

FY 2010

Maryland Affordable Housing Trust

ANNUAL REPORT

PRESENTED TO:

Governor Martin O'Malley

and

The Maryland General Assembly



RAYMOND A. SKINNER, *Secretary*
Maryland Department of Housing and Community Development

ALICE G. PINDERHUGHES, *Esquire, Chair*
Maryland Affordable Housing Trust

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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. in an amount not more than the cost of administering a separate 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

In fiscal year 2010, MAHT received \$949,512 from interest earned on title companies' escrow accounts, return of unused funds and loan repayments. 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 2010, MAHT has received almost \$34.9 million in revenue. The amount of revenue received each year depends upon interest earned on title trust monies and varies with conditions in the real estate market.

Of the almost \$34.9 million in revenues received and an additional \$1 million in General Fund Appropriation added in 2007, over \$35.3 million has been awarded. A balance of almost \$1.5 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 mid-year, 1,136 title companies were active in the program.

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, 2010, there has been funding of thirty-two rounds, funding for DHCD's Preserving Homeownership initiative and funding for Hurricane Isabel related issues. A total of 594 grants, totaling \$35,338,381 have been awarded. The following activities were funded:

Predevelopment costs	\$ 2,651,345
Capital projects	23,426,059
Operating assistance	3,695,151
Nonprofit capacity building	2,046,415
Working Capital Loans (FY 2003)	250,000
Support Service	<u>3,269,411</u>
(includes Homeownership Counseling and Home Owners Preserving Equity "HOPE" initiative)	
Total	\$ 35,338,381

Funding Awards (continued)

Exhibit A is a summary of the activities funded since inception of MAHT and Exhibit A-1 lists the activities funded for fiscal year 2010 only. Exhibits B and B-1 show the geographical distribution of the funds throughout the State from inception and for fiscal year 2010 respectively. Exhibits C and C-1 list the projects that were funded in fiscal year 2010, during funding rounds 31 and 32.

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 2010, \$2,199,985 in MAHT funds have leveraged almost \$42 million in total project and program development costs, a 19:1 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 two funding rounds, the full Board of Trustees met three times in fiscal year 2010.

Financial Audit

During the fiscal year, the financial records of MAHT were audited for the period July 1, 2008 through June 30, 2009. 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 2010, MAHT made thirty-six 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. The MAHT Board expects to have two funding rounds per calendar year and to 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 2010 are:

<u>MEMBER</u>	<u>CATEGORY</u>
Alice G. Pinderhughes Attorney-At-Law	Chair, Representing General Public
Paul K. Casey, Esq. Ballard Spahr LLP	Representing General Public
Dr. Sandra Edmonds Crewe Professor, Howard University	Representing Social Service Providers
Dale R. McArdle Associated Catholic Charities	Representing nonprofit housing developers
Eric C. Brown Formerly with Annapolis Housing Authority	Representing Public Housing Authorities
Elizabeth S. Glenn Baltimore County Office of Community Conservation	Representing General Public
(Vacant)	Representing local governments
Bert J. Hash, Jr. Municipal Employees Credit Union of Baltimore	Representing State financial institutions
Kenneth Banks, President Banks Contracting	Representing for-profit housing developers
Linda L. Rose Chicago Title Insurance Company	Representing State title companies
Albert (Buz) Winchester Retired	Representing General Public
Rona E. Kramer Senator	Ex officio, Representing President of the Senate
(Vacant)	Ex officio, Representing Speaker of the House
Raymond A. Skinner 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, 2010

Revenue from Interest Earned by Title Companies	\$31,754,297
Interest earned on the MAHT account with the Treasurer (Oct. '92 – June '09)	3,132,305
Awards cancelled, decreased, repaid	2,698,157
Return of unused funds, loan repayments	1,017,002
Donations	13,359
2007 General Fund Appropriation	1,000,000
FY 09 Reduction in General Fund contingent liability	(8,784)
Grant Awards	(35,338,381)
Administrative Expenses	(522,088)*
Budget Revision under 2003 House Bill 40	(2,300,000)
	=====
Balance Available for Future Funding Rounds	1,445,867
	=====

* Up to 5% of Trust monies may be used for actual operating and staffing expenses (The Housing and Community Development Article, §§10-105 (a)(2), of the Annotated Code of Maryland, as amended)

