

The Maryland Affordable Housing Trust

Annual Report FY 2015

PRESENTED TO

**Governor Larry Hogan
&
The Maryland General Assembly**



Kenneth C. Holt, Secretary
Maryland Department of Housing
and Community Development
ALICE G. PINDERHUGHES, Esquire, Chair
Maryland Affordable Housing Trust

Maryland Affordable Housing Trust

2015 ANNUAL REPORT

Background

The Maryland Affordable Housing Trust was created by Chapter 265 of the Laws of Maryland 1992 (The Housing and Community Development Article, §§10-101 - 10-301, of the Annotated Code of Maryland, as amended). The purpose of the Maryland Affordable Housing Trust is to enhance the availability of affordable housing throughout the State by providing assistance for households earning less than 50% of median income, with a preference given to serving households earning less than 30% of median income.

The Maryland Affordable Housing Trust may solicit and accept gifts, grants, or money from the federal government, state government, local governments or any private source. The Maryland Affordable Housing Trust also receives interest money earned on certain trust accounts held by title insurers or their agents under §22-103 of the Insurance Article of the Annotated Code of Maryland, as amended. A title insurer or its agent must pool and commingle money received from clients or beneficial owners in connection with escrows, settlements, closings, or title indemnification if, in the judgment of the insurer or its agent, a separate deposit of the trust money would generate interest:

1. of \$50 or less; or
2. more than \$50 in interest, if the reasonable and customary charges of the financial institution are anticipated to be more than the interest which would be earned on the trust money if separately deposited into a Maryland Affordable Housing Trust interest bearing account.

The financial institution in which a commingled account is maintained must pay the interest earned on the account, at least quarterly, less any reasonable and customary service charges of the financial institution, to the Maryland Affordable Housing Trust to enhance the availability of affordable housing throughout the State.

An 11-member Board of Trustees appointed by the Governor receives applications for awards, makes the final decision about the awards, and develops a process for making awards that encourages a broad geographic distribution of funds. The Board reviews requests for funds and distributes awards of fund money for the following activities:

- acquisition, construction, rehabilitation or preservation of affordable housing;
- efforts of nonprofit organizations to develop affordable housing; and
- operating expenses of housing developments, which promote affordable housing.

Under the Maryland Department of Housing and Community Development Article, §10-110 (b), the Maryland Affordable Housing Trust is required to submit a report annually to the Governor and General

Assembly. The report shall set forth the Maryland Affordable Housing Trust's complete operating and financial statement and summarize its activities for the preceding fiscal year. This report is submitted in accordance with this requirement.

Financial Summary

In fiscal year 2015, the Maryland Affordable Housing Trust received \$922,326.00 from interest earned on title companies' escrow accounts, return of unused funds, loan repayments and compliance remittances. Prior to fiscal year 2010, the Maryland Affordable Housing Trust also received the interest earned on the cash balances held in the State Treasury. However, in fiscal year 2010 the Maryland Affordable Housing Trust was subjected to legislation (HB151/SB141) that required interest earnings on cash balances held by the Treasurer to be accrued to the General Fund of the State. Thus the Maryland Affordable Housing Trust has elected to segregate the two types of interest earned in the summary of revenues and expenditures (see Attachment 1). From its inception in 1992 through the end of fiscal year 2015, the Maryland Affordable Housing Trust has received approximately \$45 million in revenue. The amount of interest revenue received each year depends upon market conditions affecting the title industry.

Of the approximate \$45 million in revenues received, which includes \$1 million in General Fund Appropriation added in 2007 and \$2 million in Maryland Consolidated Capital Bond funding added in 2011, over \$43.7 million has been awarded. An amount of over \$500,000, which includes return of unused funds, repayments of any repayable grants and cancelled awards, is available for future funding of rounds. Attachment 1 is a summary of revenues and expenditures to date. At the beginning of calendar year 2015, there were 667 title companies licensed by the Maryland Insurance Administration as title insurance producer firms.

