County
San Mateo, California
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether HEART's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Badawi & Associates

Badawi & Associates, CPAs
Emeryville, California
August 31, 2025

Property Management Company

HEART-SV has interviewed four (4) qualified property management companies and is still in the process of negotiating a property management agreement for the Project. Although we have not signed an agreement with the following company, we have included their qualifications to ensure Brisbane City Staff of the availability of qualified managers. The property management company is subject to change to a company other than the company listed below.

Prodesse Property Group has been in business for 29 years and currently manages over 200 properties. Prodesse Property Group's most public affordable management portfolio is in the North Fair Oaks neighborhood, near Redwood City. There they oversee the St. Francis Center's residential portfolio of smaller 2-20 unit affordable buildings as well as the 64-unit Renalto Court, which was purchased as a community benefit associated with the Malibu Grand Prix redevelopment application.

Prodesse Property Group has experience managing market rate, naturally occurring affordable, and deed restricted housing throughout the peninsula. Their experience with property management and the tenant income verification process is what attracted us to hire them for a property HEART-SV acquired in 2024 in Redwood City.

Housing Endowment and Regional Trust of San Mateo County
Visitacion Gardens
Proposed Schedule

Date	Activity	Notes
By October 2025	Subcommittee Review and Recommendation	
November 1 - December 15, 2025	Due Diligence Period	HEART will expend funds on due diligence consultants once recommend by City Subcommittee
December 1, 2025	HEART Draft Loan Documents completed	Available for City review
December 1, 2025	Receive Draft Ground Lease and Loan Documents from City	
December 10, 2025	HEART Board loan approval & Project acquisition by HEART-SV	
January 2026	Authority Action	
January 28, 2026	City and HEART deposit loan funds into escrow	
January 30, 2026	Closing	
February, 01, 2026	Rehabilitation commences	Per property needs assessment direction and weather permitting

Property Inspections

HEART has not completed any due diligence as of this proposal date. HEART will only begin conducting a full due diligence review upon notification from the City that the City Subcommittee is recommending HEART for the Project.

Financing Commitments

Based on the information provided in the RFP, and the resulting Project deficit, HEART staff is planning to provide a 15-year $262,350 loan to the Project. Final approval for this commitment is subject to the HEART Board's approval. HEART staff is planning to obtain Board approval on December 10, 2025.

Operating Subsidy Commitment

Not applicable.

Relocation Plan and Budget

Not applicable.

Enclosure B – Proposer Certifications

Proposer hereby certifies:

1. **Truth of Application**
   That the information submitted in the proposal and any supporting materials is true, accurate, and complete to the best of its knowledge. Proposer acknowledges and understands that if facts and/or information herein are found to be misrepresented, it shall constitute grounds for rejecting the proposal or ending negotiations.

2. **Applications are Public Records**
   That Proposer acknowledges that the information submitted as part of this proposal may be made available to the public pursuant to a request under the California Public Records Act.

3. **Legal Authority**
   The signatory has the legal authority to submit this proposal on behalf of the Proposer.

4. **Civil and Legal Questions (include an explanation for any questions answered "Yes")**

   a. Has the Proposer filed bankruptcy or receivership or had a bankruptcy or receivership commenced against it, defaulted on a loan, or been foreclosed against in the past ten years?

   b. Is the Proposer currently a party to, or has it been notified that it may become a party to any civil litigation that may materially and adversely affect the financial condition of the Proposer's business in this proposal?

   c. Have there been any administrative or civil settlements, decisions, or judgements against the Proposer within the past 10 years that materially and adversely affected the financial condition of the Proposer's business in this proposal?

   d. Is the Proposer currently subject to, or been notified that it may become subject to, any civil or administrative proceeding, examination, or investigation by a local, state, or federal licensing or accreditation agency, a local, state, federal taxing authority, or a local, state, or federal regulatory or enforcement agency?

   e. In the past 10 years, has the Proposer been subject to any civil or administrative proceeding, examination, or investigation by a local, state, or federal licensing or accreditation agency, a local, state, or federal taxing authority, or a local,

state, or federal regulatory or enforcement agency that resulted in a settlement, decision, or judgment?

f. Is the Proposer currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination, or investigation, of any kind, involving, or that could result in felony charges against the Proposer?

g. Is the Proposer currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in misdemeanor charges against the Proposer for matters relating to the conduct of the Proposer's business?

h. Is the Proposer currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in criminal charges against the Proposer for any financial or fraud related crime?

i. Is the Proposer currently a party to, or the subject of, or been notified that it may become a party to or the subject of, any criminal litigation, proceeding, charge, complaint, examination or investigation, of any kind, involving, or that could result in criminal charges against the Proposer that could affect the financial condition of the Proposer's business?

j. Within the past 10 years, has the Proposer been convicted of any felony?

k. Within the past 10 years, has the Proposer been convicted of any misdemeanor related to the conduct of the Proposer's business?

l. Within the past 10 years, has the Proposer been convicted of any misdemeanor for any financial or fraud related crime?

Proposer Name and Title: Armando F. Sanchez, Executive Director

Organization: Housing Endowment and Regional Tr

Signature

Date 9/29/25

Project Requirements

HEART requests the following changes to Table 5 of the RFP and the background tables referenced therein.

Income Limits & Maximum Rents. Consistent with the current owner's practice, HEART intends to stack public subsidies on a limited number of units. Please note that neither HEART's proposal nor the current owner's existing rent table match the Table 1 or Table 2 of the RFP due to the stacking of public subsidies. This practice will allow HEART to operate a mixed-income project renting to tenants between 30% and 80% AMI. This will generate sufficient rental income to sustain the project in the long-run. Please see Item 6 on the Letter of Intent.

In addition, HEART proposes to replace the two 40% AMI units with one 30% AMI unit and one 50% AMI unit. This will enable HEART to implement the State Office of Housing and Community Development (HCD) published rent levels.

Debt Coverage Ratio. All proposed project loans are residual receipt loans with no hard debt payment requirements. Therefore, the project does not have a debt service coverage ratio.

Property Welfare Tax. HEART and its affiliate HEART-SV are public joint powers authorities and are not subject to ad valorem property taxes. Therefore, it is not necessary to include the property welfare tax exemption in the Project budget.

Insurance Requirements. HEART requests the City waive Professional Liability Coverage as this project does not constitute providing professional consulting services to the City. Second, we are requesting the City waive workers' compensation for HEART-SV. As noted in the proposal, HEART intends to assign the acquisition of the property to its affiliate HEART-SV. HEART-SV serves as the legal entity holding title to assets acquired under HEART's programs and as such it does not have any employees. HEART carries workers compensation and names HEART-SV as an additional insured. The City of Brisbane is also an additional insured on HEART's insurance.

8 Visitacion Avenue, Brisbane

PROPERTY SUMMARY	
Residential Unit Count	14
Building Size (SF)	
Parcel Size (SF)	
Occupancy at Purchase	93%

RDA of the City of Brisbane/Authority Loans	$ 4,322,518
County of San Mateo (HOME funds)	$ 294,999
HEART Funds	$ 322,350
Total Cost	$ 4,939,867
Total Cost (not PP) per SF of buildling	#DIV/0!
Total Cost per Unit	$ 352,848

AFFORDABILITY	
Average BRIDGE AMI level	40%
Average HEART AMI level	59%

LOAN DETAILS	
Bank:	
Loan Term (yrs.)	
Amortization (yrs.)	
Interest-Only Period (yrs.)	
Min. Debt Cov. Ratio	
Max. Loan-to-Value	
Proforma Loan-to-Value	
Est. Interest Rate	
Est. Interest-Only Period	

B.

8 Visitacion Avenue, Brisbane

Income Limits YR: 2025
CA Annual Rent Cap: 5% + CPI or 10%, whichever is less
Assumptions: 30% of household income is the maximum monthly housing payment, including utilities, insurance, taxes, and home

2025 Utility Allowance Schedule/mo. - San Mateo County

		Studio 1P	1BR 1.5P	2BR 3P	3BR 4.5P
Heating	Natural Gas	$ 26	$ 32	$ 37	$ 41
	Electric	$ -	$ -	$ -	$ -
Cooking	Natural Gas	$ -	$ -	$ -	$ -
	Electric	$ 11	$ 13	$ 18	$ 24
Other Electric	(incl. climate credit)	$ 34	$ 42	$ 62	$ 85
Air Conditioning		$ -	$ -	$ -	$ -
Water Heating	Natural Gas	$ -	$ -	$ -	$ -
	Electric	$ -	$ -	$ -	$ -
Water		$ -	$ -	$ -	$ -
Trash		$ -	$ -	$ -	$ -
Range/Microwave		$ 11	$ 11	$ 11	$ 11
Refrigerator		$ 12	$ 12	$ 12	$ 12
Total		**$ 94**	**$ 110**	**$ 140**	**$ 173**

2025 HCD Income Limits

Extremely Low-Income (30%)

Household Size	Annual Income	30% of Annual Income	Max. Monthly Rent
1	$ 41,150	$ 12,345	$ 1,029
2	$ 47,000	$ 14,100	$ 1,175
3	$ 52,900	$ 15,870	$ 1,323
4	$ 58,750	$ 17,625	$ 1,469
5	$ 63,450	$ 19,035	$ 1,586
6	$ 68,150	$ 20,445	$ 1,704
7	$ 72,850	$ 21,855	$ 1,821
8+	$ 77,550	$ 23,265	$ 1,939

Very Low-Income (50%)

Household Size	Annual Income	30% of Annual Income	Max. Monthly Rent
1	$ 68,550	$ 20,565	$ 1,714
2	$ 78,350	$ 23,505	$ 1,959
3	$ 88,150	$ 26,445	$ 2,204
4	$ 97,900	$ 29,370	$ 2,448
5	$ 105,750	$ 31,725	$ 2,644
6	$ 113,600	$ 34,080	$ 2,840
7	$ 121,400	$ 36,420	$ 3,035
8+	$ 129,250	$ 38,775	$ 3,231

Low-Income (60%)

Household Size	Annual Income	30% of Annual Income	Max. Monthly Rent
1	$ 82,260	$ 24,678	$ 2,057
2	$ 94,020	$ 28,206	$ 2,351
3	$ 105,780	$ 31,734	$ 2,645
4	$ 117,480	$ 35,244	$ 2,937
5	$ 126,900	$ 38,070	$ 3,173
6	$ 136,320	$ 40,896	$ 3,408
7	$ 145,680	$ 43,704	$ 3,642
8+	$ 155,100	$ 46,530	$ 3,878

Low-Income (80%)

Household Size	Annual Income	30% of Annual Income	Max. Monthly Rent
1	$ 109,700	$ 32,910	$ 2,743
2	$ 125,350	$ 37,605	$ 3,134
3	$ 141,000	$ 42,300	$ 3,525
4	$ 156,650	$ 46,995	$ 3,916

Median-Income (100%)

Household Size	Annual Income	30% of Annual Income	Max. Monthly Rent
1	$ 130,600	$ 39,180	$ 3,265
2	$ 149,300	$ 44,790	$ 3,733
3	$ 167,950	$ 50,385	$ 4,199
4	$ 186,600	$ 55,980	$ 4,665

Moderate-Income (120%)

Household Size	Annual Income	30% of Annual Income	Max. Monthly Rent
1	$ 156,750	$ 47,025	$ 3,919
2	$ 179,100	$ 53,730	$ 4,478
3	$ 201,500	$ 60,450	$ 5,038
4	$ 223,900	$ 67,170	$ 5,598

B.