Exhibit A

MARYLAND AFFORDABLE HOUSING TRUST

Awards Made in Rounds 1 - 32
October 1, 1992 through June 30, 2010

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
Total	\$ 23,426,059	\$ 2,046,415	\$ 250,000	\$ 2,651,345	\$ 3,695,151	\$ 3,269,411	\$ 35,338,381
<i>Percent</i>	66%	6%	1%	7%	10%	10%	100%

*Working Capital Loans

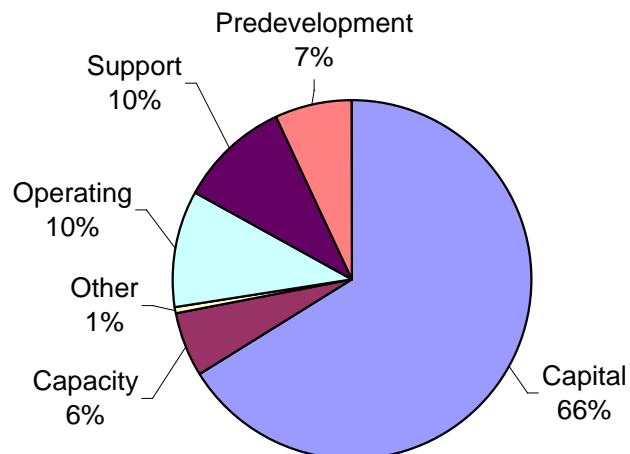


Exhibit A-1

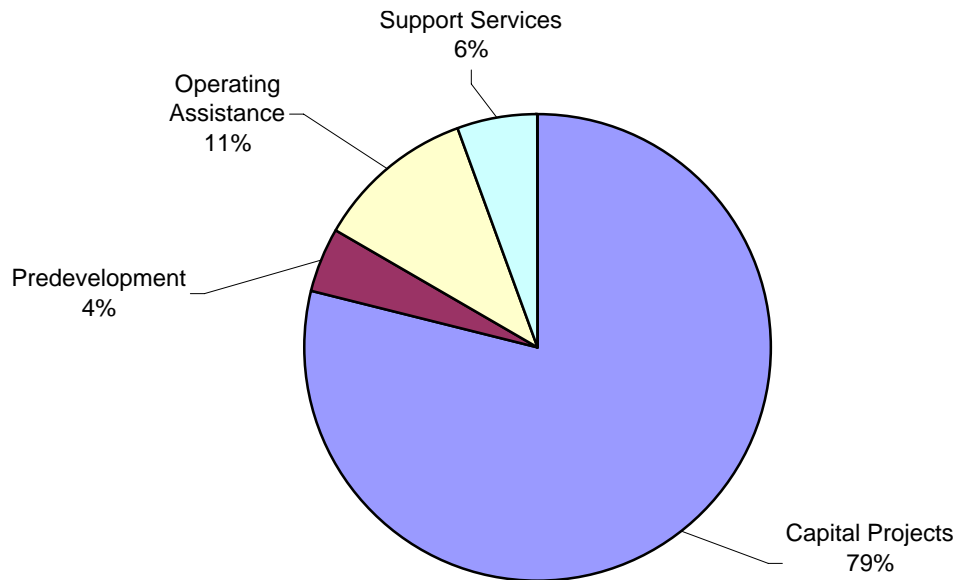
MARYLAND AFFORDABLE HOUSING TRUST

Awards Summary

Fiscal Year 2010 (July 1, 2009 through June 30, 2010)