Over the past several years, the Maryland Affordable Housing Trust has worked with the enforcement section of the Maryland Insurance Administration to ensure that Title Insurance Producers are in compliance with the Maryland Affordable Housing Trust's laws and regulations. These efforts have recouped over \$1.65 million in additional revenue for the Maryland Affordable Trust as of June 30, 2015 and \$109,680 in the current fiscal year.

Funds Distribution

The Maryland Affordable Housing Trust's funds are distributed through competitive funding rounds each year. Preference is given to funding housing developments that provide the longest term of affordability, and to funding capital projects serving those most in need of affordable housing. Capital projects include costs associated with the construction, acquisition and/or rehabilitation of housing units. Preference is also given to projects that provide both housing and self-sufficiency assistance for families with minor children or for single adults in need of single room occupancy permanent housing. The Maryland Affordable Housing Trust financial assistance may also be provided to non-profit developers for capacity building (such as hiring/training staff); operating assistance (including utility and maintenance costs); homeowner assistance (homebuyer counseling/mortgage write-down programs); and predevelopment costs (such as site surveys and architectural design).

Funding Awards

Between October 1, 1992 and June 30, 2015, there has been funding of thirty-eight rounds, funding for the Department of Housing and Community Development's Preserving Homeownership initiative and funding for Hurricane Isabel related issues. A total of 758 grants, amounting to \$43,716,208 have been awarded. The table on the next page shows the activities that were funded in the current fiscal year. Exhibit A is a summary of the activities funded since inception of the Maryland Affordable Housing Trust and Exhibit A-1 lists the activities funded for fiscal year 2015 only. Exhibits B and B-1 show the geographical distribution of the funds throughout the State from inception and for fiscal year 2015 respectively. Exhibit C lists the projects that were funded during Round 38.

Funding Awards (continued)

<u>Maryland Affordable Housing Trust Activities</u> <u>Funded Since Inception</u>	
Predevelopment costs	\$ 2,867,925
Capital projects	29,891,386
Operating assistance	4,498,230
Nonprofit capacity building	2,142,375
Working Capital Loans (FY 2003)	250,000
Support Services (includes Homeownership Counseling and Home Owners Preserving Equity initiative)	<u>4,066,292</u>
Total	\$43,716,208

Leverage

The Maryland Affordable Housing Trust's goal is to use its funds to leverage other funds or to fill the gap in a financing package. In fiscal year 2015, \$1,239,977 of the Maryland Affordable Housing Trust's funds leveraged approximately \$9.9 million in total project and program development costs, nearly a 10:1 ratio. Other funds leveraged include local, State and federal funds, as well as private financing and foundation grants.

Activities

In addition to making awards in the funding round, the full Board of Trustees met three times in the calendar year, as provided in its by-laws.

Financial Audit

During the fiscal year, the financial records of the Maryland Affordable Housing Trust were audited for the period July 1, 2014 through June 30, 2015. The independent auditors found the Maryland Affordable Housing Trust's financial statements to present fairly the Maryland Affordable Housing Trust's financial position for that period. The internal control structure of the Maryland Affordable Housing Trust and its operations were reported to be in conformance with standards established by the American Institute of Certified Public Accountants. A financial audit of the books and records of the Maryland Affordable Housing Trust is conducted annually.

Conclusion

The Maryland Affordable Housing Trust continues to meet its goal of providing flexible financing to enhance the availability of affordable housing throughout the State. During fiscal year 2015, the Maryland Affordable Housing Trust made 34 awards. The Maryland Affordable Housing Trust has also successfully leveraged other funds and distributed its resources widely throughout the State. Due to the downturn in the economy and the real estate markets, the Maryland Affordable Housing Trust Board expects to hold only one funding round next year and will continue to provide housing assistance to Maryland's most needy citizens.

Board of Trustees

Each of the 10+ voting members of the Board fills a category specified by the enabling legislation. The board members as of June 2015 are:

MEMBER

CATEGORY

Alice G. Pinderhughes
Attorney-At-Law

Chair, Representing General Public

Paul K. Casey, Esq.
Ballard Spahr LLP

Representing General Public

Dr. Sandra Edmonds Crewe
Howard University

Representing Social Service Providers

Dale R. McArdle
Associated Catholic Charities

Representing nonprofit housing developers

Eric C. Brown
Prince George's County Department of
Housing and Community Development

Representing Public Housing Authorities

Elizabeth S. Glenn
Baltimore County Office of Community
Conservation

Representing General Public

Myriam Torrico
Montgomery County Department of Housing
and Community Affairs

Representing local governments

(Vacant).