5	$ 169,200	$ 50,760	$ 4,230
6	$ 181,750	$ 54,525	$ 4,544
7	$ 194,250	$ 58,275	$ 4,856
8+	$ 206,800	$ 62,040	$ 5,170

5	$ 201,550	$ 60,465	$ 5,039
6	$ 216,450	$ 64,935	$ 5,411
7	$ 231,400	$ 69,420	$ 5,785
8+	$ 246,300	$ 73,890	$ 6,158

5	$ 241,800	$ 72,540	$ 6,045
6	$ 259,700	$ 77,910	$ 6,493
7	$ 277,650	$ 83,295	$ 6,941
8+	$ 295,550	$ 88,665	$ 7,389

B.

8 Visitacion Avenue, Brisbane

HCD

Max Monthly Rent

Moderate-Income 120%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 156,750	$ 47,025	$ 3,919
2	$ 179,100	$ 53,730.00	$ 4,478
3	$ 201,500	$ 60,450.00	$ 5,038

Median-Income 100%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 130,600	$ 39,180	$ 3,265
2	$ 149,300	$ 44,790	$ 3,733
3	$ 167,950	$ 50,385	$ 4,199

Low-Income 80%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 109,700	$ 32,910	$ 2,743
2	$ 125,350	$ 37,605	$ 3,134
3	$ 141,000	$ 42,300	$ 3,525

Low-Income 60%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 82,260	$ 24,678	$ 2,057
2	$ 94,020	$ 28,206	$ 2,351
3	$ 105,780	$ 31,734	$ 2,645

Very Low-Income 50%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 68,550	$ 20,565	$ 1,714
2	$ 78,350	$ 23,505	$ 1,959
3	$ 88,150	$ 26,445	$ 2,204

Extremely Low-Income 30%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 41,150	$ 12,345	$ 1,029
2	$ 47,000	$ 14,100	$ 1,175
3	$ 52,900	$ 15,870	$ 1,323

Max Monthly Rent based on Household Size

Area Median Income		0BR 1 Person	1BR 1.5 Persons	2BR 3 Persons
Moderate	120%	$ 3,919	$ 4,198	$ 5,038
Median	100%	$ 3,265	$ 3,499	$ 4,199
Low	80%	$ 2,743	$ 2,938	$ 3,525
Low	60%	$ 2,057	$ 2,204	$ 2,645
VLI	50%	$ 1,714	$ 1,959	$ 2,204
ELI	30%	$ 1,029	$ 1,102	$ 1,323

Net Max Monthly Rent based on Household Size & Utility Allowance

0BR Utility Allowance	$ 94
1BR Utility Allowance	$ 110
2BR Utility Allowance	$ 140

Area Median Income		0BR 1 Person	1BR 1.5 Persons	2BR 3 Persons
Moderate	120%	$ 3,825	$ 4,088	$ 4,898
Median	100%	$ 3,171	$ 3,389	$ 4,059
Low	80%	$ 2,649	$ 2,828	$ 3,385
Low	60%	$ 1,963	$ 2,094	$ 2,505
VLI	50%	$ 1,620	$ 1,849	$ 2,064
ELI	30%	$ 935	$ 992	$ 1,183

TCAC

Max Rent Calculations

Median-Income 100%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 135,400	$ 40,620	$ 3,385
2	$ 154,800	$ 46,440	$ 3,870
3	$ 174,100	$ 52,230	$ 4,353

Low-Income 80%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 108,320	$ 32,496	$ 2,708
2	$ 123,840	$ 37,152	$ 3,096
3	$ 139,280	$ 41,784	$ 3,482

Low-Income 60%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 81,240	$ 24,372	$ 2,031
2	$ 92,880	$ 27,864	$ 2,322
3	$ 104,460	$ 31,338	$ 2,612

Very Low-Income 50%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 67,700	$ 20,310	$ 1,693
2	$ 77,400	$ 23,220	$ 1,935
3	$ 87,050	$ 26,115	$ 2,176

Extremely Low-Income 30%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 40,620	$ 12,186	$ 1,016
2	$ 46,440	$ 13,932	$ 1,161
3	$ 52,230	$ 15,669	$ 1,306

Max Monthly Rent based on Household Size

Area Median Income		0BR 1 Person	1BR 1.5 Persons	2BR 3 Persons
Median	100%	$ 3,385	$ 3,628	$ 4,353
Low	80%	$ 2,708	$ 2,902	$ 3,482
Low	60%	$ 2,031	$ 2,177	$ 2,612
VLI	50%	$ 1,693	$ 1,814	$ 2,176
ELI	30%	$ 1,016	$ 1,088	$ 1,306

Net Max Monthly Rent based on Household Size

0BR Utility Allowance	$ 94
1BR Utility Allowance	$ 110
2BR Utility Allowance	$ 140

Area Median Income		0BR 1 Person	1BR 1.5 Persons	2BR 3 Persons
Median	100%	$ 3,291	$ 3,518	$ 4,213
Low	80%	$ 2,614	$ 2,792	$ 3,342
Low	60%	$ 1,937	$ 2,067	$ 2,472
VLI	50%	$ 1,599	$ 1,704	$ 2,036
ELI	30%	$ 922	$ 978	$ 1,166

H&SC

Max Rent Calculations

Moderate-Income 120%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 143,660	$ 43,098	$ 3,592
2	$ 164,230	$ 49,269	$ 4,106
3	$ 184,745	$ 55,424	$ 4,619

Median-Income 100%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 130,600	$ 39,180	$ 3,265
2	$ 149,300	$ 44,790	$ 3,733
3	$ 167,950	$ 50,385	$ 4,199

Low-Income 80%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 78,360	$ 23,508	$ 1,959
2	$ 89,580	$ 26,874	$ 2,240
3	$ 100,770	$ 30,231	$ 2,519

Low-Income 60%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 78,360	$ 23,508	$ 1,959
2	$ 89,580	$ 26,874	$ 2,240
3	$ 100,770	$ 30,231	$ 2,519

Very Low-Income 50%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 65,300	$ 19,590	$ 1,633
2	$ 74,650	$ 22,395	$ 1,866
3	$ 83,975	$ 25,193	$ 2,099

Extremely Low-Income 30%			
Household size	Annual Income	30% of Annual Income	Max Monthly Rent
1	$ 39,180	$ 11,754	$ 980
2	$ 44,790	$ 13,437	$ 1,120
3	$ 50,385	$ 15,116	$ 1,260

Max Monthly Rent based on Household Size

Area Median Income		0BR 1 Person	1BR 2 persons	2BR 3 Persons
Moderate	120%	$ 3,592	$ 4,106	$ 4,619
Low	80%	$ 1,959	$ 2,240	$ 2,519
Low	60%	$ 1,959	$ 2,240	$ 2,519
VLI	50%	$ 1,633	$ 1,866	$ 2,099
ELI	30%	$ 980	$ 1,120	$ 1,260

Net Max Monthly Rent based on Household Size

0BR Utility Allowance	$ 94
1BR Utility Allowance	$ 110
2BR Utility Allowance	$ 140

Area Median Income		0 BR 1 Person	1BR 2 persons	2BR 3 Persons
Moderate	120%	$ 3,498	$ 3,996	$ 4,479
Low	80%	$ 1,865	$ 2,130	$ 2,379
Low	60%	$ 1,865	$ 2,130	$ 2,379
VLI	50%	$ 1,539	$ 1,756	$ 1,959
ELI	30%	$ 886	$ 1,010	$ 1,120

HUD HOME

Max Rent Calculations

Max Monthly Rent based on Household Size

Area Median Income	0BR	1BR	2BR
High HOME Limit	$ 2,208	$ 2,366	$ 2,842
Low HOME Limit	$ 1,713	$ 1,836	$ 2,203

Net Max Monthly Rent based on Household Size

0BR Utility Allowance	$ 94
1BR Utility Allowance	$ 110
2BR Utility Allowance	$ 140

Area Median Income	0 BR	1BR	2BR
High HOME Limit	$ 2,114	$ 2,256	$ 2,702
Low HOME Limit	$ 1,619	$ 1,726	$ 2,063

B.

8 Visitacion Avenue, Brisbane

Sources and Uses

Acquisition/Rehab Sources	Acquisition	Perm	Per Unit	Term (yr.)	Rate	LTV	Lien Pos.	Notes
RDA of the City of Brisbane/Authority Loan 1		$ 1,514,182	$ 108,156	30	3.00%	35.5%	-->	Maintain existing lien position
RDA of the City of Brisbane/Authority Loan 2		$ 2,458,336	$ 175,595	40	3.00%	57.6%	-->	Maintain existing lien position
County of San Mateo (HOME funds)		$ 294,999	$ 21,071	30	3.00%	6.9%	-->	Maintain existing lien position
New City Loan		$ 350,000	$ 25,000	55	3.00%	8.2%	4	
New HEART Loan		$ 262,350	$ 18,739	15	3.00%	6.1%	5	
Deferred developer's Fee - HEART SV		$ 60,000	$ 4,286	n/a	3.00%	1.4%	n/a	
TOTAL		$ 4,939,867	$ 352,848					
DSCR:		#DIV/0!						