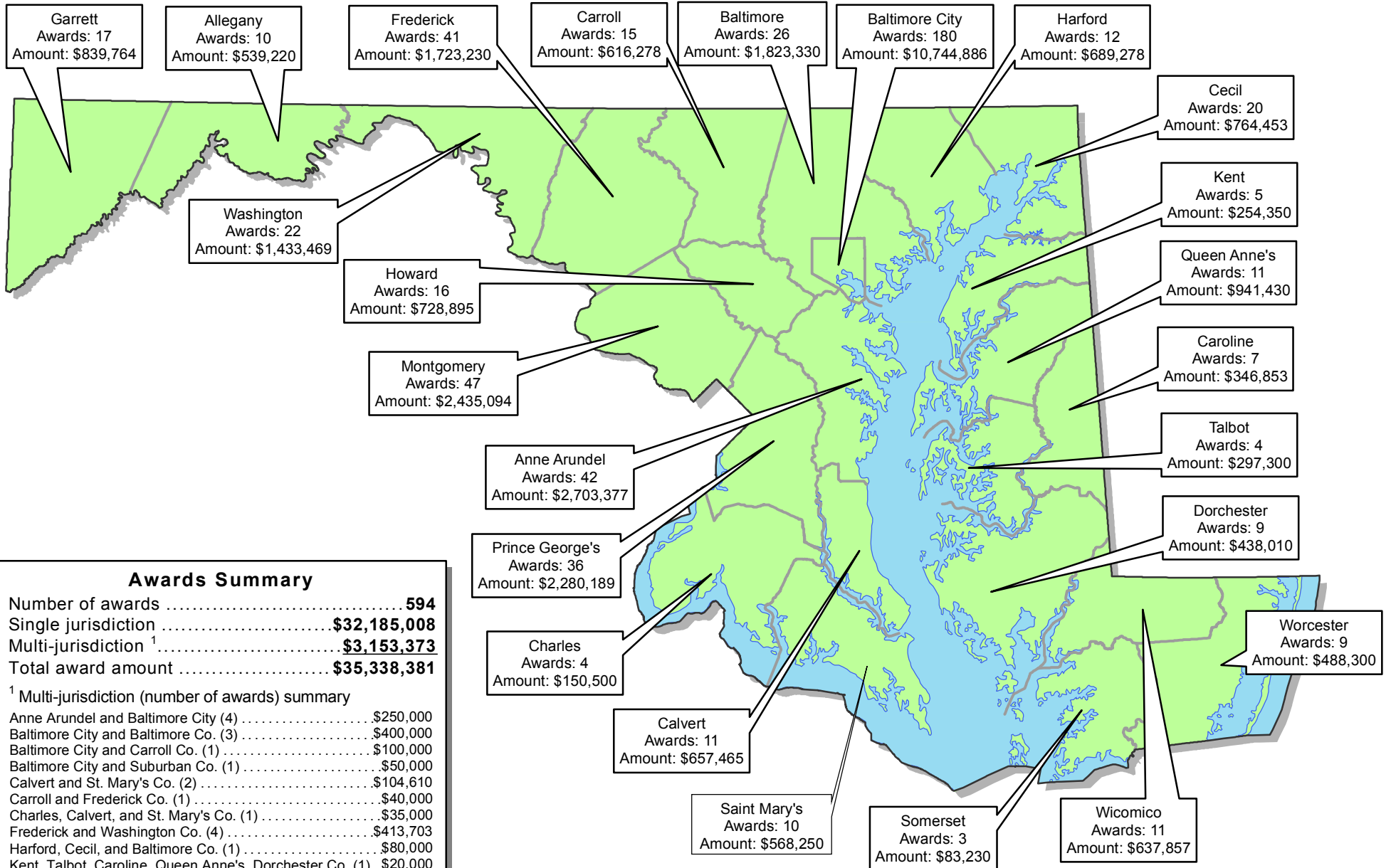
Activity Funded		Amount
Capital Projects	\$	1,734,985
Predevelopment		100,000
Operating Assistance		242,000
Support Services		123,000
Capacity Building		0
Total	\$	2,199,985

Rounds 29 and 30 by Activity Funded



Maryland Affordable Housing Trust

Awards by Jurisdiction: Rounds 1 - 32



Awards Summary

Number of awards	594
Single jurisdiction	\$32,185,008
Multi-jurisdiction ¹	\$3,153,373
Total award amount	\$35,338,381

¹ Multi-jurisdiction (number of awards) summary

Anne Arundel and Baltimore City (4)	\$250,000
Baltimore City and Baltimore Co. (3)	\$400,000
Baltimore City and Carroll Co. (1)	\$100,000
Baltimore City and Suburban Co. (1)	\$50,000
Calvert and St. Mary's Co. (2)	\$104,610
Carroll and Frederick Co. (1)	\$40,000
Charles, Calvert, and St. Mary's Co. (1)	\$35,000
Frederick and Washington Co. (4)	\$413,703
Harford, Cecil, and Baltimore Co. (1)	\$80,000
Kent, Talbot, Caroline, Queen Anne's, Dorchester Co. (1) ..	\$20,000
Talbot and Dorchester Co. (2)	\$175,000
Washington and Allegany Co. (1)	\$33,750
Maryland statewide (4)	\$1,451,310