Representing State financial institutions

(Vacant)

Representing for-profit housing developers

Linda L. Rose
First American Title Insurance Company

Representing State title companies

Albert (Buz) Winchester
Retired

Vice Chair, Representing General Public

(Vacant)

Ex officio, Representing President of the Senate

(Vacant)

Ex officio, Representing Speaker of the House

Kenneth C. Holt
Secretary

Ex officio, Maryland Department of
Housing and Community Development

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Secretary

Ex officio, Maryland Department of
Housing and Community Development

Attachment 1

MARYLAND AFFORDABLE HOUSING TRUST

Summary of Revenues and Expenditures October 1, 1992 through June 30, 2015

Revenue from Interest Earned by Title Companies	\$ 35,335,344
Revenue recovery via MIA enforcement actions	1,653,425
Interest earned on the MAHT Account with the Treasurer (Oct. '92 – June '09)	3,132,059
Awards cancelled or decreased	2,849,455
Return of unused funds, loan payments	1,682,012
Department of Housing and Community Development Support Program	61,278
Donations	13,484
2007 General Grant Appropriation	1,000,000
FY 09 Reduction in General Fund contingent liability	(8,784)
Maryland Consolidated Capital Bond Loan (MCCBL) AY 10 Amount	2,000,000
Grant Awards	(43,716,208)
Administrative Expenses*	(1,176,341)
Budget Revision under 2003 House Bill 40	(2,300,000)
	=====
Balance Available for Future Funding Rounds	\$ 525,724

* Up to 5% of Trust monies may be used for actual operating and staffing expenses (The Housing and Community Development Article § 10-202(b) of the Annotated Code of Maryland)