Uses	Total Cost	Per Unit	Rate	Notes
Acquisition				
Property Acquisition (PURCHASE PRICE)	$ 4,267,517	$ 304,823		
Closing Costs - Escrow	$ 14,275	$ 1,020	0.3%	First American Title
Relocation/Temp. Relocation				
Total Acquisition	$ 4,281,792	$ 305,842		
Construction				
Rehabilitation Costs	$ 303,000	$ 21,643		Linked to PNA Mar 2024
Rehab overhead & profit	$ -	$ -	15.0%	
Rehabilitation Contingency	$ 60,600	$ 4,329	20.0%	20% of hard costs Brisbane requirement
Total Construction	$ 363,600	$ 25,971		
SOFT COSTS				
Architecture & Design				
Architect	$ -	$ -		0.00%
Third-party Design Consultants	$ -	$ -		
Total Architect & Design	$ -	$ -		
Eng. & Env. Studies				
Engineering	$ -	$ -		
Survey	$ -	$ -		
Property Needs Assessment & Walkways Inspection	$ 7,500	$ 536		Association Reserves
Seismic Study	$ -	$ -		Jaime Neilson Structural Eng.
Other Environmental Consultants	$ 1,850	$ 132		CRETelligent Phase I Report
Total Eng. & Env. Studies	$ 9,350	$ 668		
Other Soft Development Costs				
Appraisal	$ 6,000	$ 429		
Construction Management Fee	$ -	$ -	5.0%	% of hard cost
Permits	$ 7,272	$ 519	2.0%	% of hard cost
Relocation Consultant				
Utilities Fees	$ -	$ -		
Insurance	$ -	$ -		
Marketing	$ -	$ -		
Property Taxes		$ -		
Total Other Soft Development Costs	$ 13,272	$ 948		
Legal Costs				
Borrower/Project Legal Costs	$ 5,000	$ 357		
Other Legal Costs	$ -	$ -		
	$ -	$ -		
Total Legal Costs	$ 5,000	$ 357		
Soft Cost Contingency	$ 2,762	$ 197	10%	10% of soft costs Brisbane requirements
TOTAL SOFT COSTS	$ 30,384	$ 2,170		
FINANCING COSTS				
Conv. Loan Fee	$ -	$ -		
Prepaid Interest Bank Loan	$ -	$ -		
Accrued Interest HEART Bridge Loan	$ -	$ -		
Accrued Interest HEART LHTF Loan	$ -	$ -		
LHTF Loan Fee	$ -	$ -	1.5%	
HEART - Trust Funds Loan Fee	$ 3,935	$ 281	1.5%	
Local City Loan Fee		$ -		
Total Financing Costs	$ 3,935	$ 281		
DEVELOPER COSTS				
Developer Fee	$ 120,485	$ 8,606	2.50%	Greater of 2.5% or $120,000
TOTAL DEVELOPER FEE	$ 120,485	$ 8,606		
RESERVES				
Vacancy Reserve	$ -	$ -	0.0%	Only fund if there is a vacancy at time of purchase. If vacancy, use 3.5% of Eff. Gross Income
Operating Reserve	$ 49,250	$ 3,518		3 mo. expenses + reserves + debt obligation
Replacement Reserve	$ 90,420	$ 6,459		Years 4 and 5 from PNA
Debt Service Coverage Reserve	$ -			
TOTAL RESERVES	$ 139,670	$ 9,976		
TOTAL DEVELOPMENT COST	$ 4,939,866	$ 352,848		

$1

Loan Int. Rate	3%
Daily Int. Rate	0.0082191781%

RDA of the City of Brisbane/Authority Loan 1								
Outstanding Debt as of	Principal	Remaining Loan Amt	Accrued Interest	Date of Calc.	Days	Accrued Interest	Outstanding Debt
7/1/2025	$ 1,000,000	$ 899,873	$ 600,700	1/1/2026	184	$ 13,609.04	$ 1,514,182

RDA of the City of Brisbane/Authority Loan 2							
Outstanding Debt as of	Principal	Remaining Loan Amt	Accrued Interest	Date of Calc.	Days	Accrued Interest	Outstanding Debt
7/1/2025	$ 1,500,000	$ 1,436,214	$ 1,000,402	1/1/2026	184	$ 21,720.28	$ 2,458,336

County of San Mateo (HOME funds)							
Outstanding Debt as of	Principal	Remaining Loan Amt	Accrued Interest	Date of Calc.	Days	Accrued Interest	Outstanding Debt
7/1/2025	$ 175,000	$ 175,000	$ 117,352	1/1/2026	184	$ 2,647	$ 294,999

COST SUMMARY	Total Costs	$/unit
Total Acquisition	*$ 4,281,792*	$ 305,842
TOTAL REHABILITATION	*$ 370,872*	$ 26,491
TOTAL OTHER SOFT COSTS	*$ 23,112*	$ 1,651
TOTAL FINANCING	$ 3,935	$ 281
TOTAL DEVELOPER FEE	*$ 120,485*	$ 8,606
TOTAL RESERVES	$ 139,670	$ 9,976
	$ 4,939,866	*$ 352,848*

Est. Closing Costs Based on Stambaugh

$	3,000	County
$	3,000	City
$	1,800	HEART
$	3,800	Owner
$	2,375	Escrow Fee
$	300	Mobile Signing
$	14,275	

B.

8 Visitacion Avenue, Brisbane

Unit #	Bed	Bath	BRIDGE Rent Roll: AS-IS Rent Restrictions BHC	County Low HOME	County High HOME	City	Current Designated AMI%	BRIDGE Rent Roll: AS-IS Rents & Tenancy Gross Rent	Utility Allowance	Current Paid Rent $/mo.	Current Paid Rent AMI% HCD	Current Tenant Rent $/mo.	Section 8 Voucher	Income	Current Tenant HH Size	AMI% HCD	HEART Year 1: Rent Rent Growth 0% 1/1/2026 $/month
V1	1	1	80%			120%	80%	$ 1,320	85	$ 1,235	40%	$ 1,235		$ 33,044	1	25%	$ 1,235
V10	1	1	80%			30%	30%	$ 641	85	$ 556	20%	$ 556		$ 17,697	1	14%	$ 556
V2	1	1	80%			80%	50%	$ 1,143	85	$ 1,058	35%	$ 1,058		$ 25,094	1	19%	$ 1,058
V4	1	1	80%		60%	80%	50%	$ 1,143	85	$ 1,058	35%	$ 1,058		$ 27,355	1	21%	$ 1,058
V5	1	1	80%			120%	80%	$ 1,320	85	$ 1,235	40%	$ 1,235		$ 30,301	1	23%	$ 1,235
V6	1	1	80%	50%		30%	30%	$ -	85	$ -		$ -		$ -			$ 556
V8	1	1	80%		60%	40%	40%	$ 892	85	$ 807	27%	$ 807		$ 45,793	1	35%	$ 807
V9	1	1	80%			120%	60%	$ 1,235	85	$ 1,150	38%	$ 1,150		$ 16,754	1	13%	$ 1,150
I1	2	1	80%			120%	60%	$ 2,644	116	$ 2,528	71%	$ 509	Voucher	$ 24,946	2	17%	$ 2,528
I2	2	1	80%		60%	120%	60%	$ 1,651	116	$ 1,535	44%	$ 1,535		$ 59,206	2	40%	$ 1,535
I3	1	1	80%			40%	40%	$ 892	85	$ 807	27%	$ 807		$ 25,651	1	20%	$ 807
I4	1	1	80%		60%	120%	50%	$ 1,143	85	$ 1,058	35%	$ 1,058		$ 22,844	1	17%	$ 1,058
I5	1	1	80%			120%	60%	$ 2,350	85	$ 2,265	72%	$ 621	Voucher	$ 42,292	1	32%	$ 2,265
I6	1	1	80%			120%	50%	$ 1,143	85	$ 1,058	35%	$ 1,058		$ 74,155	1	57%	$ 1,058
	16	14					53% Average AMI			$ 1,168 Average Rent	40% Average AMI					26% Average AMI	$ 16,906.00

10 Years: HEART Program Rents

Unit #	Lease Start	Occupancy since move-in 2026	Current Rent Paid Annually	Year 1 1/1/2026	Year 2 1/1/2027	Year 3 1/1/2028	Year 4 1/1/2029	Year 5 1/1/2030	Year 6 1/1/2031	Year 7 1/1/2032	Year 8 1/1/2033	Year 9 1/1/2034	Year 10 1/1/2035
V1	2017	9	$ 14,820	$ 14,820	$ 15,265	$ 15,723	$ 16,194	$ 28,761	$ 29,624	$ 30,513	$ 31,428	$ 32,371	$ 33,342
V10	2003	23	$ 6,672	$ 6,672	$ 6,872	$ 12,855	$ 13,241	$ 13,638	$ 14,047	$ 14,468	$ 14,902	$ 15,349	$ 15,810
V2	2019	7	$ 12,696	$ 12,696	$ 13,077	$ 13,469	$ 13,873	$ 14,289	$ 14,718	$ 25,165	$ 25,920	$ 26,697	$ 27,498
V4	2020	6	$ 12,696	$ 12,696	$ 13,077	$ 13,469	$ 13,873	$ 14,289	$ 14,718	$ 15,160	$ 15,614	$ 32,371	$ 33,342
V5	2020	6	$ 14,820	$ 14,820	$ 15,265	$ 15,723	$ 16,194	$ 16,680	$ 17,180	$ 17,696	$ 18,227	$ 18,774	$ 32,779
V6			$ 6,672	$ 6,672	$ 6,872	$ 7,078	$ 7,291	$ 7,509	$ 7,735	$ 7,967	$ 8,206	$ 8,452	$ 33,342
V8	2000	26	$ 9,684	$ 9,684	$ 9,975	$ 26,652	$ 27,451	$ 28,275	$ 29,123	$ 29,997	$ 30,897	$ 31,824	$ 32,779
V9	2021	5	$ 13,800	$ 13,800	$ 14,214	$ 14,640	$ 15,080	$ 15,532	$ 15,998	$ 16,478	$ 16,972	$ 17,481	$ 33,342
I1	2016	10	$ 30,336	$ 30,336	$ 31,246	$ 32,183	$ 31,198	$ 32,134	$ 33,098	$ 34,091	$ 35,114	$ 36,168	$ 37,253
I2	2023	3	$ 18,420	$ 18,420	$ 18,973	$ 19,542	$ 20,128	$ 20,732	$ 21,354	$ 21,994	$ 22,654	$ 23,334	$ 39,214
I3	2020	6	$ 9,684	$ 9,684	$ 9,975	$ 10,274	$ 10,582	$ 10,899	$ 11,226	$ 11,563	$ 11,910	$ 12,267	$ 15,810
I4	2019	7	$ 12,696	$ 12,696	$ 13,077	$ 13,469	$ 13,873	$ 14,289	$ 14,718	$ 15,160	$ 14,902	$ 15,349	$ 15,810
I5	2023	3	$ 27,180	$ 27,180	$ 27,995	$ 28,835	$ 29,700	$ 30,591	$ 31,509	$ 32,454	$ 33,428	$ 34,431	$ 33,342
I6	2018	8	$ 12,696	$ 12,696	$ 13,077	$ 13,469	$ 13,873	$ 14,289	$ 29,123	$ 29,997	$ 30,897	$ 31,824	$ 32,779
			$ 202,872	$ 202,872	$ 208,958	$ 237,382	$ 242,553	$ 261,910	$ 284,173	$ 302,703	$ 311,072	$ 336,692	$ 416,441