Maryland Affordable Housing Trust

Awards by Jurisdiction: Rounds 31 and 32 (FY 2010)

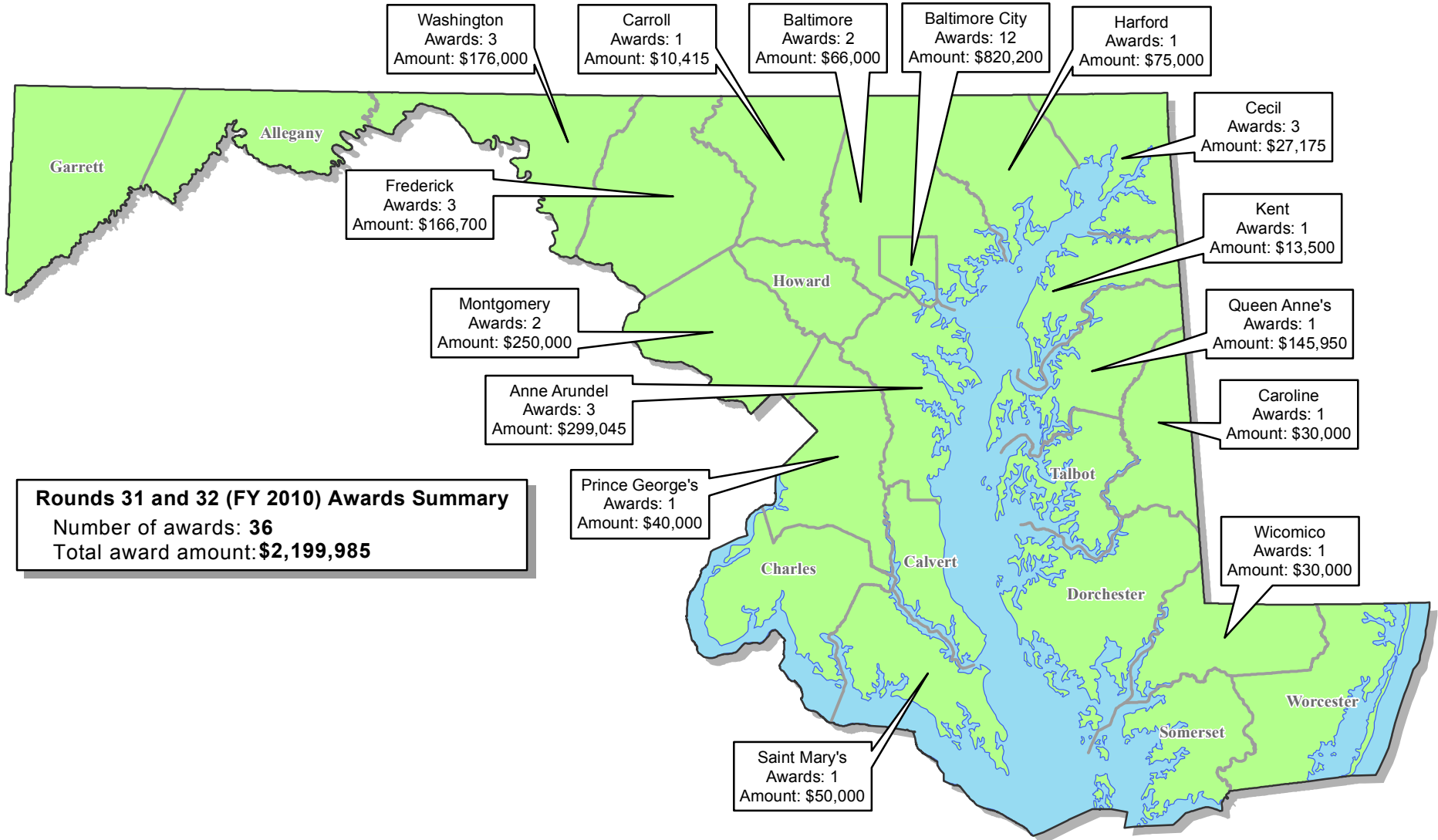


Exhibit C
MARYLAND AFFORDABLE HOUSING TRUST
Fiscal Year 2010 Awards
Round 31

ORGANIZATION	PROJECT	JURISDICTION	AWARD
Bello Machre, Inc.	Bello Machre Fire Sprinkler Project	Anne Arundel	\$ 90,000
Cordell Homes, LLC	Cordell Homes	Montgomery	\$ 150,000
Community Living, Inc.	590 Hillcrest Rehab	Frederick	\$ 56,700
Crossroads Community, Inc. and Banjo Lane Apartments	Banjo Lane Apartments	Queen Anne's	\$ 145,950
Empire Homes of Maryland, Inc.	1512 Mount Royal, inc.	Baltimore City	\$ 150,000
Govans Ecumenical Development Corporation	Micah House and Harford House	Baltimore City	\$ 15,000
Habitat for Humanity of the Chesapeake, Inc.	Obery Court Revitalization	Anne Arundel	\$ 150,000
Habitat for Humanity of Washington County, Inc.	Boonsboro Park Drive	Washington	\$ 15,000
Habitat for Humanity of Wicomico County, Inc.	Habitat for Humanity of Wicomico County, Inc.	Wicomico	\$ 30,000
Harford Habitat for Humanity, Inc.	Five Homes	Harford	\$ 75,000
HIP Services, Inc.	Tenant Services	Prince George's	\$ 40,000
Housing Authority of St. Mary's County, Maryland	Greenview Village Apartments Rehabilitation	St. Mary's	\$ 50,000
Housing Authority of Washington County, Maryland	Blue Mountain Estates Expansion	Washington	\$ 100,000
Lanvale Apartments Limited Partnership and Supportive Housing Group, Inc.	Lanvale Transitional Housing Program	Baltimore City	\$ 25,000
Light of Truth Center, Inc.	Light of Truth Permanent Supportive Housing	Baltimore City	\$ 127,200
Marian House, Inc.	Marian House Transitional Program Expansion	Baltimore City	\$ 150,000
Wayfarer's House	Wayfarers' House, Meeting Ground and George Porter House	Cecil	\$ 10,000
Patrick Allison House, Inc.	Patrick Allison House, Inc.	Baltimore City	\$ 15,000

