

MEMO

To: CDBG Committee

From: Pam Rood, Grants Administrator

Date: August 26, 2009

Subject: Request for Additional HOME funds

The Community Development Division is requesting \$250,000 from the CDBG Housing Development fund to continue to support the American Dream Downpayment Initiative (ADDI) for the remainder of 2009 and into 2010. The ADDI program, operated by the Community Development Division, has provided 151 loans to low to moderate income households and invested over \$1.2 million in this program during the first 4 years of operation. The average loan for this program is \$8,299.

The Community Development Division would like to see this program continue without interruption. In order to do this, we anticipate that additional funds will be needed. At this time, if no additional funds are allocated only 6 more loans will be available in 2009 and 24 loans in 2010.

As of the end of August 2009, we have closed 25 loans. During this same time period in 2008, 27 loans were closed. We anticipate this volume of activity to continue throughout the remainder of the year especially due to the \$8,000 tax credit available for first time homebuyers. We also anticipate that as the economy rebounds and people continue to become aware of this program we will see a similar level of need in 2010.

Total loans:

2005 = 8 (program started in July 2005)

2006 = 33

2007 = 35

2008 = 50

2009 YTD (As of August 31, 2009) = 25

Funding Request:

2009 = \$100,000

2010 = \$150,000

Total = \$250,000