Current Occupancy Unit #	Current Tenant AMI%	Current Rent AMI%	Section 8 Voucher	Deed Restrictions per Existing Agreements BHC H&SC Income	BHC H&SC Rent	County HOME Income	County HOME Rent	City H&SC Income	City H&SC Rent	HEART Designations Unit	Deed Restriction	Target Rent	Income Limit
V1	25%	40%		80%	60%			120%	110%	V1	60%	60%	H&SC
V10	14%	20%		80%	60%	50%	50%	30%	50%	V10	30%	30%	H&SC
V2	19%	35%		80%	60%	60%	60%	40%	50%	V2	**50%**	**50%**	H&SC
V4	21%	35%		80%	60%			120%	110%	V4	60%	60%	H&SC
V5	23%	40%		80%	60%			120%	110%	V5	120%	80%	HCD
V6	0%	0%		80%	60%			120%	110%	V6	60%	60%	H&SC
V8	35%	27%		80%	60%			120%	110%	V8	120%	80%	HCD
V9	13%	38%		80%	60%			120%	110%	V9	60%	60%	H&SC
I1	17%	71%	Voucher	80%	60%	60%	60%	80%	60%	I1	60%	60%	H&SC
I2	40%	44%		80%	60%			120%	110%	I2	120%	80%	HCD
I3	20%	27%		80%	60%	60%	60%	30%	50%	I3	30%	30%	H&SC
I4	17%	35%		80%	60%	60%	60%	40%	50%	I4	**30%**	**30%**	H&SC
I5	32%	72%	Voucher	80%	60%			80%	60%	I5	60%	60%	H&SC
I6	57%	35%		80%	60%			120%	110%	I6	120%	80%	HCD

		BHC Income	BHC Rent	County Income	County Rent	City Income	City Rent	HEART
Definition		Low, or Lower as per H&S 50079.5	30% of 60% AMI Income	4 units at HOME or 120% of Very Low; 1 unit at Very Low	4 units at High HOME or SMC HOME; 1 unit at Low HOME or SMC Very Low	2 at 30%; 2 at 40%; 2 at 80%; and rest (8) at 120%	30% and 40% income units at 50%; and 120% income units at 110%	
Notes	Senior Household means: at least 1 resident is 62 years or older, and all other residents are either: (a) at least 45 years old, or (b) provide primary physical or economic suppport to a resident who is at least 62	H&S 50079.5 says "lower income" means Lower as per Section 8				If 30% AMI become over 30% AMI, then rent is 40%; If 40% AMI becomes over 40%, then rent is lessor of 50% of gross income or moderate income level If 120% units become over 110% AMI, then rent is 30% of gross income. If tenant over 120% AMI, then market rent		60%: H&SC rent is lower than High HOME rent

Current Rent $/year

Rent Growth 0.03 Unit #	Current	Current Rent Paid Monthly	Current Rent Paid Annually	Year 1 1/1/2026	Year 2 1/1/2027	Year 3 1/1/2028	Year 4 1/1/2029	Year 5 1/1/2030	Year 6 1/1/2031	Year 7 1/1/2032	Year 8 1/1/2033	Year 9 1/1/2034	Year 10 1/1/2035
V1	80%	$ 1,235	$ 14,820	$ 14,820	$ 15,265	$ 15,723	$ 16,194	$ 16,680	$ 17,180	$ 17,696	$ 18,227	$ 18,774	$ 19,337
V10	30%	$ 556	$ 6,672	$ 6,672	$ 6,872	$ 7,078	$ 7,291	$ 7,509	$ 7,735	$ 7,967	$ 8,206	$ 8,452	$ 8,705
V2	50%	$ 1,058	$ 12,696	$ 12,696	$ 13,077	$ 13,469	$ 13,873	$ 14,289	$ 14,718	$ 15,160	$ 15,614	$ 16,083	$ 16,565
V4	50%	$ 1,058	$ 12,696	$ 12,696	$ 13,077	$ 13,469	$ 13,873	$ 14,289	$ 14,718	$ 15,160	$ 15,614	$ 16,083	$ 16,565
V5	80%	$ 1,235	$ 14,820	$ 14,820	$ 15,265	$ 15,723	$ 16,194	$ 16,680	$ 17,180	$ 17,696	$ 18,227	$ 18,774	$ 19,337
V6	30%	$ 556	$ 6,672	$ 6,672	$ 6,872	$ 7,078	$ 7,291	$ 7,509	$ 7,735	$ 7,967	$ 8,206	$ 8,452	$ 8,705
V8	40%	$ 807	$ 9,684	$ 9,684	$ 9,975	$ 10,274	$ 10,582	$ 10,899	$ 11,226	$ 11,563	$ 11,910	$ 12,267	$ 12,635
V9	60%	$ 1,150	$ 13,800	$ 13,800	$ 14,214	$ 14,640	$ 15,080	$ 15,532	$ 15,998	$ 16,478	$ 16,972	$ 17,481	$ 18,006
I1	60%	$ 2,528	$ 30,336	$ 30,336	$ 31,246	$ 32,183	$ 33,149	$ 34,143	$ 35,168	$ 36,223	$ 37,309	$ 38,429	$ 39,582
I2	60%	$ 1,535	$ 18,420	$ 18,420	$ 18,973	$ 19,542	$ 20,128	$ 20,732	$ 21,354	$ 21,994	$ 22,654	$ 23,334	$ 24,034
I3	40%	$ 807	$ 9,684	$ 9,684	$ 9,975	$ 10,274	$ 10,582	$ 10,899	$ 11,226	$ 11,563	$ 11,910	$ 12,267	$ 12,635
I4	50%	$ 1,058	$ 12,696	$ 12,696	$ 13,077	$ 13,469	$ 13,873	$ 14,289	$ 14,718	$ 15,160	$ 15,614	$ 16,083	$ 16,565
I5	60%	$ 2,265	$ 27,180	$ 27,180	$ 27,995	$ 28,835	$ 29,700	$ 30,591	$ 31,509	$ 32,454	$ 33,428	$ 34,431	$ 35,464
I6	50%	$ 1,058	$ 12,696	$ 12,696	$ 13,077	$ 13,469	$ 13,873	$ 14,289	$ 14,718	$ 15,160	$ 15,614	$ 16,083	$ 16,565
		$ 16,906	$ 202,872	$ 202,872	$ 208,958	$ 215,227	$ 221,684	$ 228,334	$ 235,184	$ 242,240	$ 249,507	$ 256,992	$ 264,702

HEART Program Rent $/year

Rent Growth 0.03 Unit #	Target Rent	Current Potential Rent Monthly	Current Potential Rent Annually	Year 1 1/1/2026	Year 2 1/1/2027	Year 3 1/1/2028	Year 4 1/1/2029	Year 5 1/1/2030	Year 6 1/1/2031	Year 7 1/1/2032	Year 8 1/1/2033	Year 9 1/1/2034	Year 10 1/1/2035
V1	60%	$ 2,130	$ 25,554	$ 25,554	$ 26,321	$ 27,110	$ 27,924	$ 28,761	$ 29,624	$ 30,513	$ 31,428	$ 32,371	$ 33,342
V10	30%	$ 1,010	$ 12,117	$ 12,117	$ 12,481	$ 12,855	$ 13,241	$ 13,638	$ 14,047	$ 14,468	$ 14,902	$ 15,349	$ 15,810
V2	50%	$ 1,756	$ 21,075	$ 21,075	$ 21,707	$ 22,358	$ 23,029	$ 23,720	$ 24,432	$ 25,165	$ 25,920	$ 26,697	$ 27,498
V4	60%	$ 2,130	$ 25,554	$ 25,554	$ 26,321	$ 27,110	$ 27,924	$ 28,761	$ 29,624	$ 30,513	$ 31,428	$ 32,371	$ 33,342
V5	80%*	$ 2,094	$ 25,122	$ 25,122	$ 25,876	$ 26,652	$ 27,451	$ 28,275	$ 29,123	$ 29,997	$ 30,897	$ 31,824	$ 32,779
V6	60%	$ 2,130	$ 25,554	$ 25,554	$ 26,321	$ 27,110	$ 27,924	$ 28,761	$ 29,624	$ 30,513	$ 31,428	$ 32,371	$ 33,342
V8	80%*	$ 2,094	$ 25,122	$ 25,122	$ 25,876	$ 26,652	$ 27,451	$ 28,275	$ 29,123	$ 29,997	$ 30,897	$ 31,824	$ 32,779
V9	60%	$ 2,130	$ 25,554	$ 25,554	$ 26,321	$ 27,110	$ 27,924	$ 28,761	$ 29,624	$ 30,513	$ 31,428	$ 32,371	$ 33,342
I1	60%	$ 2,379	$ 28,551	$ 28,551	$ 29,408	$ 30,290	$ 31,198	$ 32,134	$ 33,098	$ 34,091	$ 35,114	$ 36,168	$ 37,253
I2	80%*	$ 2,505	$ 30,054	$ 30,054	$ 30,956	$ 31,884	$ 32,841	$ 33,826	$ 34,841	$ 35,886	$ 36,963	$ 38,072	$ 39,214
I3	30%	$ 1,010	$ 12,117	$ 12,117	$ 12,481	$ 12,855	$ 13,241	$ 13,638	$ 14,047	$ 14,468	$ 14,902	$ 15,349	$ 15,810
I4	30%	$ 1,010	$ 12,117	$ 12,117	$ 12,481	$ 12,855	$ 13,241	$ 13,638	$ 14,047	$ 14,468	$ 14,902	$ 15,349	$ 15,810
I5	60%	$ 2,130	$ 25,554	$ 25,554	$ 26,321	$ 27,110	$ 27,924	$ 28,761	$ 29,624	$ 30,513	$ 31,428	$ 32,371	$ 33,342
I6	80%*	$ 2,094	$ 25,122	$ 25,122	$ 25,876	$ 26,652	$ 27,451	$ 28,275	$ 29,123	$ 29,997	$ 30,897	$ 31,824	$ 32,779
		$ 26,597	$ 319,167	$ 319,167	$ 328,742	$ 338,604	$ 348,762	$ 359,225	$ 370,002	$ 381,102	$ 392,535	$ 404,311	$ 416,441
	*For modeling purposes, HEART is running HCD		$ 116,295	$ 116,295	$ 119,784	$ 101,223	$ 106,210	$ 97,315	$ 85,829	$ 78,399	$ 81,463	$ 67,619	$ -

B.