Exhibit C
MARYLAND AFFORDABLE HOUSING TRUST
Fiscal Year 2010 Awards
Round 31 (continued)

Sandtown Habitat for Humanity, Inc.	2010 15-House Building Project	Baltimore City	\$ 45,000
The Hiding Place, Inc.	Transitional Program - Operations Support	Baltimore	\$ 41,000
Volunteers of America Chesapeake, Inc.	Paca House/Irvington Woods	Baltimore	\$ 25,000
Washington County Community Partnership for Children & Families	Washington County Bridge Program	Washington	\$ 61,000
Way Station, Inc. and Betty Jane Malone Homes, Inc.	Betty Jane Malone Homes	Frederick	\$ 90,000
TOTAL			\$1,656,850

Exhibit C-1
MARYLAND AFFORDABLE HOUSING TRUST
Fiscal Year 2010 Awards
Round 32

ORGANIZATION	PROJECT	JURISDICTION	AWARD
Bernie's Place, Inc.	Bernie's Place, Inc.	Baltimore City	\$ 23,000
Caroline County Habitat for Humanity, Inc.	Lake Creek Court, Phase II	Caroline	\$ 30,000
Cecil County Men's Shelter	Kitchen Renovation	Cecil	\$ 4,500
Five River Homes, Inc.	Five River Homes, Inc.	Cecil	\$ 2,675
Habitat for Humanity of Frederick County, MD, Inc.	Madison Street Duplex	Frederick	\$ 20,000
Habitat for Humanity of the Chesapeake, Inc.	East Baltimore - Jefferson Street	Baltimore City	\$ 60,000
Montgomery Housing Partnerships, Inc. & MHP Flower-Maple, LLC	Maple Towers	Montgomery	\$100,000
Newborn Holistic Ministries	Martha's Place	Baltimore City	\$ 35,000
Omni House, Inc.	Oakleaf Villas Residential Program	Anne Arundel	\$ 59,045
Rebuilding Together, Kent County, MD	MD Rehabilitation Project	Kent	\$ 13,500
Sandtown Habitat for Humanity, Inc.	2010 9-House Building Project	Baltimore City	\$ 90,000
The Arc of Carroll County, Inc.	The Arc of Carroll County Westminster ALUs	Carroll	\$ 10,415
TRF Development Partners, Inc.	Preston Place Homes	Baltimore City	\$ 85,000
TOTAL			\$543,135



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