



# Maryland Affordable Housing Trust

## Annual Report FY 2019

PRESENTED TO

Governor Larry Hogan  The Maryland General Assembly



**Kenneth C. Holt**, *Secretary*  
Maryland Department of Housing  
and Community Development

**Alice G. Pinderhughes, Esq.**, *Chair*  
Maryland Affordable Housing Trust

# Maryland Affordable Housing Trust

## *2019 ANNUAL REPORT*

### **Background**

The Maryland Affordable Housing Trust (MAHT) 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 MAHT 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.

MAHT may solicit and accept gifts, grants, or money from the federal government, State government, local governments or any private source. MAHT 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 MAHT 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 Housing and Community Development Article, §10-110 (b), MAHT is required to submit a report annually to the Governor and General Assembly. The report shall set forth MAHT'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**

An independent audit was conducted pursuant to state law by SB & Company, LLC Certified Public Accountants. Based upon the Audited Financial Statement provided by the independent auditors, in fiscal year 2019 MAHT received \$1,984,396 from interest earned on title companies' escrow accounts, return of unused funds, loan repayments and compliance remittances. Prior to fiscal year 2010, MAHT also received the interest earned on the cash balances held in the State Treasury. However, in fiscal year 2010 MAHT 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 MAHT 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 2019, MAHT has received approximately \$51 million in revenue. The amount of interest revenue received each year depends upon market conditions affecting the title industry.

Of the approximately \$51 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 \$47.8 million has been awarded. An amount of approximately \$2.7 million, which includes return of unused funds, repayments of any repayable grants and cancelled awards, is available for future funding rounds. Attachment 1 is a summary of revenues and expenditures to date. At the beginning of calendar year 2019, there were 661 title companies licensed by the Maryland Insurance Administration as title insurance producer firms.

Over the past several years, MAHT has worked with the enforcement section of the Maryland Insurance Administration (MIA) to ensure that Title Insurance Producers are in compliance with the MAHT law and regulations. These efforts have recouped approximately \$1.82 million in additional revenue for MAHT as of June 30, 2019 and \$27,817 in the current fiscal year.

## **Funds Distribution**

MAHT 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. MAHT 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, 2019, there has been funding of forty two rounds, funding for DHCD's Preserving Homeownership initiative and funding for Hurricane Isabel related issues. A total of 848 grants, totaling approximately \$48 million have been awarded. The table on the next page shows the activities that were funded through the current fiscal year. Exhibit A is a summary of the activities funded since inception of MAHT and Exhibit A-1 lists the activities funded for fiscal year 2018 only.

Exhibits B and B-1 show the geographical distribution of the funds throughout the State, from the inception of the program and for fiscal year 2018. Exhibit C lists the projects that were funded during funding round 41.

MAHT Activities Funded Since Inception

|                                                                                                                |                  |
|----------------------------------------------------------------------------------------------------------------|------------------|
| Predevelopment costs                                                                                           | \$ 2,942,925     |
| Capital projects                                                                                               | 33,157,200       |
| Operating assistance                                                                                           | 5,169,685        |
| Nonprofit capacity building                                                                                    | 2,142,375        |
| Working Capital Loans (FY 2003)                                                                                | 250,000          |
| Support Services<br>(includes Homeownership Counseling and Home<br>Owners Preserving Equity "HOPE" initiative) | <u>4,510,315</u> |
| All numbers approximate                                                                                        |                  |
| Total                                                                                                          | \$48,172,500     |

**Leverage**

MAHT's goal is to use its funds to leverage other funds or to fill the gap in a financing package. In fiscal year 2019, \$1,000,000 in MAHT funds leveraged approximately \$9.57 million in total project and program development costs, nearly a 9:1 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 MAHT were audited for the period July 1, 2018 through June 30, 2019. The independent auditors found MAHT's financial statements to present fairly MAHT's financial position for that period. The internal control structure of MAHT 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 MAHT is conducted annually.

**Conclusion**

MAHT continues to meet its goal of providing flexible financing to enhance the availability of affordable housing throughout the State. During fiscal year 2019, MAHT made 23 awards. MAHT has also successfully leveraged other funds and distributed its resources widely throughout the State. MAHT has been able to accomplish its goals and objectives in an efficient manner, as evidenced by the low administrative expenditures. Due to the downturn in the economy and the real estate markets, the MAHT 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 11 voting members of the Board fills a category specified by the enabling legislation. The board members as of June 2019 are:

| <u>MEMBER</u>                                                                                        | <u>CATEGORY</u>                                                         |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Alice G. Pinderhughes<br>Attorney-At-Law                                                             | Chair, Representing General Public                                      |
| Dr. Sandra Edmonds Crewe<br>Howard University                                                        | Representing Social Service Providers                                   |
| Dale R. McArdle<br>Associated Catholic Charities (Retired)                                           | Representing Nonprofit housing developers                               |
| Eric C. Brown<br>Prince George's County Department of<br>Housing and Community Development (Retired) | Representing Public Housing Authorities                                 |
| Elizabeth S. Glenn<br>Baltimore County Office of Community<br>Conservation (Retired)                 | Representing General Public                                             |
| Myriam Torrico<br>Montgomery County Department of Housing<br>And Community Affairs (Retired)         | Representing local governments                                          |
| Shirley D. Butler-Walker<br>Phoenix Group-MD, LLC                                                    | Representing General Public                                             |
| Linda L. Rose<br>First American Title Insurance Company                                              | Representing State title companies                                      |
| Albert (Buz) Winchester<br>Retired                                                                   | Representing General Public                                             |
| (Vacant)                                                                                             | Representing State financial institutions                               |
| (Vacant)                                                                                             | Representing for-profit housing developers                              |
| (Vacant)                                                                                             | Ex officio, Representing President of the Senate                        |
| Honorable Stephen W. Lafferty                                                                        | Ex officio, Representing Speaker of the House                           |
| Kenneth C. Holt<br>Secretary                                                                         | Ex officio, Maryland Department of<br>Housing and Community Development |

## Attachment 1

### MARYLAND AFFORDABLE HOUSING TRUST

#### Summary of Revenues and Expenditures October 1, 1992 through June 30, 2019

|                                                                              |                            |
|------------------------------------------------------------------------------|----------------------------|
| Revenue from Interest Earned by Title Companies                              | \$ 40,946,188              |
| Revenue recovery via MIA enforcement action                                  | 1,850,872                  |
| Interest earned on the MAHT account with the Treasurer (Oct. '92 – June '09) | 3,132,059                  |
| Awards cancelled or decreased                                                | 2,901,145                  |
| Return of unused funds, loan repayments                                      | 2,375,694                  |
| Department of Housing and Community Development Support Program              | 231,135                    |
| Donations                                                                    | 13,359                     |
| 2007 General Fund 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                                                                 | (47,799,607)               |
| Administrative Expenses*                                                     | (1,610,382)                |
| Budget Revision under 2003 House Bill 40                                     | (2,300,000)                |
| Balance Available for Future Funding Rounds                                  | <u><u>\$ 2,731,679</u></u> |

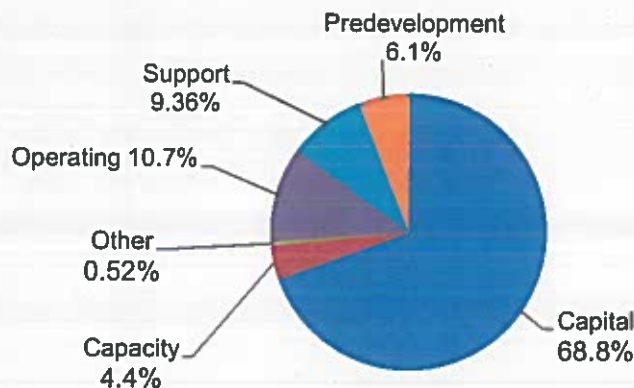
\* Up to 5% of Trust monies may be used for actual operating and staffing expenses (The Housing and Community Development Article, §§10-102(b), of the Annotated Code of Maryland, as amended) All figures approximate.

**Exhibit A**  
**MARYLAND AFFORDABLE HOUSING TRUST**

October 1, 1992 through June 30, 2019

| 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          | \$ 22,658           | \$ 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           | \$ -              | \$ -                | \$ 100,000          | \$ 191,000          | \$ 1,239,977         |
| Round 39           | \$ 698,945           | \$ -                | \$ -              | \$ 75,000           | \$ 31,022           | \$ 70,000           | \$ 874,967           |
| Round 40           | \$ 683,828           | \$ -                | \$ -              | \$ -                | \$ 215,550          | \$ 14,850           | \$ 924,198           |
| Round 41           | \$ 939,515           | \$ -                | \$ -              | \$ -                | \$ 79,610           | \$ 97,464           | \$ 1,116,589         |
| Round 42           | \$ 879,645           | \$ -                | \$ -              | \$ -                | \$ 104,000          | \$ 184,000          | \$ 1,167,645         |
| <b>Total</b>       | <b>\$ 33,157,200</b> | <b>\$ 2,142,375</b> | <b>\$ 250,000</b> | <b>\$ 2,942,925</b> | <b>\$ 5,169,685</b> | <b>\$ 4,510,315</b> | <b>\$ 48,172,500</b> |
| Percent            | 69                   | 4                   | 1                 | 6                   | 11                  | 9                   | 100                  |

