



## Legislation Text

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**File #:** 0024-2024, **Version:** 1

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**BACKGROUND:** This ordinance authorizes the Director of the Department of Development to execute a Lender Participation Agreement with numerous, individual lenders who wish to partner with the Department of Development for the American Dream Downpayment Initiative (ADDI) program.

The Department of Development's ADDI program provides down payment assistance using federal HOME funds or non-federal funds to first time homebuyers whose household income is at or below 80% or 120% AMI, respectively, for the purchase of a home in the City of Columbus. The amount of assistance provided is the lesser of 6% of the purchase price or \$7,500.00 and is provided as a forgivable loan. The household must remain in the home for a period of five years for the loan to be forgiven.

The department partners with multiple lenders to provide information about the ADDI program to the lenders' eligible clients, as defined by program guidelines. Only lenders who have executed a Lender Participation Agreement and whose staff have completed city-created training can recommend clients for the ADDI program. The City does not make payment to the Lender for their participation in this program, nor is the lender a subrecipient as defined in 2 CFR 200. A lender's participation in this program allows the lender to recommend a potential resource of additional funds to eligible clients who may not be able to purchase a new home without additional financial assistance.

The department evaluates its programs and agreement templates on a regular basis. This review may necessitate program or agreement template changes based upon new federal regulations or process improvements because of a change in best practices or lessons learned. As such, changes to the Lender Participation Agreement may need to be made to reflect these changes. In order to prevent a disruption in the program if a change must occur expeditiously - for which a disruption may result in a first time homebuyer not being able to purchase a home - the Director of Development is seeking authority to modify these agreements as needed without seeking further City Council approval. Modifications would reflect changes required by federal regulations or changes to the department's program, which is described in the agreement. Since the lender is not being compensated, no funding will be added to these agreements through a modification.

Emergency action is requested to allow for the immediate execution of Lender Participation Agreements in order to provide eligible home buyers access to financial assistance as soon as possible. A delay in execution of these agreements may result in eligible participants not having access to these funds at the time of closing, resulting in higher mortgage interest rates or even the loss of the ability to purchase the home.

**FISCAL IMPACT:** no funding is needed for this ordinance.

To authorize the Director of the Department of Development to execute a Lender Participation Agreement with numerous, individual lenders who wish to partner with the Department of Development for the Department's American Dream Downpayment Initiative (ADDI) program; to waive the requirement under Chapter 329 of the Columbus City Codes that modifications to Lender Participation Agreements be approved by City Council; and to declare an emergency. (\$0.00)

**WHEREAS,** the Department of Development provides down payment assistance through the ADDI program using federal HOME funds or non-federal funds to first time homebuyers whose household income is at or below 80% or 120% AMI, respectively, for the purchase of a home in the City of Columbus; and

**WHEREAS,** the Department partners with multiple lenders to provide information about the ADDI program to the lenders' eligible clients, as defined by program guidelines; and

**WHEREAS**, a lender's participation in this program allows the lender to recommend a potential resource of additional funds to eligible clients who may not be able to purchase a new home without additional financial assistance; and

**WHEREAS**, the City does not make payment to the Lender for their participation in this program, nor is the lender a subrecipient as defined in 2 CFR 200; and

**WHEREAS**, due to changes in federal regulations governing federal funds or program improvements due to implementation of best practices, the Director of Development seeks the authority to modify these agreements as needed without seeking further City Council approval; and

**WHEREAS**, waiver of Columbus City Codes Chapter 329 related to Council approval of contract modifications is necessary; and

**WHEREAS**, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to allow for the immediate execution of Lender Participation Agreements in order to provide eligible home buyers access to financial assistance as soon as possible as a delay in execution of these agreements may result in eligible participants not having access to these funds at the time of closing, resulting in higher mortgage interest rates or even the loss of the ability to purchase the home, for the immediate preservation of the public health, peace, property, and safety; **NOW, THEREFORE**,

**BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:**

**SECTION 1.** That the Director of the Department of Development is authorized to execute Lender Participation Agreements with numerous, individual lenders who wish to partner with the Department of Development for the American Dream Downpayment Initiative (ADDI) program and is authorized to modify the Agreements without seeking further City Council approval in order to align with evolving federal guidance and regulations and to align with changes to the Department's program.

**SECTION 2.** That the requirement for further City Council approval for modifications to Lender Participation Agreements is hereby waived pursuant to Columbus City Codes Section 329.15, and that such waiver is in the best interests of the City.

**SECTION 3.** That for the reasons stated in the preamble hereto, which is hereby made a part hereof, this Ordinance is hereby declared to be an emergency measure and shall take effect and be in force from and after its approval by the Mayor, or ten days after passage if the Mayor neither approves nor vetoes the same.