Exhibit A
MARYLAND AFFORDABLE HOUSING TRUST

Awards Made in Rounds 1 - 38
October 1, 1992 through June 30, 2015

Funding Cycle	Capital	Capacity	Other*	Predev	Operating	Support	Total
Round 1	\$ 60,710	\$ 141,115	\$ -	\$ -	\$ 148,800	\$ 189,010	\$ 539,635
Round 2	\$ 313,675	\$ 50,000	\$ -	\$ -	\$ -	\$ 167,650	\$ 531,325
Round 3	\$ 315,353	\$ 49,500	\$ -	\$ 45,200	\$ 100,000	\$ 56,000	\$ 566,053
Round 4	\$ 375,000	\$ -	\$ -	\$ 37,300	\$ 124,245	\$ 70,600	\$ 607,145
Round 5	\$ 175,000	\$ -	\$ -	\$ 58,000	\$ 285,344	\$ 134,400	\$ 652,744
Round 6	\$ 335,740	\$ 10,000	\$ -	\$ 135,000	\$ 7,390	\$ 111,500	\$ 599,630
Round 7	\$ 379,867	\$ 50,000	\$ -	\$ 110,000	\$ 81,756	\$ 46,900	\$ 668,523
Round 8	\$ 513,330	\$ -	\$ -	\$ 137,000	\$ 52,945	\$ 5,250	\$ 708,525
Round 9	\$ 412,100	\$ -	\$ -	\$ 117,500	\$ 118,300	\$ 139,467	\$ 787,367
Round 10	\$ 448,450	\$ 30,000	\$ -	\$ 50,000	\$ 127,700	\$ 69,000	\$ 725,150
Round 11	\$ 524,853	\$ 100,000	\$ -	\$ 60,130	\$ 96,475	\$ 58,000	\$ 839,458
Round 12	\$ 653,870	\$ 62,500	\$ -		\$ 50,000	\$ 33,750	\$ 800,120
Round 13	\$ 549,000	\$ 50,000	\$ -	\$ 38,000	\$ 17,000	\$ 75,000	\$ 729,000
Round 14	\$ 584,650	\$ 52,500	\$ -	\$ 102,000	\$ 11,250	\$ 50,000	\$ 800,400
Round 15	\$ 610,850	\$ 33,000	\$ -	\$ 171,000	\$ 42,500	\$ 12,500	\$ 869,850
Round 16	\$ 707,500	\$ 5,000	\$ -	\$ 128,750	\$ 100,000	\$ 80,000	\$ 1,021,250
Round 17	\$ 503,200	\$ -	\$ -	\$ -	\$ 77,500	\$ 52,500	\$ 633,200
Capacity Building	\$ -	\$ 1,021,000	\$ 250,000	\$ -	\$ -	\$ -	\$ 1,271,000
Round 18	\$ 745,130	\$ 102,150	\$ -	\$ 65,000	\$ 73,720	\$ -	\$ 986,000
Round 19	\$ 610,000	\$ 45,000	\$ -	\$ 75,000	\$ 248,500	\$ -	\$ 978,500
Round 20 (with HI)	\$ 670,063	\$ 36,000	\$ -	\$ -	\$ 114,760	\$ 18,000	\$ 838,823
Hurricane Isabel	\$ 365,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 365,000
Round 21	\$ 648,000	\$ 17,850	\$ -	\$ -	\$ 115,150	\$ 117,350	\$ 898,350
Round 22	\$ 834,700	\$ -	\$ -	\$ 150,000	\$ 87,500	\$ -	\$ 1,072,200
Round 23	\$ 1,230,700	\$ -	\$ -	\$ 282,500	\$ 221,350	\$ 48,300	\$ 1,782,850
Round 24	\$ 967,782	\$ -	\$ -	\$ 65,000	\$ 213,500	\$ 57,900	\$ 1,304,182
Round 25	\$ 1,064,424	\$ 45,000	\$ -	\$ 45,000	\$ 207,872	\$ 22,858	\$ 1,384,954
Round 26	\$ 1,440,576	\$ 130,500	\$ -	\$ 350,000	\$ 223,129	\$ 1,084,426	\$ 3,228,631
Round 27	\$ 2,005,615	\$ -	\$ -	\$ 180,000	\$ 159,763	\$ 170,960	\$ 2,516,338
Round 28	\$ 933,210	\$ -	\$ -	\$ -	\$ 68,000	\$ 175,290	\$ 1,176,500
Round 29	\$ 2,183,726	\$ 15,300	\$ -	\$ 148,965	\$ 163,702	\$ 15,000	\$ 2,526,693
Round 30	\$ 529,000	\$ -	\$ -	\$ -	\$ 115,000	\$ 85,000	\$ 729,000
Round 31	\$ 1,334,850	\$ -	\$ -	\$ 100,000	\$ 157,000	\$ 65,000	\$ 1,656,850
Round 32	\$ 400,135	\$ -	\$ -	\$ -	\$ 85,000	\$ 58,000	\$ 543,135
Round 33	\$ 1,672,721	\$ -	\$ -	\$ 100,000	\$ 472,909	\$ 136,000	\$ 2,381,630
Round 34	\$ 594,475	\$ -	\$ -	\$ -	\$ 25,000	\$ 85,000	\$ 704,475
Round 35	\$ 1,065,835	\$ -	\$ -	\$ -	\$ 47,700	\$ 80,000	\$ 1,193,535
Round 36	\$ 1,576,106	\$ 40,960	\$ -	\$ 50,000	\$ 129,470	\$ 159,881	\$ 1,956,417
Round 37	\$ 544,213	\$ -	\$ -	\$ 66,580	\$ 100,000	\$ 191,000	\$ 901,793
Round 38	\$ 1,011,977	\$ 55,000	\$ -	\$ -	\$ 28,000	\$ 145,000	\$ 1,239,977
Total	\$ 29,891,386	\$ 2,142,375	\$ 250,000	\$ 2,867,925	\$ 4,498,230	\$ 4,066,292	\$ 43,716,208
<i>Percent</i>	<i>68%</i>	<i>5%</i>	<i>1%</i>	<i>7%</i>	<i>10%</i>	<i>9%</i>	<i>100%</i>