\*Working Capital Loans



**Exhibit A-1**

**MARYLAND AFFORDABLE HOUSING TRUST**

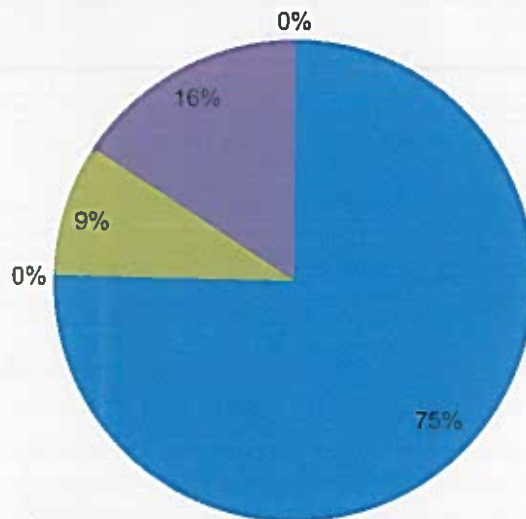
**Awards Summary**

Fiscal Year 2018 (July 1, 2018 through June 30, 2019)

| <b>Activity Funded</b> | <b>Amount</b>       |
|------------------------|---------------------|
| Capital Projects       | 879,645             |
| Predevelopment         | -                   |
| Operating Assistance   | 104,000             |
| Support Services       | 184,000             |
| Capacity Building      | -                   |
| <b>Total</b>           | <b>\$ 1,167,645</b> |

**Rounds 42 by Activity Funded**

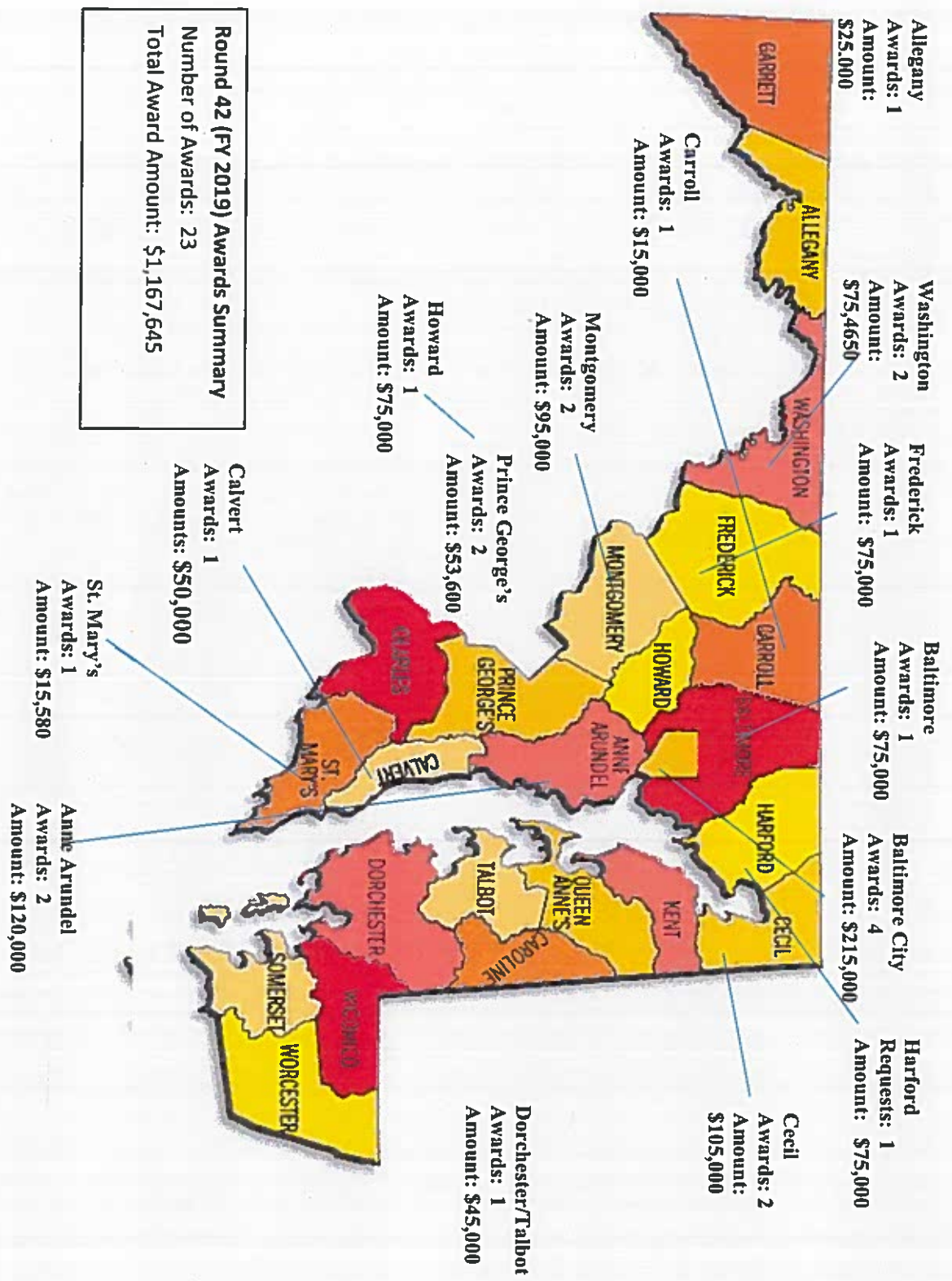
- Capital Projects
- Predevelopment
- Operating Assistance
- Support Services
- Capacity Building







