

Memo

To: CDBG Committee

From: Teresa Cothrine, Grants Administrator

Date: October 3, 2013

Re: Request for Additional Funding for ADDI Program

Since the American Dream Downpayment Initiative (ADDI) program's inception, and under the policy guidance of the CDBG Committee, the Community Development Division has committed more than \$2.27 million to help 280 qualified households purchase homes. Homebuyers are offered loans in amounts up to 6% of the purchase price, but not more than \$10,000. The loans are long-term deferred loans, to be repaid when the properties are sold or no longer serve as the buyers' primary residences. Repayment amounts are based on loan amounts plus a proportional share of equity. The average ADDI loan amount is about \$7,300.

The Division has worked with realtors, lenders, community-based groups and others to market this program and leverage other resources for families. We expect that all remaining HOME ADDI program funds (approximately \$37,000) will be committed before the end of December, and that there will be demand for more. There are funds available within the Housing Development Reserves Fund to help meet this need.

Below is a chart of the funding provided for ADDI between 2009 and 2012. Funding amounts are generally a combination of annual allocations of HOME funds made through the summer funding process, funds unused from the previous year and carried forward, and loan repayments. For 2013, the summer funding process allocated \$150,000 to ADDI. There was no carryover of unused funds from 2012, and loan repayments totaled just over \$61,000.

YEAR	INITIAL FUNDING	ADDITIONAL FUNDING	TOTAL	NUMBER OF LOANS
2009	\$232,429	\$251,503	\$483,932	38
2010	\$404,773	\$0	\$404,733	29
2011	\$216,860	\$0	\$216,860	23
2012	\$264,427	\$0	\$264,427	38

RECOMMENDATION:

As the area's housing market continues to recover, demands for program funds have risen. Thus far, we have closed on 23 loans this year; one additional application is pending. Based on the volume of inquiries from lenders and prospective home buyers, it is likely that program resources will soon be depleted. To respond to this need, and support the City's goal of promoting home ownership, I recommend transferring \$100,000 from the Housing Development Reserves Fund to the ADDI program.