*Working Capital Loans

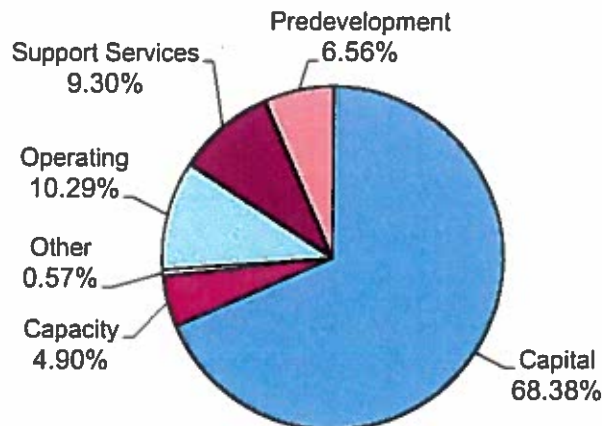


Exhibit A-1

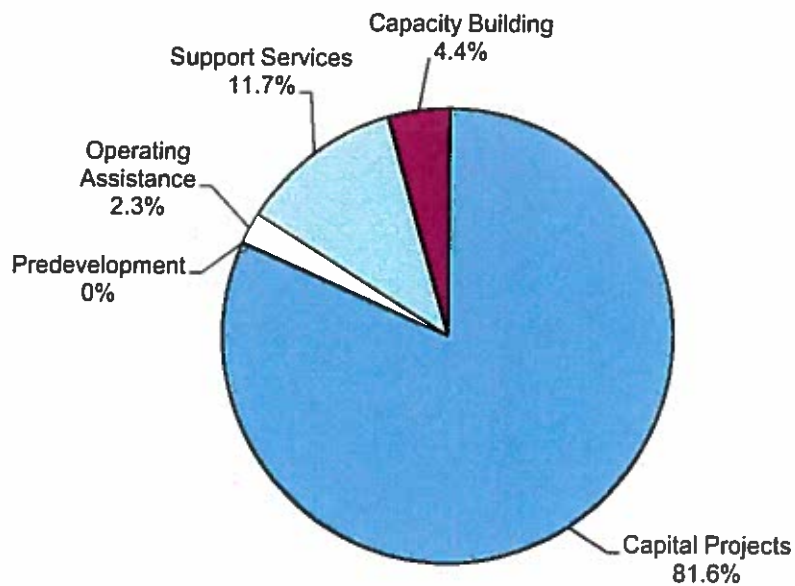
MARYLAND AFFORDABLE HOUSING TRUST

Awards Summary

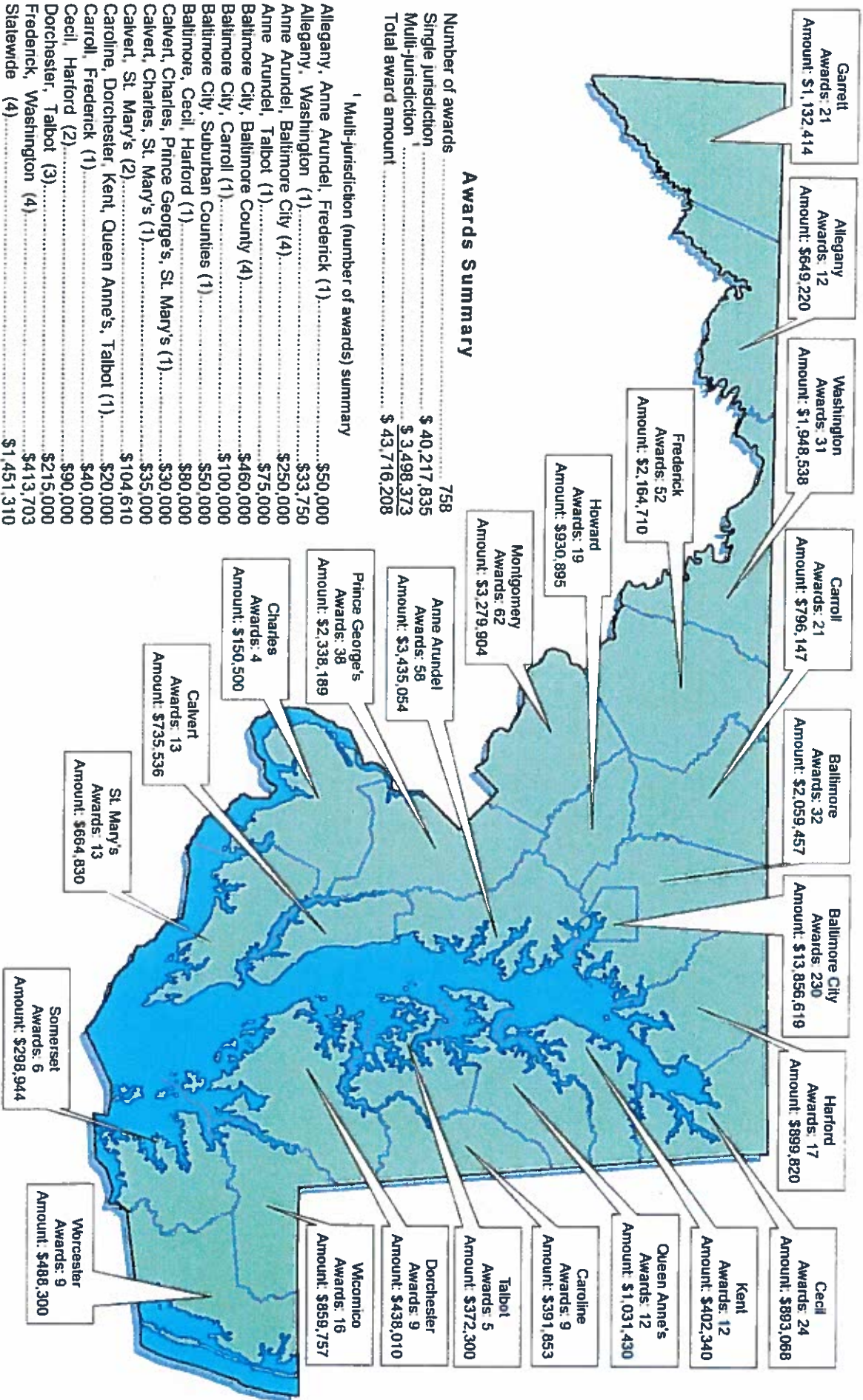
Fiscal Year 2015 (July 1, 2014 through June 30, 2015)

Activity Funded	Amount
Capital Projects	1,011,977
Predevelopment	-
Operating Assistance	28,000
Support Services	145,000
Capacity Building	55,000
Total	\$ 1,239,977

