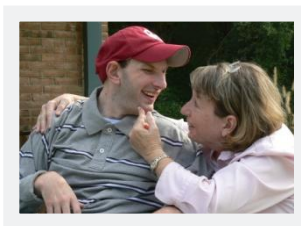


FY 2012

# ANNUAL REPORT



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## Maryland Affordable Housing Trust

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

# Maryland Affordable Housing Trust

## **2012 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**

In fiscal year 2012, MAHT received \$1,454,700 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 2012, MAHT has received almost \$37.1 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 \$37.1 million in revenues received and an additional \$1 million in General Fund Appropriation added in 2007 and \$2 million in Maryland Consolidated Capital Bond funding added in 2011, over \$39.6 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, 1,009 title companies were active in the program.

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 over \$1.06 million in additional revenue for MAHT.

## **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, 2012, there has been funding of thirty-five rounds, funding for DHCD's Preserving Homeownership initiative and funding for Hurricane Isabel related issues. A total of 669 grants, totaling \$39,618,021 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 MAHT and Exhibit A-1 lists the activities funded for fiscal year 2012 only. Exhibits B and B-1 show the geographical distribution of the funds throughout the State from inception and for fiscal year 2012 respectively. Exhibits C lists the projects that were funded in fiscal year 2012, during funding round 35.

## **Funding Awards (continued)**

| <u>MAHT Activities Funded Since Inception</u>   |                  |
|---|------------------|
| Predevelopment costs  | \$ 2,751,345     |
| Capital projects  | 26,759,090       |
| Operating assistance  | 4,240,760        |
| Nonprofit capacity building   | 2,046,415        |
| Working Capital Loans (FY 2003)   | 250,000          |
| Support Service   | <u>3,570,411</u> |
| (includes Homeownership Counseling<br>and Home Owners Preserving Equity<br>“HOPE” initiative) |                  |
| Total   | \$39,618,021     |

## **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 2012, \$1,193,535 in MAHT funds have leveraged almost \$14 million in total project and program development costs, an 11:1 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 2 times in fiscal year 2012.

## **Financial Audit**

During the fiscal year, the financial records of MAHT were audited for the period July 1, 2010 through June 30, 2011. 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 2012, MAHT made 21 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 2012 are:

| <u>MEMBER</u>  | <u>CATEGORY</u>   |
|--|---|
| Alice G. Pinderhughes<br>Attorney-At-Law   | Chair, Representing General Public                                      |
| Paul K. Casey, Esq.<br>Ballard Spahr LLP   | Representing General Public   |
| Dr. Sandra Edmonds Crewe<br>Professor, Howard University                                   | Representing Social Service Providers                                   |
| Dale R. McArdle<br>Associated Catholic Charities   | Representing nonprofit housing developers                               |
| Eric C. Brown<br>Prince George's County Department of<br>Housing and Community Development | Representing Public Housing Authorities                                 |
| Elizabeth S. Glenn<br>Baltimore County Office of Community<br>Conservation                 | Representing General Public   |
| (Vacant)   | Representing local governments  |
| Bert J. Hash, Jr.<br>Municipal Employees Credit Union<br>of Baltimore                      | Representing State financial institutions                               |
| Kenneth Banks, President<br>Banks Contracting  | Representing for-profit housing<br>developers                           |
| Linda L. Rose<br>Chicago Title Insurance Company   | Representing State title companies                                      |
| Albert (Buz) Winchester<br>Retired   | Representing General Public   |
| (Vacant)   | Ex officio, Representing President of the Senate                        |
| Delegate Heather Mizeur<br>District 20, Montgomery County                                  | Ex officio, Representing Speaker of the House                           |
| Raymond A. Skinner<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, 2012

|  |              |
|--|--------------|
| Revenue from Interest Earned by Title Companies                              | \$32,924,984 |
| Revenue recovery via MIA enforcement action                                  | 1,062,535    |
| Interest earned on the MAHT account with the Treasurer (Oct. '92 – June '09) | 3,132,305    |
| Awards cancelled or decreased  | 2,821,966    |
| Return of unused funds, loan repayments                                      | 1,245,257    |
| 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   | (39,618,021) |
| Administrative Expenses  | (789,979)*   |
| Budget Revision under 2003 House Bill 40                                     | (2,300,000)  |
|  | =====        |
| Balance Available for Future Funding Rounds                                  | \$1,483,622  |
|  | =====        |