8 Visitacion Avenue, Brisbane

	First Year											
Current Rents	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Unit #	1/1/2026	2/1/2026	3/1/2026	4/1/2026	5/1/2026	6/1/2026	7/1/2026	8/1/2026	9/1/2026	10/1/2026	11/1/2026	12/1/2026	Y1 Total
V1	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 14,820
V10	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 6,672
V2	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 12,696
V4	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 12,696
V5	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 1,235	$ 14,820
V6	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 556	$ 6,672
V8	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 9,684
V9	$ 1,150	$ 1,150	$ 1,150	$ 1,150	$ 1,150	$ 1,150	$ 1,150	$ 1,150	$ 1,150	$ 1,150	$ 1,150	$ 1,150	$ 13,800
I1	$ 2,528	$ 2,528	$ 2,528	$ 2,528	$ 2,528	$ 2,528	$ 2,528	$ 2,528	$ 2,528	$ 2,528	$ 2,528	$ 2,528	$ 30,336
I2	$ 1,535	$ 1,535	$ 1,535	$ 1,535	$ 1,535	$ 1,535	$ 1,535	$ 1,535	$ 1,535	$ 1,535	$ 1,535	$ 1,535	$ 18,420
I3	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 807	$ 9,684
I4	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 12,696
I5	$ 2,265	$ 2,265	$ 2,265	$ 2,265	$ 2,265	$ 2,265	$ 2,265	$ 2,265	$ 2,265	$ 2,265	$ 2,265	$ 2,265	$ 27,180
I6	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 1,058	$ 12,696
Gross Rent	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 202,872
Reserve Interest	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 4,190
Commercial Unit Utilities	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 3,602
Parking	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Laundry	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 33
Vacancy	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (12,172)
	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 198,524

Other Income		Per Month
Reserve Int.	3%	$ 349
Commercial Unit Utilities	$ 3,602	$ 300
Parking		
Laundry	33	$ 3
Compl. Vac. (%)	-6%	
Current Vac. (%)	-7%	
# Vacant Units	1	
# Occupied Units	13	

	Proforma	Sourced from audited financial statements and budget				
	2026	2025 Budget	2024	2023	2022	2021
Laundry	$ 33	$ 32	$ 52	$ 51	$ 44	$ 21
		-38.46%	1.96%	15.91%	109.52%	

Commercial Unit Utilities			Ann. Increase	
	Rate	Proforma	3%	2025 Budget
Gas	20%	$ 1,053	$ 5,265	$ 5,112
Electricity	20%	$ 1,204	$ 6,019	$ 5,844
Water	10%	$ 1,015	$ 10,148	$ 9,852
Sewer	10%	$ 330	$ 3,300	$ 3,204
Total		$ 3,602		

B.

8 Visitacion Avenue, Brisbane

Proforma Date	1/2026
1st Year of Operations	2026
1st Month of Operations (1-	1

INCOME		1 1/1/2026	2 2/1/2026	3 3/1/2026	4 4/1/2026	5 5/1/2026	6 6/1/2026	7 7/1/2026	8 8/1/2026	9 9/1/2026	10 10/1/2026	11 11/1/2026	12 12/1/2026	Y1 TOTAL	Comments
Gross Rent Potential Income		$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 16,906	$ 202,872	
Reserve Int.		$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 349	$ 4,190	
Commercial Unit Utilities		$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 300	$ 3,602	
Parking		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Laundry	3%	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 3	$ 33	
Vac. (%)		$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (1,014)	$ (12,172)	
GROSS EFFECTIVE INCOME		$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 16,544	$ 198,524	
EXPENSES (link to limits)															
Common Area Utilities - PG&E, water/sewer, garbage	3.50%	$ 2,071	$ 2,071	$ 2,071	$ 2,071	$ 2,071	$ 2,071	$ 2,071	$ 2,071	$ 2,071	$ 2,071	$ 2,071	$ 2,071	$ 24,852	
Unit Utilities Paid By Landlord		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Property General Liability Insurance		$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 250	$ 3,000	Nonprofit Insurace Alliance
Property Insurance		$ 1,107	$ 1,107	$ 1,107	$ 1,107	$ 1,107	$ 1,107	$ 1,107	$ 1,107	$ 1,107	$ 1,107	$ 1,107	$ 1,107	$ 13,285	
Property Tax		$ 63	$ 63	$ 63	$ 63	$ 63	$ 63	$ 63	$ 63	$ 63	$ 63	$ 63	$ 63	$ 750	Placeholder
Possessory Interest Tax		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Property Management	7.20%	$ 1,239	$ 1,239	$ 1,239	$ 1,239	$ 1,239	$ 1,239	$ 1,239	$ 1,239	$ 1,239	$ 1,239	$ 1,239	$ 1,239	$ 14,868	Prodesse Property Group
Lease-up Fee		$ 83	$ 83	$ 83	$ 83	$ 83	$ 83	$ 83	$ 83	$ 83	$ 83	$ 83	$ 83	$ 1,000	Assuming average rent of $2,000 and 1 turnover per yr
Asset Management (HEART SV)	$15,000	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 15,000	
City of Brisbane Monitoring fee	$1,750	$ 146	$ 146	$ 146	$ 146	$ 146	$ 146	$ 146	$ 146	$ 146	$ 146	$ 146	$ 146	$ 1,750	
Staffing, Admin & Management Overhead (HEART)	15%	$ 2,482	$ 2,482	$ 2,482	$ 2,482	$ 2,482	$ 2,482	$ 2,482	$ 2,482	$ 2,482	$ 2,482	$ 2,482	$ 2,482	$ 29,779	
Bookkeeping		$ 623	$ 623	$ 623	$ 623	$ 623	$ 623	$ 623	$ 623	$ 623	$ 623	$ 623	$ 623	$ 7,476	BRIDGE 2025 Budget
Audit		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	HEART to provide Brisbane with project budget and actuals instead
Unit Turnover & cleaning (not including renovation)		$ 625	$ 625	$ 625	$ 625	$ 625	$ 625	$ 625	$ 625	$ 625	$ 625	$ 625	$ 625	$ 7,500	
Contracts		$ 1,558	$ 1,558	$ 1,558	$ 1,558	$ 1,558	$ 1,558	$ 1,558	$ 1,558	$ 1,558	$ 1,558	$ 1,558	$ 1,558	$ 18,696	BRIDGE 2025 Budget
Landscaping/yard care		$ 1,494	$ 1,494	$ 1,494	$ 1,494	$ 1,494	$ 1,494	$ 1,494	$ 1,494	$ 1,494	$ 1,494	$ 1,494	$ 1,494	$ 17,922	BRIDGE 2025 Budget
Security Payroll/Contract		-	-	-	-	-	-	-	-	-	-	-	-	-	
Repairs and Maintenance		$ 893	$ 893	$ 893	$ 893	$ 893	$ 893	$ 893	$ 893	$ 893	$ 893	$ 893	$ 893	$ 10,711	BRIDGE 2025 Budget
Miscellaneous Operating and Maintenance Expenses	5%	$ 827	$ 827	$ 827	$ 827	$ 827	$ 827	$ 827	$ 827	$ 827	$ 827	$ 827	$ 827	$ 9,926	
SUB -TOTAL - EXPENSES		$ 14,710	$ 14,710	$ 14,710	$ 14,710	$ 14,710	$ 14,710	$ 14,710	$ 14,710	$ 14,710	$ 14,710	$ 14,710	$ 14,710	$ 176,515	
RESERVES															
Replacement Reserve Deposit	10.0%	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 19,852	
Operating Reserve Deposit		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
SUB-TOTAL - RESERVES		$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 1,654	$ 19,852	
TOTAL OPERATING EXPENSES		$ 16,364	$ 16,364	$ 16,364	$ 16,364	$ 16,364	$ 16,364	$ 16,364	$ 16,364	$ 16,364	$ 16,364	$ 16,364	$ 16,364	$ 196,367	
NET OPERATING INCOME (INCOME minus OP EXPENSES)		$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 2,157	
HARD DEBT SERVICE															
Debt A (1st position)														$ -	
Debt B (2nd position)															
Debt C (3rd position)															
TOTAL - HARD DEBT SERVICE		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
NET CASH FLOW (NOI minus DEBT SERVICE)		$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 180	$ 2,157	
Debt Service Coverage Ratio		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

$	44,128.75
$	4,963
$	49,092

	Proforma	Sourced from audited financial statements and budget				
Utilities (electricity, gas, water, sewer)	2026	2025 Budget	2024	2023	2022	2021
	$ 24,852	$ 24,012	$ 23,549	$ 22,757	$ 25,639	$ 21,587
Rate change		1.97%	3.48%	5.42%		

Property Insurance	Stambaugh	Insurance Cost	Acquisition Price	Ratio
		$ 8,872.00	$ 2,850,000	0.003112982
	Visitacion Garden	Est. Insurance Cost	Acquisition Price	
		$ 13,285	$ 4,267,517	

B.

