



Highlights of [GAO-06-677](#), a report to congressional committees

HUD HOMEOWNERSHIP PROGRAMS

Data Limitations Constrain Assessment of the American Dream Downpayment Initiative

Why GAO Did This Study

While at an all-time high level, homeownership remains out of reach for many Americans, especially low-income families and minorities. In 2003, Pub. L. No. 108-186 created the American Dream Downpayment Initiative (ADDI) to help low-income, first-time homebuyers cover the up-front costs of buying a home (up to the greater of \$10,000 or 6 percent of the purchase price) and authorized funding through fiscal year 2007. The Department of Housing and Urban Development (HUD) allocates ADDI funds to over 400 jurisdictions (e.g., states, cities, and counties). Pub. L. No. 108-86 directed GAO to perform a state-by-state analysis of ADDI's impact. This report discusses (1) HUD-reported information on ADDI expenditures and assisted households, and the limitations on the quality of these data and (2) the views of officials from selected jurisdictions on factors that affected their ability to use their funds and on the program's impact.

What GAO Recommends

GAO recommends that, if Congress reauthorizes ADDI beyond fiscal year 2007, HUD develop and implement controls and issue guidance—seeking funds to do so, if necessary—that would ensure that the expenditures and accomplishments attributed to ADDI are accurate. HUD did not comment on our recommendations but disagreed with the report's assessment of the implications of the agency's data limitations.

www.gao.gov/cgi-bin/getrpt?GAO-06-677.

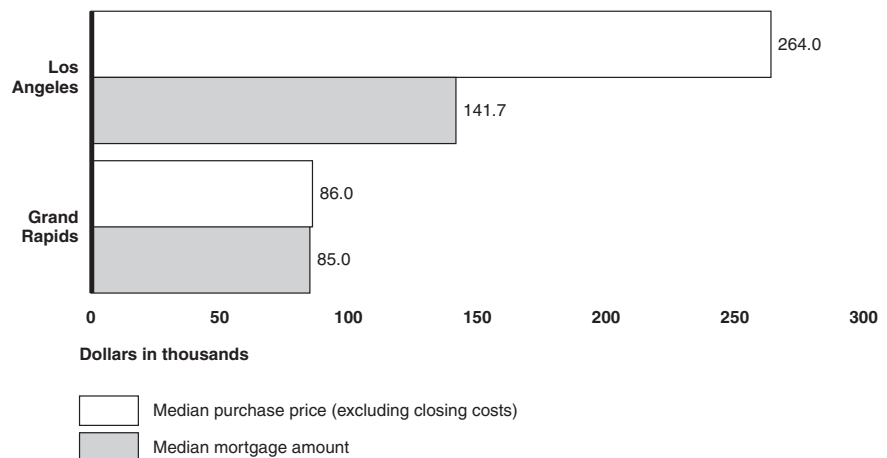
To view the full product, including the scope and methodology, click on the link above. For more information, contact David G. Wood at (202) 512-8678 or woodd@gao.gov.

What GAO Found

Based on data collected through its Integrated Disbursement and Information System (IDIS), HUD reported that through December 31, 2005, jurisdictions had spent \$98.5 million of the \$211 million appropriated for ADDI, helping more than 13,000 families—nearly half of which were minorities—become homeowners. At the state level, reported expenditures ranged from \$0 to \$10.3 million, and the number of projects (assisted households) ranged from 0 to 985. However, because of data limitations in IDIS and HUD's inconsistent guidance to jurisdictions on data entry, these figures include an unknown number of non-ADDI projects that provided down-payment assistance to first-time homebuyers. As a result, the expenditures and accomplishments attributable to ADDI are not known. HUD officials said that it was not feasible to create a control for ADDI in IDIS by the time the program began and that to do so now would be costly.

Although most of the 40 jurisdictions GAO contacted have used some portion of their ADDI grants, officials from many jurisdictions said that the combination of high housing prices and the low incomes of eligible families made it challenging to spend their funds. In higher-cost areas, such as Los Angeles, California, jurisdictions must combine numerous subsidies with ADDI funds to bridge the gap between home prices and homebuyers' mortgages. However, in lower-cost areas, such as Grand Rapids, Michigan, ADDI alone is sufficient to make up the difference (see fig.). Officials from the jurisdictions GAO contacted indicated that ADDI has not had a significant impact on local homeownership rates because the program has been modestly funded and is relatively new. In addition, some jurisdictions reported difficulties in serving populations that the program targeted for outreach, such as recipients of rental housing assistance.

Difference between the Median Purchase Price and Median Mortgage for Homes Purchased with ADDI Assistance in Los Angeles, CA and Grand Rapids, MI



Source: GAO.