\* 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)

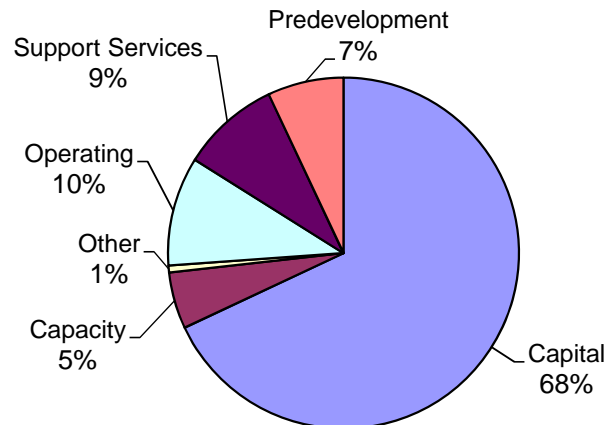
## Exhibit A

### MARYLAND AFFORDABLE HOUSING TRUST

Awards Made in Rounds 1 - 35  
October 1, 1992 through June 30, 2012

| 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         |
| <b>Total</b>       | <b>\$ 26,759,090</b> | <b>\$ 2,046,415</b> | <b>\$ 250,000</b> | <b>\$ 2,751,345</b> | <b>\$ 4,240,760</b> | <b>\$ 3,570,411</b> | <b>\$ 39,618,021</b> |
| Percent            | 68%                  | 5%                  | 1%                | 7%                  | 10%                 | 9%                  | 100%                 |

\*Working Capital Loans



## Exhibit A-1

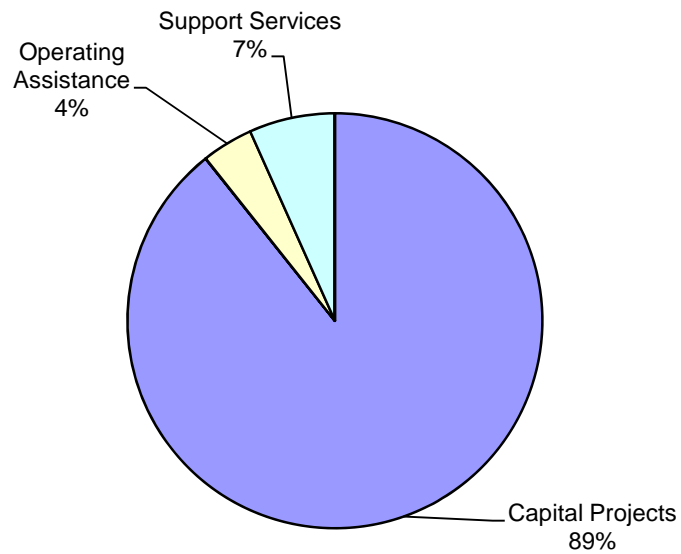
### MARYLAND AFFORDABLE HOUSING TRUST

#### Awards Summary

Fiscal Year 2012 (July 1, 2010 through June 30, 2012)

| Activity Funded      |           | Amount           |
|----------------------|-----------|------------------|
| Capital Projects     | \$        | 1,065,835        |
| Predevelopment       |           | 0                |
| Operating Assistance |           | 47,700           |
| Support Services     |           | 80,000           |
| Capacity Building    |           | 0                |
| <b>Total</b>         | <b>\$</b> | <b>1,193,535</b> |