8 Visitacion Avenue, Brisbane

	Annual Increase	Notes	Calc Factors	1	2	3	4	5	6	7	8	9	10
INCOME													
Gross Rent Potential Income	3.00%			$ 202,872	$ 208,958	$ 237,382	$ 242,553	$ 261,910	$ 284,173	$ 302,703	$ 311,072	$ 336,692	$ 416,441
Reserve Int.			3.00%	$ 4,190	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478
Commercial Unit Utilities	3.00%			$ 3,602	$ 3,710	$ 3,821	$ 3,936	$ 4,054	$ 4,175	$ 4,301	$ 4,430	$ 4,563	$ 4,699
Parking	3.00%			0	0	0	0	0	0	0	0	0	0
Laundry	1.00%			$ 33	$ 33	$ 34	$ 34	$ 34	$ 35	$ 35	$ 35	$ 36	$ 36
Vac. (%)			-6.00%	$ (12,172)	$ (12,537)	$ (14,243)	$ (14,553)	$ (15,715)	$ (17,050)	$ (18,162)	$ (18,664)	$ (20,202)	$ (24,986)
GROSS EFFECTIVE INCOME				$ 198,524	$ 201,641	$ 228,471	$ 233,447	$ 251,761	$ 272,810	$ 290,354	$ 298,350	$ 322,566	$ 397,667
EXPENSES (link to limits)													
Common Area Utilities - electricity & gas, water/sewer, etc.	3.00%			$ 24,852	$ 25,598	$ 26,366	$ 27,157	$ 27,972	$ 28,811	$ 29,675	$ 30,565	$ 31,482	$ 32,427
Unit Utilities Paid By Landlord	3.00%			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property General Liability Insurance	3.00%			$ 3,000	$ 3,090	$ 3,183	$ 3,278	$ 3,377	$ 3,478	$ 3,582	$ 3,690	$ 3,800	$ 3,914
Property Insurance	3.00%			$ 13,285	$ 13,683	$ 14,094	$ 14,517	$ 14,952	$ 15,401	$ 15,863	$ 16,339	$ 16,829	$ 17,334
Property Tax	2.00%			$ 750	$ 765	$ 780	$ 796	$ 812	$ 828	$ 845	$ 862	$ 879	$ 896
Possessory Interest Tax	2.00%			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property Management			7.20%	$ 14,868	$ 15,314	$ 17,369	$ 17,750	$ 19,152	$ 20,764	$ 22,107	$ 22,719	$ 24,573	$ 30,325
Lease-up Fee	3.00%			$ 1,000	$ 1,057	$ 1,201	$ 1,227	$ 1,325	$ 1,438	$ 1,532	$ 1,574	$ 1,704	$ 2,107
Asset Management (HEART SV)	3.50%	$	15,000	$ 15,000	$ 15,525	$ 16,068	$ 16,631	$ 17,213	$ 17,815	$ 18,439	$ 19,084	$ 19,752	$ 20,443
City of Brisbane Monitoring fee	3.00%	$	1,750	$ 1,750	$ 1,803	$ 1,857	$ 1,912	$ 1,970	$ 2,029	$ 2,090	$ 2,152	$ 2,217	$ 2,283
Staffing, Admin & Management (HEART)	3.00%		15%	$ 29,779	$ 30,246	$ 34,271	$ 35,017	$ 37,764	$ 40,921	$ 43,553	$ 44,753	$ 48,385	$ 59,650
Bookkeeping	3.00%			$ 7,476	$ 7,700	$ 7,931	$ 8,169	$ 8,414	$ 8,667	$ 8,927	$ 9,195	$ 9,470	$ 9,754
Audit	3.00%			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unit Turnover & cleaning (not including renovation)	3.00%			$ 7,500	$ 7,725	$ 7,957	$ 8,195	$ 8,441	$ 8,695	$ 8,955	$ 9,224	$ 9,501	$ 9,786
Contracts	3.00%			$ 18,696	$ 19,256	$ 19,834	$ 20,429	$ 21,042	$ 21,673	$ 22,323	$ 22,993	$ 23,683	$ 24,393
Landscaping/yard care	3.00%			$ 17,922	$ 18,460	$ 19,013	$ 19,584	$ 20,171	$ 20,777	$ 21,400	$ 22,042	$ 22,703	$ 23,384
Security Payroll/Contract	3.00%			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Repairs and Maintenance	3.00%			$ 10,711	$ 11,032	$ 11,363	$ 11,704	$ 12,055	$ 12,417	$ 12,789	$ 13,173	$ 13,568	$ 13,975
Miscellaneous Operating and Maintenance Expenses	3.00%		5%	$ 9,926	$ 10,082	$ 11,424	$ 11,672	$ 12,588	$ 13,640	$ 14,518	$ 14,918	$ 16,128	$ 19,883
SUB-TOTAL EXPENSES				$ 176,515	$ 181,337	$ 192,711	$ 198,039	$ 207,248	$ 217,353	$ 226,597	$ 233,281	$ 244,674	$ 270,556
RESERVES													
Replacement Reserve Deposit	10.00%			$ 19,852	$ 20,164	$ 22,847	$ 23,345	$ 25,176	$ 27,281	$ 29,035	$ 29,835	$ 32,257	$ 39,767
Operating Reserve Deposit				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SUB-TOTAL - RESERVES				$ 19,852	$ 20,164	$ 22,847	$ 23,345	$ 25,176	$ 27,281	$ 29,035	$ 29,835	$ 32,257	$ 39,767
TOTAL OPERATING EXPENSES				$ 196,367	$ 201,501	$ 215,558	$ 221,383	$ 232,424	$ 244,634	$ 255,632	$ 263,116	$ 276,931	$ 310,323
NET OPERATING INCOME (INCOME minus OP EXPENSES)				$ 2,157	$ 140	$ 12,913	$ 12,063	$ 19,337	$ 28,176	$ 34,722	$ 35,234	$ 45,636	$ 87,344
HARD DEBT SERVICE	Amount	Rate	Term										
NONE													
TOTAL HARD DEBT SERVICE				$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NET CASH FLOW (NOI minus DEBT SERVICE)				$ 2,157	$ 140	$ 12,913	$ 12,063	$ 19,337	$ 28,176	$ 34,722	$ 35,234	$ 45,636	$ 87,344
Debt Service Coverage Ratio				#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
DISTRIBUTION OF CASH FLOW		T1	T2										
Deferred developer's Fee - HEART SV	$ 60,000	50%		$ 1,079	$ 70	$ 6,457	$ 6,032	$ 9,669	$ 14,088	$ 17,361	$ 16,819		
Residual Receipts Loans													
New HEART Loan	$ 262,350		53.3%	$ 575	$ 37	$ 3,441	$ 3,215	$ 5,153	$ 7,509	$ 9,253	$ 9,816	$ 24,324	$ 46,555
RDA of the City of Brisbane/Authority Loan 1	$ 1,514,182		32.8%	$ 165	$ 11	$ 989	$ 924	$ 1,481	$ 2,157	$ 2,659	$ 2,820	$ 6,989	$ 13,376
RDA of the City of Brisbane/Authority Loan 2	$ 2,458,336		53.2%	$ 268	$ 17	$ 1,605	$ 1,500	$ 2,404	$ 3,503	$ 4,316	$ 4,579	$ 11,346	$ 21,716
County of San Mateo (HOME funds)	$ 294,999		6.4%	$ 32	$ 2	$ 193	$ 180	$ 288	$ 420	$ 518	$ 549	$ 1,362	$ 2,606
New City Loan	350000		7.6%	$ 38	$ 2	$ 229	$ 214	$ 342	$ 499	$ 615	$ 652	$ 1,615	$ 3,092
SCHEDULE OF OUTSTANDING DEBT (EOY)	Principal	Interest Rate											
Deferred developer's Fee - HEART SV	$ 60,000	3.00%		$ 60,721	$ 62,452	$ 57,795	$ 53,497	$ 45,434	$ 32,708	$ 16,329	$ -	$ -	$ -
New HEART Loan	$ 262,350	3.00%		$ 269,646	$ 277,479	$ 281,908	$ 286,564	$ 289,281	$ 289,642	$ 288,259	$ 286,314	$ 269,861	$ 231,177
RDA of the City of Brisbane/Authority Loan 1	$ 1,514,182	3.00%		$1,559,442	$1,604,857	$1,649,294	$ 1,693,796	$ 1,737,740	$ 1,781,008	$ 1,823,775	$ 1,866,381	$ 1,904,817	$ 1,936,867
RDA of the City of Brisbane/Authority Loan 2	$ 2,458,336	3.00%		$2,531,818	$2,605,551	$2,677,696	$ 2,749,946	$ 2,821,292	$ 2,891,540	$ 2,960,973	$ 3,030,145	$ 3,092,549	$ 3,144,583
County of San Mateo (HOME funds)	$ 294,999	3.00%		$ 303,816	$ 312,664	$ 321,322	$ 329,992	$ 338,553	$ 346,983	$ 355,315	$ 363,615	$ 371,104	$ 377,348
New City Loan	$ 350,000	3.00%		$ 360,462	$ 370,959	$ 381,231	$ 391,517	$ 401,675	$ 411,676	$ 421,562	$ 431,410	$ 440,295	$ 447,703

