



## MEMORANDUM

To: The Honorable President and Members of the Baltimore City Council  
c/o Natawna Austin, Executive Secretary

From: Alice Kennedy, Acting Housing Commissioner

Date: January 27, 2021

### **Re: City Council Resolution 21-0001R Investigative Hearing – Affordable Housing Trust Fund**

The Department of Housing and Community Development (DHCD) has reviewed City Council Resolution 21-0001R for the purpose of inviting the Acting Commissioner of the Department of Housing and Community Development, relevant staff, and the Chair and other members of the Affordable Housing Trust Fund Commission to provide an update on the status of the Affordable Housing Trust Fund including, but not limited to, information regarding revenue raised each year since passage of Ordinance 18-215, projects and initiatives funded so far, projects and initiatives in the pipeline to be funded, the spending plan, and ideas for improving the Fund.

In November 2016, City voters approved a Charter Amendment to create the Affordable Housing Trust Fund. Article I, Section 14 of the City Charter establishes the Trust Fund, sources of revenue, administration and oversight, membership and roles and responsibilities of the Commission, income requirements, permitted uses, and affordability periods.

The Fund is intended to support both rental and for-sale affordable housing for very-low and low-income households. The demand in Baltimore for affordable housing is great – according to the 2020 Point in Time Count 2,193 persons are experiencing homelessness, 1,895 of which were in shelter facilities. From July 2020 to February 2020, 225 families with children have experienced homelessness in our City. There are many families that are cost burdened by rent - 47% of renters in the City spend more than 30% of their monthly income on housing costs, and 24% of renters are extremely cost burdened – spending over 50% of their monthly income on housing costs. In a City where 29% of households are below 30% AMI, and 45% of households are under 50% AMI, we recognize that the housing cost burden for these families is significant.

The Trust Fund requires that all revenue be used to help those with incomes at or below 50 percent of the Area Median Income (AMI) as established by the Department of Housing and Urban Development (HUD) (approximately \$52,000 for a household of four in 2020) and that at least half of the funds be used to help those with incomes at or below 30 percent of the Area Median Income (approximately \$31,200) for a household of four in 2020.

DHCD is pleased to provide members of the Baltimore City Council with an update on the status of the Affordable Housing Trust Fund including information regarding; revenue raised each year

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since passage of Ordinance 18-215, projects and initiatives funded so far, projects and initiatives in the pipeline to be funded, the spending plan, and ideas for improving the Fund.

**Revenue raised each year since passage of Ordinance 18-215 through December 2020**

Year	Revenue	DHCD Contribution	Grand Total
FY19	1,435,372	2,000,000	3,435,372
FY20	7,162,717	2,000,000	9,162,717
FY21 (YTD)	3,455,961	3,500,000	6,955,961
<b>Total</b>	<b>12,054,051</b>	<b>7,500,000</b>	<b>19,554,051</b>

**Projects and initiatives committed & funded**

Funded	Amount
1. GEDCO SHARE Baltimore	\$200,000
2. Grounded Solutions (Community Land Trust Consultant)	\$125,000
<b>Total</b>	<b>\$325,000</b>

Project Money Committed	Amount
1. CHAI	\$750,000
2. Rebuild Metro	\$750,000
3. Druid Heights	\$379,500
4. Episcopal Housing	\$180,000
5. Cherry Hill Land Trust	\$245,000
6. Charm City Land Trust	\$150,000
7. Enterprise Community Partners (Inclusionary Housing Consultant)	\$100,000
8. Pandemic Homelessness response (Funds moved to MOCFS)	\$2,750,000
<b>Total</b>	<b>\$5,304,500</b>



### Projects and initiatives in the pipeline

In Pipeline	Amount
1. Senior Housing Repair	\$3,000,000
2. Community Land Trust - Single Family Homeownership	\$2,000,000
3. New Construction/ Preservation of Existing Rental (Round 2)	\$1,700,000
<b>Total</b>	<b>\$6,700,000</b>

### Future spending plans

The current AHTF spending plan, which goes through June 30, 2022 (FY22) is located on DHCD's [website](#). The spending priorities for Fiscal Years 20-22 were based on the anticipated availability of \$17 Million in Fiscal Year 2020, \$16.5 Million in Fiscal Year 2021, and \$18 Million in Fiscal Year 2022. However, based on less than projected tax revenue in both Fiscal Year 2020 and 2021, which DHCD believes has been greatly impacted by COVID-19, the Commission approved a reallocation of funds for Fiscal Years 2020 and 2021. The current AHTF spending plan, which goes through June 30, 2022 (FY22) reflects those revisions.

The next spending plan will need to be developed in partnership with the Commission and other stakeholders, in order to reach a consensus on how to best allocate future Trust funds. DHCD will work with the Commission, its community development partners and the general public to identify spending priorities for a FY22 spending plan beginning this spring.

### Ideas for improving the Fund

We know that change is coming, the Affordable Housing Trust Fund will need to continue to evolve and adapt to address not only the current public health crisis but also the recently enacted Right to Counsel legislation, which sets forth additional responsibilities for the Commission and provides for an additional member. The Commission members themselves will also need to be appointed or re-appointed by the Mayor and City Council. Additionally, the Fund's spending priorities may be influenced by City Council Bill 21-0004 Office to End Homelessness, currently being considered by the City Council, which would require additional collaboration with Commission members and potentially an annual disbursement to support a Permanent Housing Voucher Program. We know that the Commission will continue to change and improve and we look forward to sharing the Annual Report and the Land Trust Awards in the next month.

DHCD recognizes that there are many ideas for improving the fund from various stakeholders. The advocates, Agency and Commission members develop priorities independently of one another but ultimately come together through a series of meetings, discussions and negotiations to build consensus around ways to best utilize the fund. We will continue to work with the



Commission and our partners to improve the fund in order to support both rental and for-sale affordable housing for very-low and low-income households.

Through internal discussion DHCD has identified a number of suggestions for improving the fund including; increasing the Administrative Cap, changing DHCD's representative to an ex-officio position, establishing procedures for allocating funds to other agencies, identifying a set-aside for emerging developers and creating a strategy to leverage trust funds that target Investment Impact Funds, CDFI, federal funds and foundations.

DHCD has provided this **letter of information** on City Council Resolution 21-0001R.

AK/sm

cc: Ms. Nina Themelis, *Mayor's Office of Government Relations*

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