Rounds 38 by Activity Funded



Maryland Affordable Housing Trust Awards by Jurisdiction: Rounds 1 - 38



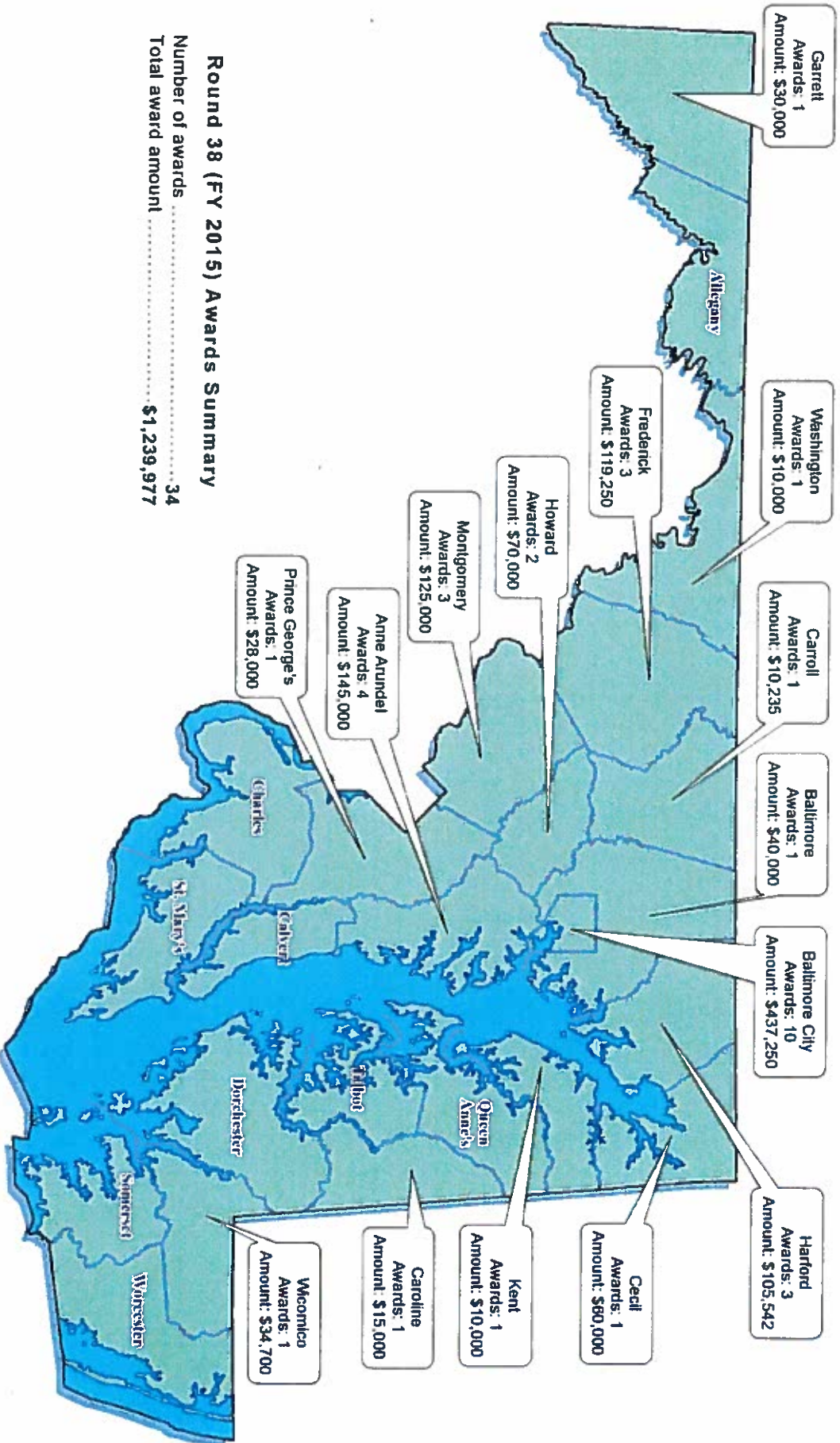
Awards Summary

Number of awards	758
Single jurisdiction	\$ 40,217,835
Multi-jurisdiction	\$ 3,498,373
Total award amount	\$ 43,716,208

¹ Multi-jurisdiction (number of awards) summary

Allegany, Anne Arundel, Frederick (1)	\$50,000
Allegany, Washington (1)	\$33,750
Anne Arundel, Baltimore City (4)	\$250,000
Anne Arundel, Talbot (1)	\$75,000
Baltimore City, Baltimore County (4)	\$460,000
Baltimore City, Carroll (1)	\$100,000
Baltimore City, Suburban Counties (1)	\$50,000
Baltimore, Cecil, Harford (1)	\$80,000
Calvert, Charles, Prince Georges, St. Mary's (1)	\$30,000
Calvert, St. Mary's (2)	\$35,000
Caroline, Dorchester, Kent, Queen Anne's, Talbot (1)	\$104,610
Carroll, Frederick (1)	\$20,000
Cecil, Harford (2)	\$40,000
Dorchester, Talbot (3)	\$90,000
Frederick, Washington (4)	\$215,000
Stalewede (4)	\$413,703
	\$1,451,310

Maryland Affordable Housing Trust Awards by Jurisdiction: Round 38 (FY 2015)