	11	12	13	14	15	16	17	18	19	20
Gross Rent Potential Income	$ 428,934	$ 441,802	$ 455,056	$ 468,707	$ 482,769	$ 497,252	$ 512,169	$ 527,534	$ 543,360	$ 559,661
Reserve Int.	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478
Commercial Unit Utilities	$ 4,840	$ 4,986	$ 5,135	$ 5,289	$ 5,448	$ 5,611	$ 5,780	$ 5,953	$ 6,132	$ 6,316
Parking	0	0	0	0	0	0	0	0	0	0
Laundry	$ 36	$ 37	$ 37	$ 38	$ 38	$ 38	$ 39	$ 39	$ 39	$ 40
Vac. (%)	$ (25,736)	$ (26,508)	$ (27,303)	$ (28,122)	$ (28,966)	$ (29,835)	$ (30,730)	$ (31,652)	$ (32,602)	$ (33,580)
GROSS EFFECTIVE INCOME	$ 409,552	$ 421,794	$ 434,402	$ 447,389	$ 460,766	$ 474,544	$ 488,735	$ 503,352	$ 518,407	$ 533,915
Common Area Utilities - electricity & gas, water/sewer, etc.	$ 33,400	$ 34,402	$ 35,434	$ 36,497	$ 37,592	$ 38,719	$ 39,881	$ 41,077	$ 42,310	$ 43,579
Unit Utilities Paid By Landlord	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property General Liability Insurance	$ 4,032	$ 4,153	$ 4,277	$ 4,406	$ 4,538	$ 4,674	$ 4,814	$ 4,959	$ 5,107	$ 5,261
Property Insurance	$ 17,854	$ 18,389	$ 18,941	$ 19,509	$ 20,094	$ 20,697	$ 21,318	$ 21,958	$ 22,616	$ 23,295
Property Tax	$ 914	$ 933	$ 951	$ 970	$ 990	$ 1,009	$ 1,030	$ 1,050	$ 1,071	$ 1,093
Possessory Interest Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property Management	$ 31,234	$ 32,171	$ 33,136	$ 34,130	$ 35,154	$ 36,209	$ 37,295	$ 38,414	$ 39,566	$ 40,753
Lease-up Fee	$ 2,170	$ 2,235	$ 2,302	$ 2,371	$ 2,443	$ 2,516	$ 2,591	$ 2,669	$ 2,749	$ 2,832
Asset Management (HEART SV)	$ 21,159	$ 21,900	$ 22,666	$ 23,459	$ 24,280	$ 25,130	$ 26,010	$ 26,920	$ 27,862	$ 28,838
City of Brisbane Monitoring fee	$ 2,352	$ 2,422	$ 2,495	$ 2,570	$ 2,647	$ 2,726	$ 2,808	$ 2,892	$ 2,979	$ 3,069
Staffing, Admin & Management (HEART)	$ 61,433	$ 63,269	$ 65,160	$ 67,108	$ 69,115	$ 71,182	$ 73,310	$ 75,503	$ 77,761	$ 80,087
Bookkeeping	$ 10,047	$ 10,349	$ 10,659	$ 10,979	$ 11,308	$ 11,647	$ 11,997	$ 12,357	$ 12,727	$ 13,109
Audit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unit Turnover & cleaning (not including renovation)	$ 10,079	$ 10,382	$ 10,693	$ 11,014	$ 11,344	$ 11,685	$ 12,035	$ 12,396	$ 12,768	$ 13,151
Contracts	$ 25,125	$ 25,879	$ 26,655	$ 27,455	$ 28,279	$ 29,127	$ 30,001	$ 30,901	$ 31,828	$ 32,783
Landscaping/yard care	$ 24,086	$ 24,808	$ 25,552	$ 26,319	$ 27,109	$ 27,922	$ 28,760	$ 29,622	$ 30,511	$ 31,426
Security Payroll/Contract	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Repairs and Maintenance	$ 14,395	$ 14,826	$ 15,271	$ 15,729	$ 16,201	$ 16,687	$ 17,188	$ 17,704	$ 18,235	$ 18,782
Miscellaneous Operating and Maintenance Expenses	$ 20,478	$ 21,090	$ 21,720	$ 22,369	$ 23,038	$ 23,727	$ 24,437	$ 25,168	$ 25,920	$ 26,696
SUB-TOTAL EXPENSES	$ 278,757	$ 287,207	$ 295,915	$ 304,887	$ 314,132	$ 323,658	$ 333,475	$ 343,589	$ 354,012	$ 364,752
Replacement Reserve Deposit	$ 40,955	$ 42,179	$ 43,440	$ 44,739	$ 46,077	$ 47,454	$ 48,874	$ 50,335	$ 51,841	$ 53,391
Operating Reserve Deposit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SUB-TOTAL - RESERVES	$ 40,955	$ 42,179	$ 43,440	$ 44,739	$ 46,077	$ 47,454	$ 48,874	$ 50,335	$ 51,841	$ 53,391
TOTAL OPERATING EXPENSES	$ 319,712	$ 329,387	$ 339,355	$ 349,626	$ 360,208	$ 371,113	$ 382,348	$ 393,925	$ 405,853	$ 418,143
NET OPERATING INCOME (INCOME minus OP EXPENSES)	$ 89,840	$ 92,407	$ 95,047	$ 97,764	$ 100,557	$ 103,431	$ 106,387	$ 109,427	$ 112,555	$ 115,771
TOTAL HARD DEBT SERVICE	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NET CASH FLOW (NOI minus DEBT SERVICE)	$ 89,840	$ 92,407	$ 95,047	$ 97,764	$ 100,557	$ 103,431	$ 106,387	$ 109,427	$ 112,555	$ 115,771
Debt Service Coverage Ratio	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
New HEART Loan	$ 47,885	$ 49,253	$ 50,660	$ 52,108	$ 52,866					
RDA of the City of Brisbane/Authority Loan 1	$ 13,758	$ 14,151	$ 14,556	$ 14,971	$ 15,639	$ 33,917	$ 34,887	$ 35,884	$ 36,909	$ 37,964
RDA of the City of Brisbane/Authority Loan 2	$ 22,337	$ 22,975	$ 23,631	$ 24,307	$ 25,390	$ 55,066	$ 56,640	$ 58,258	$ 59,923	$ 61,636
County of San Mateo (HOME funds)	$ 2,680	$ 2,757	$ 2,836	$ 2,917	$ 3,047	$ 6,608	$ 6,797	$ 6,991	$ 7,191	$ 7,396
New City Loan	$ 3,180	$ 3,271	$ 3,364	$ 3,461	$ 3,615	$ 7,840	$ 8,064	$ 8,294	$ 8,531	$ 8,775
Deferred developer's Fee - HEART SV (EOY)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New HEART Loan (EOY)	$ 190,228	$ 146,682	$ 100,422	$ 51,326	$ -	$ -	$ -	$ -	$ -	$ -
RDA of the City of Brisbane/Authority Loan 1 (EOY)	$ 1,968,534	$ 1,999,809	$ 2,030,679	$ 2,061,133	$ 2,090,919	$ 2,102,427	$ 2,112,966	$ 2,122,508	$ 2,131,025	$ 2,138,486
RDA of the City of Brisbane/Authority Loan 2 (EOY)	$ 3,195,996	$ 3,246,771	$ 3,296,890	$ 3,346,333	$ 3,394,693	$ 3,413,377	$ 3,430,487	$ 3,445,979	$ 3,459,805	$ 3,471,920
County of San Mateo (HOME funds) (EOY)	$ 383,517	$ 389,610	$ 395,624	$ 401,558	$ 407,361	$ 409,603	$ 411,656	$ 413,515	$ 415,174	$ 416,628
New City Loan (EOY)	$ 455,023	$ 462,252	$ 469,387	$ 476,427	$ 483,312	$ 485,972	$ 488,408	$ 490,613	$ 492,582	$ 494,307

	21	22	23	24	25	26	27	28	29	30
Gross Rent Potential Income	$ 576,451	$ 593,745	$ 611,557	$ 629,904	$ 648,801	$ 668,265	$ 688,313	$ 708,962	$ 730,231	$ 752,138
Reserve Int.	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478	$ 1,478
Commercial Unit Utilities	$ 6,505	$ 6,700	$ 6,901	$ 7,108	$ 7,322	$ 7,541	$ 7,767	$ 8,000	$ 8,240	$ 8,488
Parking	0	0	0	0	0	0	0	0	0	0
Laundry	$ 40	$ 41	$ 41	$ 41	$ 42	$ 42	$ 43	$ 43	$ 44	$ 44
Vac. (%)	$ (34,587)	$ (35,625)	$ (36,693)	$ (37,794)	$ (38,928)	$ (40,096)	$ (41,299)	$ (42,538)	$ (43,814)	$ (45,128)
GROSS EFFECTIVE INCOME	$ 549,887	$ 566,338	$ 583,283	$ 600,737	$ 618,714	$ 637,230	$ 656,302	$ 675,945	$ 696,179	$ 717,019
Common Area Utilities - electricity & gas, water/sewer, etc.	$ 44,886	$ 46,233	$ 47,620	$ 49,048	$ 50,520	$ 52,035	$ 53,597	$ 55,204	$ 56,861	$ 58,566
Unit Utilities Paid By Landlord	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property General Liability Insurance	$ 5,418	$ 5,581	$ 5,748	$ 5,921	$ 6,098	$ 6,281	$ 6,470	$ 6,664	$ 6,864	$ 7,070
Property Insurance	$ 23,994	$ 24,713	$ 25,455	$ 26,219	$ 27,005	$ 27,815	$ 28,650	$ 29,509	$ 30,394	$ 31,306
Property Tax	$ 1,114	$ 1,137	$ 1,159	$ 1,183	$ 1,206	$ 1,230	$ 1,255	$ 1,280	$ 1,306	$ 1,332
Possessory Interest Tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property Management	$ 41,976	$ 43,235	$ 44,532	$ 45,868	$ 47,244	$ 48,661	$ 50,121	$ 51,624	$ 53,173	$ 54,768
Lease-up Fee	$ 2,917	$ 3,004	$ 3,094	$ 3,187	$ 3,283	$ 3,381	$ 3,483	$ 3,587	$ 3,695	$ 3,805
Asset Management (HEART SV)	$ 29,847	$ 30,891	$ 31,973	$ 33,092	$ 34,250	$ 35,449	$ 36,689	$ 37,974	$ 39,303	$ 40,678
City of Brisbane Monitoring fee	$ 3,161	$ 3,256	$ 3,353	$ 3,454	$ 3,557	$ 3,664	$ 3,774	$ 3,887	$ 4,004	$ 4,124
Staffing, Admin & Management (HEART)	$ 82,483	$ 84,951	$ 87,492	$ 90,111	$ 92,807	$ 95,584	$ 98,445	$ 101,392	$ 104,427	$ 107,553
Bookkeeping	$ 13,502	$ 13,908	$ 14,325	$ 14,755	$ 15,197	$ 15,653	$ 16,123	$ 16,606	$ 17,105	$ 17,618
Audit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unit Turnover & cleaning (not including renovation)	$ 13,546	$ 13,952	$ 14,371	$ 14,802	$ 15,246	$ 15,703	$ 16,174	$ 16,660	$ 17,159	$ 17,674
Contracts	$ 33,766	$ 34,779	$ 35,823	$ 36,897	$ 38,004	$ 39,144	$ 40,319	$ 41,528	$ 42,774	$ 44,057
Landscaping/yard care	$ 32,369	$ 33,340	$ 34,340	$ 35,371	$ 36,432	$ 37,525	$ 38,650	$ 39,810	$ 41,004	$ 42,234
Security Payroll/Contract	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Repairs and Maintenance	$ 19,345	$ 19,926	$ 20,523	$ 21,139	$ 21,773	$ 22,426	$ 23,099	$ 23,792	$ 24,506	$ 25,241
Miscellaneous Operating and Maintenance Expenses	$ 27,494	$ 28,317	$ 29,164	$ 30,037	$ 30,936	$ 31,861	$ 32,815	$ 33,797	$ 34,809	$ 35,851
SUB-TOTAL EXPENSES	$ 375,819	$ 387,222	$ 398,973	$ 411,081	$ 423,558	$ 436,415	$ 449,663	$ 463,315	$ 477,383	$ 491,878
Replacement Reserve Deposit	$ 54,989	$ 56,634	$ 58,328	$ 60,074	$ 61,871	$ 63,723	$ 65,630	$ 67,595	$ 69,618	$ 71,702
Operating Reserve Deposit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SUB-TOTAL - RESERVES	$ 54,989	$ 56,634	$ 58,328	$ 60,074	$ 61,871	$ 63,723	$ 65,630	$ 67,595	$ 69,618	$ 71,702
TOTAL OPERATING EXPENSES	$ 430,807	$ 443,856	$ 457,301	$ 471,155	$ 485,430	$ 500,138	$ 515,294	$ 530,910	$ 547,000	$ 563,580
NET OPERATING INCOME (INCOME minus OP EXPENSES)	$ 119,079	$ 122,482	$ 125,982	$ 129,582	$ 133,284	$ 137,092	$ 141,008	$ 145,036	$ 149,178	$ 153,438
TOTAL HARD DEBT SERVICE	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NET CASH FLOW (NOI minus DEBT SERVICE)	$ 119,079	$ 122,482	$ 125,982	$ 129,582	$ 133,284	$ 137,092	$ 141,008	$ 145,036	$ 149,178	$ 153,438
Debt Service Coverage Ratio	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
RDA of the City of Brisbane/Authority Loan 1	$ 39,049	$ 40,165	$ 41,312	$ 42,493	$ 43,707	$ 44,955	$ 46,240	$ 47,560	$ 48,919	$ 50,316
RDA of the City of Brisbane/Authority Loan 2	$ 63,397	$ 65,209	$ 67,072	$ 68,988	$ 70,960	$ 72,987	$ 75,072	$ 77,216	$ 79,421	$ 81,690
County of San Mateo (HOME funds)	$ 7,608	$ 7,825	$ 8,049	$ 8,279	$ 8,515	$ 8,758	$ 9,009	$ 9,266	$ 9,531	$ 9,803
New City Loan	$ 9,026	$ 9,284	$ 9,549	$ 9,822	$ 10,103	$ 10,391	$ 10,688	$ 10,993	$ 11,307	$ 11,630
Deferred developer's Fee - HEART SV (EOY)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
New HEART Loan (EOY)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
RDA of the City of Brisbane/Authority Loan 1 (EOY)	$ 2,144,863	$ 2,150,124	$ 2,154,237	$2,157,170	$2,158,889	$2,159,359	$2,158,545	$2,156,410	$2,152,917	$2,148,027
RDA of the City of Brisbane/Authority Loan 2 (EOY)	$ 3,482,273	$ 3,490,814	$ 3,497,492	$3,502,254	$3,505,044	$3,505,808	$3,504,486	$3,501,020	$3,495,349	$3,487,409
County of San Mateo (HOME funds) (EOY)	$ 417,870	$ 418,895	$ 419,697	$ 420,268	$ 420,603	$ 420,694	$ 420,536	$ 420,120	$ 419,439	$ 418,487
New City Loan (EOY)	$ 495,781	$ 496,997	$ 497,947	$ 498,625	$ 499,023	$ 499,131	$ 498,943	$ 498,450	$ 497,642	$ 496,512