## Maryland Affordable Housing Trust Awards by Jurisdiction: Round 42 (FY 2019)



**Round 42 (FY 2019) Awards Summary**  
 Number of Awards: 23  
 Total Award Amount: \$1,167,645

**Exhibit B-1**

**Exhibit C**  
**MARYLAND AFFORDABLE HOUSING TRUST**  
**Fiscal Year 2019 Awards**  
**Round 42**

| <b>ORGANIZATION</b>                              | <b>JURISDICTION</b>         | <b>PROJECT NAME</b>                              | <b>AWARD</b>          |
|--------------------------------------------------|-----------------------------|--------------------------------------------------|-----------------------|
| Arc of Prince Southern Maryland                  | Calvert                     | Group Home Rehabilitation                        | \$60,000.00           |
| Bello Machre, Inc.                               | Anne Arundel                | 3 Whole House Generators                         | \$45,000.00           |
| Community Coalition for Affordable Housing       | Cecil                       | Operating Funds and Rehabilitation               | \$30,000.00           |
| Compass, Inc.                                    | Montgomery & Prince Georges | Rehabilitation of 4 Housing Units                | \$43,600.00           |
| Deep Roots                                       | Cecil                       | Operating Funds and Self Sufficiency Support     | \$75,000.00           |
| Frederick Community Action Committee             | Frederick                   | Scattered Sites Repairs                          | \$75,000.00           |
| Habitat for Humanity of Carroll County, Inc.     | Carroll                     | New Construction                                 | \$15,000.00           |
| Habitat fo Humanity of the Chesapeake            | Baltimore City              | Reabilitation of 5 Unit in Sandtown              | \$75,000.00           |
| Habitat for Humanity Choptank, Inc.              | Dorchester & Talbot         | New Construction - 3 Sites                       | \$45,000.00           |
| Habitat for Humanity - Metro Maryland            | Prince George's             | New Construction 2 Sites                         | \$30,000.00           |
| Habitat for Humanity - Susquehanna, Inc.         | Harford                     | New Construction - 5 Sites                       | \$75,000.00           |
| Habitat for Humanity - Washington County         | Washington                  | New Construction - 2 Sites                       | \$30,000.00           |
| Housing Authority of St. Mary's County           | St. Mary's                  | Rehabilitation of 2 Sites - Roofs                | \$15,580.00           |
| Interfaith Service Coalition of Hancock Maryland | Washington                  | Repairs to Youth Center                          | \$40,465.00           |
| Night of Peace Family Shelter                    | Baltimore City              | Support & Self Sufficiency Services              | \$75,000.00           |
| Rebuilding Together Anne Arundel County          | Anne Arundel                | Scattered Sites Repairs                          | \$75,000.00           |
| Rebuilding Together Balimore                     | Baltimore City & Countv     | Critical Repairs for Low Income Homeowners       | \$75,000.00           |
| Rebuilding Together Howard County                | Howard                      | Scattered Sites Repairs - Critical Needs Program | \$75,000.00           |
| Rebuilding Together Montgomery County            | Montgomery                  | Scattered Sites Repairs - Critical Needs Program | \$75,000.00           |
| St. Martin's Ministries                          | Caroline                    | Operating Expenses and Self Sufficiency Support  | \$48,000.00           |
| Women's Housing Coalition                        | Baltimore City              | Self Sufficiency & Support                       | \$50,000.00           |
| Women's Housing Coalition                        | Baltimore City              | Repaires to Group Home                           | \$15,000.00           |
| Young Men's Christian Association of Cumberland  | Allegany                    | Operating Expenses                               | \$25,000.00           |
| <b>TOTAL</b>                                     |                             |                                                  | <b>\$1,167,645.00</b> |



Maryland Department of Housing and Community Development  
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