Round 38 (FY 2015) Awards Summary

Number of awards 34
 Total award amount \$1,239,977

Exhibit C
MARYLAND AFFORDABLE HOUSING TRUST
Fiscal Year 2015 Awards
Round 38

ORGANIZATION	PROJECT	JURISDICTION	AWARD
Garrett County Community Action Committee, Inc.	Mystic Mountain Group Work Camp	Garrett	\$ 30,000
Supported Living, Inc.	Red Lake Court	Howard	\$ 40,000
The Arc of Carroll County, Inc.	Alternative Living Units Rehab Project	Carroll	\$ 10,235
National Capital B'nai B'rith Assisted Housing Corporation	Edwards Building Rehab	Montgomery	\$ 50,000
Arundel House of Hope, Inc.	Homeless Family Housing Project	Anne Arundel	\$ 35,000
Seeds 4 Success, Inc.	Eastport Girls Club / Parent Challenge / I am a Reader	Anne Arundel	\$ 30,000
Rebuilding Together Kent County, MD, Inc.	Kent County Rehabilitation Project 2013-2014	Kent	\$ 10,000
Community Living, Inc.	Sherman Avenue Rehab	Frederick	\$ 33,500
Caroline County Habitat for Humanity, Inc.	Together We Stand	Caroline	\$ 15,000
Habitat for Humanity of Washington County, Inc.	2015 New Builds	Washington	\$ 10,000
Gaudenzia Foundation, Inc.	Gaudenzia Baltimore at 4615 Park Heights Avenue (GBAPH)	Baltimore City	\$ 50,000
Oliver Economic Development Corp. (OEDC)	Oliver Plaza	Baltimore City	\$ 27,250
Rebuilding Together Montgomery County, Inc.	Critical Needs Program	Montgomery	\$ 35,000
Affiliated Santé Group (ASG)	Supportive Housing Program	Prince George's	\$ 28,000
Habitat for Humanity Susquehanna, Inc.	Habitat Susquehanna 2015 Builds & Rehabs	Harford	\$ 30,000
Rebuilding Together Howard County	Rebuilding Day 2015	Howard	\$ 30,000
Village of Hope, Inc.	Village of Hope Building Improvements	Wicomico	\$ 34,700
Frederick Community Action Agency	FCAA Housing Rehabilitation Program	Frederick	\$ 35,750
1209 Rose, LLC	Weinberg Building at the Sage Center	Baltimore City	\$ 50,000
St. Ambrose Housing Aid Center, Inc.	EmPOWER Union Avenue	Baltimore City	\$ 50,000
Elkton Housing Authority	Living to Leaving a Legacy	Cecil	\$ 60,000
A Step Forward, Inc.	A Step Forward	Baltimore City	\$ 25,000
<u>EHM@Harwood</u>	<u>EHM@Harwood</u>	Baltimore City	\$ 50,000
Habitat for Humanity of the Chesapeake	McCabe Avenue Revitalization	Baltimore City	\$ 40,000
Rebuilding Together Baltimore	Critical Repairs for Low-Income Homeowners	Baltimore	\$ 40,000
Bello Machre	Bello Machre Expansion / Renovation / Shelter-in-Place Projects	Anne Arundel	\$ 30,000

Exhibit C (continued)
MARYLAND AFFORDABLE HOUSING TRUST
Fiscal Year 2015 Awards
Round 38

Women's Housing Coalition, Inc.	Calverton Brick Repointing	Baltimore City	\$ 75,000
Havre de Grace Housing Authority	Capacity Building	Harford	\$ 54,400
Civic Works, Inc.	Critical Energy Efficiency, Health and Safety Improvements for Low-Income Baltimore Households	Baltimore City	\$ 20,000
The Religious Coalition for Emergency Human Needs in Frederick County, Inc.	Religious Coalition Homeless Family Shelter	Frederick	\$ 50,000
Main Street Housing, Inc.	Baltimore City Housing Initiative	Baltimore City	\$ 50,000
Compass, Inc.	Rehabilitation and Accessibility Improvements to Group Homes for the Disabled	Montgomery	\$ 40,000
Homes for America, Inc.	Corner House	Harford	\$ 21,142
The Light House	206 West St. Project	Anne Arundel	\$ 50,000
TOTAL			\$ 1,239,977



Maryland Department of Housing and Community Development
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