B.

ENCLOSURE P

Project: Visitacion Garden Apartments
Address: 8 Visitacion Avenue
Brisbane, CA 94005

Num. of Units: 14
Num. of Bldgs: 7
Date: March 5, 2024

Family: Y
Elderly: Y
Term: 15

Item	Quantity	Unit	Unit Cost	Total Cost	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Short Term Physical Needs Over The Term (Years 1 through 3)	Long Term Physical Needs Over The Term (Years 4 through 15)
Site																					
Asphalt Pavement - Seal Coat and Striping	7,500	SF	$0.50	$3,750	1,250					1,250					1,250					1,250	2,500
Concrete Pavement - Striping and Repairs	30	EA	$25.00	$750	250					250					250					250	500
Concrete Walkway Repairs	2	LS	$2,000.00	$4,000					2,000										2,000		4,000
Sewer and Storm Drain - Hydrojetting	15	EA	$3,000.00	$45,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	9,000	36,000
Bark Ground Cover	15	LS	$2,000.00	$30,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	6,000	24,000
Tree Trimming and Landscaping Repairs	15	LS	$6,150.00	$92,250	6,150	6,150	6,150	6,150	6,150	6,150	6,150	6,150	6,150	6,150	6,150	6,150	6,150	6,150	6,150	18,450	73,800
Irrigation Systems	2	LS	$2,000.00	$4,000				2,000										2,000			4,000
Wood Fencing	2	LS	$2,500.00	$5,000					2,500										2,500		5,000
Wood Retaining Walls	2	LS	$2,500.00	$5,000					2,500										2,500		5,000
Architectural																					
Stucco Siding	2	LS	$7,500.00	$15,000					7,500										7,500		15,000
Exterior Painting	42	Units	$1,500.00	$63,000	21,000							21,000							21,000	21,000	42,000
Elastomeric Waterproofing	1,500	SF	$5.00	$7,500	2,500							2,500							2,500	2,500	5,000
Built-Up Roofing With Mineral Surface Cap Sheet	2,100	SF	$8.00	$16,800	16,800															16,800	
Asphaltic Composition Shingle Roofing	7,400	SF	$8.00	$59,200	59,200															59,200	
Gutter Cleaning and Jetting	15	LS	$1,500.00	$22,500	1,500	1,500	1,500	---	1,500	1,500	---	1,500	1,500	1,500	1,500	---		---	1,500	4,500	18,000
Common Area Painting	400	SF	$2.00	$800	400										400					400	400
Common Area Carpet	360	SF	$3.00	$1,080	360					360					360					360	720
Common Area Vinyl	80	SF	$4.00	$320	320															320	
Common Areas - Fixtures, Furnishing and Equipment	3	LS	$1,000.00	$3,000					1,000					1,000					1,000		3,000
Electrical / Mechanical																					
Central Gas-Fired 81-Gallon Water Heaters	1	Each	$10,000.00	$10,000							10,000										10,000
Central Gas-Fired 91-Gallon Water Heaters	1	Each	$15,000.00	$15,000								15,000									15,000
Central Gas-Fired 100-Gallon Water Heaters	1	Each	$15,000.00	$15,000							15,000										15,000
Gas-Fired Forced Air Unit	1	Each	$3,500.00	$3,500	3,500															3,500	
Gas-Fired Wall Heaters	14	Each	$1,200.00	$16,800	1,200	1,200	1,200	---	1,200	1,200	1,200	1,200	1,200		---	---	1,200	---		3,600	13,200
Fire Sprinklers - Fire Year Backflow Testing	3	Each	$3,500.00	$10,500			3,500					3,500					3,500			3,500	7,000
Dwelling Units																					
Carpet Flooring	30	Units	$1,850.00	$55,500	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	3,700	11,100	44,400
Vinyl Flooring	20	Units	$560.00	$11,200	560	560	1,120	560	560	1,120	560	560	1,120	560	560	1,120	560	560	1,120	2,240	8,960
Window Coverings	15	LS	$1,000.00	$15,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	3,000	12,000
Kitchen and Bathroom Cabinets	14	Units	$10,000.00	$140,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000		30,000	110,000
Kitchen and Bathroom Countertops/Sinks	20	Units	$2,500.00	$50,000	2,500	2,500	5,000	2,500	2,500	5,000	2,500	2,500	5,000	2,500	2,500	5,000	2,500	2,500	5,000	10,000	40,000
Refrigerator	20	Units	$900.00	$18,000	900	900	1,800	900	900	1,800	900	900	1,800	900	900	1,800	900	900	1,800	3,600	14,400
Range / Stove	15	Units	$850.00	$12,750	850	850	850	850	850	850	850	850	850	850	850	850	850	850	850	2,550	10,200
Range Hood	20	Units	$100.00	$2,000	100	100	200	100	100	200	100	100	200	100	100	200	100	100	200	400	1,600
Tub/Shower Enclosures - Refurbishment or Replacement	14	Each	$3,000.00	$42,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000		9,000	33,000
				$ 796,200	$ 142,040	$ 36,460	$ 44,020	$ 38,460	$ 51,980	$ 42,380	$ 61,460	$ 78,460	$ 40,520	$ 37,460	$ 38,720	$ 40,520	$78,420	$ 38,460	$ 65,320		
			FV 3%			$ 37,554	$ 46,701	$ 42,026	$ 58,481	$ 49,130	$ 73,386	$ 96,496	$ 51,330	$ 46,877	$ 52,036	$ 56,089	$111,808	$ 56,480	$ 98,802		
Total	$796,200	$142,040	$36,460	$44,020	$38,460	$51,980	$42,380	$61,460	$78,460	$40,520	$37,460	$38,720	$40,520	$38,460	$65,320		$222,520				$573,680
Annual Inflation Factor @ 3.0%		100.00%	103.00%	106.09%	109.27%	112.55%	115.93%	119.41%	122.99%	126.68%	130.48%	134.39%	138.42%	142.58%	146.85%	151.26%					
Total, Inflated all pages		142,040	37,554	46,701	42,026	58,481	49,130	73,386	96,496	51,330	48,877	52,036	56,089	56,977	96,480	98,802					
Cumulative Total		142,040	179,594	226,295	268,321	326,802	375,932	449,318	545,814	597,144	646,021	698,057	754,147	811,124	907,603	966,402	$226,295				$740,103
Average Annual Cost Per Unit Uninflated	$3,791																				
Average Annual Cost Per Unit Inflated	$4,602																				

Rancho Mark 2016, Physical Needs over the Term, Page 1 of 1

Replacement Reserve Schedule

Period	Year	Balance	Funding	Interest 3%	Expense	Notes
1	2026	$0	$454,020	$8,507	$ 170,448	
2	2027	$292,079	$19,852	$8,762	$0	
3	2028	$320,694	$20,164	$9,621	$0	
4	2029	$350,479	$22,847	$9,254	$42,026	0
5	2030	$340,553	$23,345	$8,462	$58,481	0
6	2031	$313,879	$25,176	$7,942	$49,130	0
7	2032	$297,867	$27,281	$6,734	$73,386	0
8	2033	$258,496	$29,035	$4,860	$96,496	0
9	2034	$195,896	$29,835	$4,337	$51,330	0
10	2035	$178,738	$32,257	$3,896	$48,877	0
11	2036	$166,014	$39,767	$3,419	$52,036	0
12	2037	$157,163	$40,955	$3,032	$56,089	0
13	2038	$145,062	$42,179	$998	$111,808	
14	2039	$76,431	$43,440	$599	$56,480	0
15	2040	$63,989	$44,739	$0	$98,802	
16	2041	$9,926	$46,077	$298	$0	
17	2042	$56,300	$47,454	$1,689	$0	
18	2043	$105,444	$48,874	$3,163	$0	
19	2044	$157,481	$50,335	$4,724	$0	
20	2045	$212,540	$51,841	$6,376	$0	
21	2046	$270,757	$53,391	$8,123	$0	
22	2047	$332,271	$54,989	$9,968	$0	
23	2048	$397,228	$56,634	$11,917	$0	
24	2049	$465,779	$58,328	$13,973	$0	
25	2050	$538,081	$60,074	$16,142	$0	
26	2051	$614,297	$61,871	$18,429	$0	
27	2052	$694,597	$63,723	$20,838	$0	
28	2053	$779,158	$65,630	$23,375	$0	
29	2054	$868,163	$67,595	$26,045	$0	
30	2055	$961,802	$69,618	$28,854	$0	
	2055	$1,060,274				