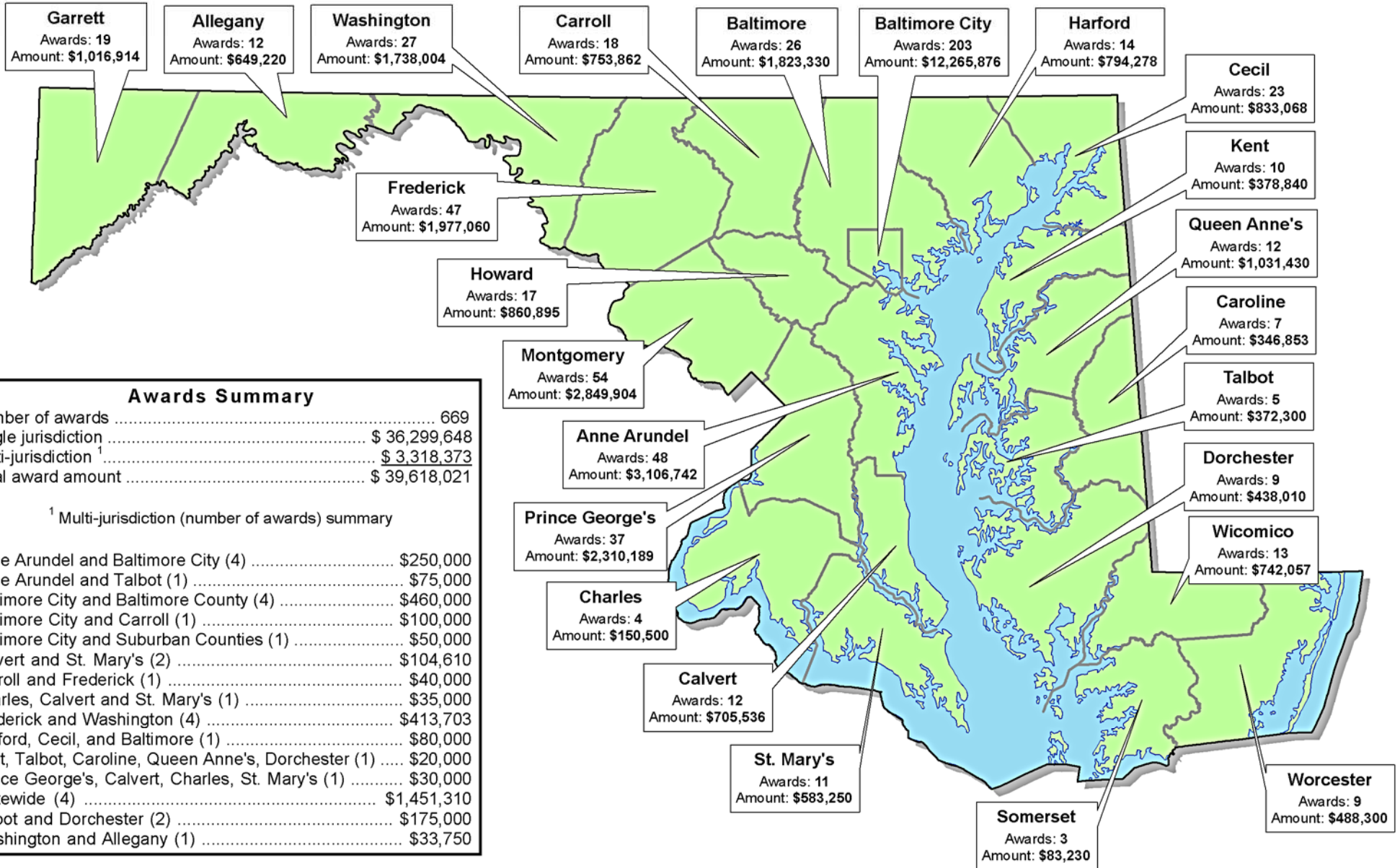
Rounds 35 by Activity Funded





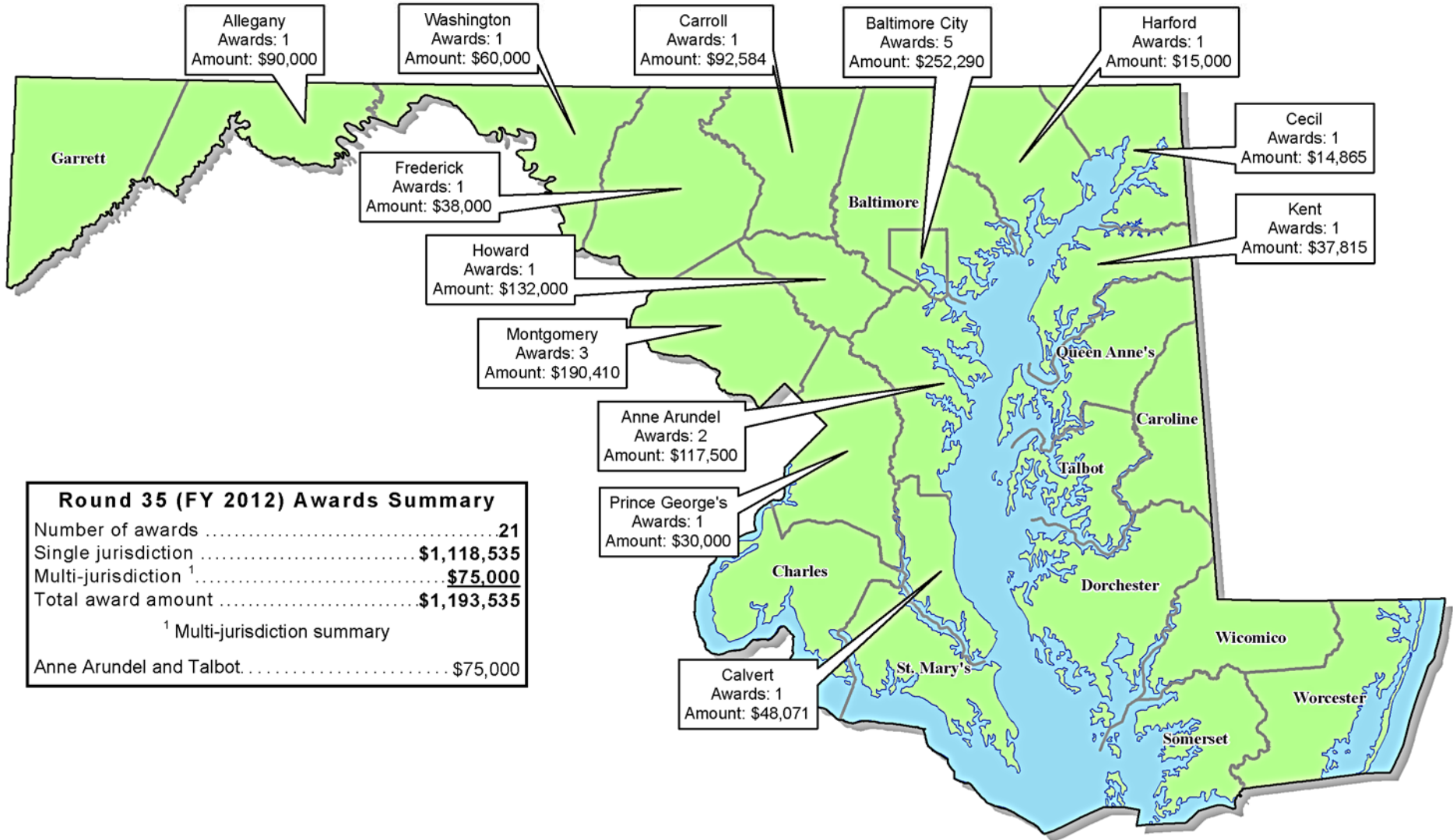
# Maryland Affordable Housing Trust

## Awards by Jurisdiction: Rounds 1 - 35



# Maryland Affordable Housing Trust

## Awards by Jurisdiction: Round 35 (FY 2012)



| Round 35 (FY 2012) Awards Summary       |                    |
|---|--------------------|
| Number of awards .....                  | 21                 |
| Single jurisdiction .....               | \$1,118,535        |
| Multi-jurisdiction <sup>1</sup> .....   | \$75,000           |
| <b>Total award amount .....</b>         | <b>\$1,193,535</b> |
| <sup>1</sup> Multi-jurisdiction summary |                    |
| Anne Arundel and Talbot .....           | \$75,000           |

**Exhibit C**  
**MARYLAND AFFORDABLE HOUSING TRUST**  
**Fiscal Year 2012 Awards**  
**Round 35**

| <b>ORGANIZATION</b>   | <b>PROJECT</b>  | <b>JURISDICTION</b>     | <b>AWARD</b> |
|---|---|-------------------------|--------------|
| A Step Forward, Inc.  | A Step Forward Operating Expense Grant                                    | Baltimore City          | \$ 47,700    |
| Alliance, Inc.  | East Baltimore Residential Repairs  | Baltimore City          | 15,000       |
| Chesapeake Neighbors, LLC                                     | Renovation/Accessibility Project  | Anne Arundel and Talbot | 75,000       |
