City of Columbus

Legislation Text

File #: 0720-2023, **Version:** 1

BACKGROUND: This ordinance authorizes the Director of the Department of Development to execute a commitment letter, loan agreement, promissory note, mortgage, and/or restrictive covenant with individual homebuyers who access the Department of Development's American Dream Downpayment Assistance (ADDI) program using non-federal funds.

The Department of Development provides down payment assistance using federal HOME funds to first time homebuyers whose household income is at or below 80% AMI 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.

In addition to HOME funds for this program, the Department of Development is expanding the program to use non-federal funds in order allow for applicants up to 120% AMI. The use of non-federal funds also reduces the time it takes to review/approve an application as specific HUD required documents are not needed. These funds would be in the form of a loan and the household must remain in the home for a period of five years in order for the loan to be forgiven.

Ordinance 2768-2022, approved by Columbus City Council on November 7, 2022, authorized the Director of the Department of Development to enter into a non-for-profit service contract with the Tony R. Wells Foundation to act as the fiscal manager of the non-federal ADDI funds and dispense the funds as directed by the City.

This ordinance is a companion piece to Ordinance 2768-2022 in that this ordinance will authorize the director to execute the necessary documents for the non-federally funded ADDI program.

Emergency action is requested in order to allow those seeking down payment assistance to obtain it in a timely manner and maintain their closing schedules.
FISCAL IMPACT**:** no funding is needed for this ordinance.

To authorize the Director of the Department of Development to execute a commitment letter, loan agreement, promissory note, mortgage, and/or restrictive covenant with individual homebuyers who access the American Dream Downpayment Assistance (ADDI) program using non-federal funds; and to declare an emergency. ($0.00)

WHEREAS, the City of Columbus has an American Dream Downpayment Assistance (ADDI) program funded with federal HOME funds; and

WHEREAS, the Department of Development wishes to expand the program and use non-federal funds in order to increase the accessibility of the program and reduce the application review time; and

WHEREAS, the Director requests authority to execute a commitment letter, loan agreement, promissory note, mortgage, and restrictive covenant with individual homebuyers who access the American Dream Downpayment Assistance (ADDI) program using non-federal funds; and

WHEREAS, an emergency exists in the usual daily operation of the Department of Development in that it is immediately necessary to approve this ordinance in order to allow those seeking down payment assistance to obtain it in a timely manner and maintain their closing schedule, thereby preserving the public health, peace, property, safety, and welfare; and **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 a commitment letter, loan agreement, promissory note, mortgage, and/or restrictive covenant with individual homebuyers who access the American Dream Downpayment Assistance (ADDI) program using non-federal funds.

SECTION 2. 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.