| Community Living, Inc.  | Young Place Rehab   | Frederick               | 38,000       |
| Cumberland Housing Alliance, Inc.                             | Cornerstone Hill  | Allegany                | 90,000       |
| Habitat for Humanity of Montgomery County, MD, Inc.           | Crocket Lane and Elby Street Rehabs                                       | Montgomery              | 30,000       |
| Habitat for Humanity of Washington County, Inc.               | Concord Street and George Street  | Washington              | 60,000       |
| Habitat for Humanity Susquehanna, Inc.                        | Habitat Home Build  | Harford                 | 15,000       |
| HIP Services, Inc. #1   | Tenant Services   | Prince George's         | 30,000       |
| iHomes, Inc.  | Partnership Plus  | Howard                  | 132,000      |
| Kent Center, Inc.   | Miss Ida's House Energy Efficiency and Renovation Project                 | Kent                    | 37,815       |
| Kuleana Gardens, Inc.   | Kuleana Gardens, Inc.   | Carroll                 | 92,584       |
| Wayfarer's House, Inc.  | George Porter House   | Cecil                   | 14,865       |
| National Capital B'nai B'rith Assisted Housing Corporation    | Edwards Building Rehabilitation   | Montgomery              | 100,410      |
| Omni House, Inc.  | Cromwell Fountain Condominiums  | Anne Arundel            | 27,500       |
| Rebuilding Together *Montgomery County, Inc.                  | Critical Needs Program  | Montgomery              | 60,000       |
| St. Ambrose Housing Aid Center, Inc.                          | Scattered Site Energy Efficient and Sustaining Upgrades                   | Baltimore City          | 94,590       |
| St. Vincent de Paul of Baltimore, Inc.                        | Cottage Avenue Community  | Baltimore City          | 65,000       |
| The Arc of the Central Chesapeake Region, Inc.                | Arc Renovation/Accessibility Project                                      | Anne Arundel            | 90,000       |
| Women's Housing Coalition, Inc.                               | Repair of Jenkins House Dome  | Baltimore City          | 30,000       |
| Southern Maryland Tri-County Community Action Committee, Inc. | Courtyards at Fishing Creek II, aka Kellams Marina II Limited Partnership | Calvert                 | 48,071       |
| TOTAL   |   |                         | \$ 1,193,535 |



Maryland Department of Housing and Community Development  
**Maryland Affordable Housing Trust**  
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