



Legislation Text

File #: 1458-2024, **Version:** 1

BACKGROUND: The Housing Division has operated programs that are funded by both local and federal funding sources, in the form of grants and loans that provide critical and emergency home repairs such as roof replacements, water heater replacement, foundation stabilization, and many more repairs/improvements that ensure that residents are not faced with homelessness or additional financial hardship since 1986. This Legislation is to seek the approval of the forgiveness of loans for this program that have been closed on behalf of the City of Columbus. City Council, based on Ordinance 0939-2023, which was passed on April 3, 2023, allows for the Director of the Department of Development to request the approval by Columbus City Council to forgive these loans, which are over \$20,000.00.

Recognizing that there is a limited useful life of the home improvement and value for the City's investment as well as the importance of ensuring that the City's programs do not perpetuate inequitable outcomes or limit wealth building opportunities for those who have faced a legacy of systematic disinvestment, the Department of Development has implemented a loan forgiveness policy which was authorized via Ordinance 0939-2023 for its homeownership services. All federally funded loans that will be considered for forgiveness have met the required affordability periods based on the federal funding source.

Columbus City Code Sections 335.01 and 335.012 guide the loan forgiveness policy, which allows the Director to authorize the forgiveness of individual loans up to \$2,500, the City Attorney to forgive individual loans up to \$20,000 and loans over \$20,000 requires the approval by City Council.

Emergency action is requested so that the debt can be forgiven to qualifying homeowners which will help further support housing stability as well as removing the debts from the portfolio with AmeriNational which the City pays a per loan servicing fee each month.

FISCAL IMPACT: The current portfolio that is 10 (+) years old, and is eligible to be evaluated for forgiveness. This current request for forgiveness is approximately \$1,402,762.60

To approve the forgiveness of individual loans to homeowners who meet the eligibility requirements of the Housing Division Homeowners Services programs; to authorize the City Clerk, on behalf of the City Council, to execute the appropriate loan forgiveness forms; to authorize the Director of the Department of Development to forgive said loans; and to declare an emergency. (\$1,402,762.60)

WHEREAS, the Department of Development Housing Division has operated programs focused on stabilizing low-income homeowners since at least 1986. These programs provide critical and emergency home repairs that include but are not limited to roof replacements, water heater replacement, foundation stabilization, home modifications, connection to city water and sewer services. These services are a critical tool to ensure that residents are not faced with homelessness or additional financial hardship; and

WHEREAS, historically, the programs have been funded by both local and federal funding sources, in the form of both grants and loans. Recognizing that there is a limited useful life of the home improvement and value for the City's investment as well as the importance of ensuring that the City's programs do not perpetuate inequitable outcomes or limit wealth building opportunities for those who have faced a legacy of systematic disinvestment; the Department of

Development is implementing a loan forgiveness policy for its homeownership repair services programs; and

WHEREAS, this legislation would forgive approximately \$1,402,762.60 of principal and accrued interest on these forgivable loans; and

WHEREAS, the loan forgiveness policy was established and approved per Ordinance 0939-2023 and now the process of forgiveness is beginning; and

WHEREAS, the policy is guided by Sections 335.01 and 335.012 of the Columbus City Code and authorizes the Director to forgive eligible loans up to \$2,500, the City Attorney to forgive eligible loans up to \$20,000 and eligible loans over \$20,000 require City Council approval ; and

WHEREAS, in the administration of the program it is necessary to authorize loan forgiveness associated with the Housing Division Homeowner Services programs on loans closed on behalf of the City of Columbus that exceed \$20,000.00; and

WHEREAS, an emergency exists in that it is immediately necessary to authorize the Director of the Department of Development with the approval of Columbus City Council to approve the forgiveness of individual loans to homeowners who meet the eligibility requirements of the program which will remove the burden of these qualifying homeowners and help support housing stability and reduce the loan servicing fees the City pays to AmeriNational each month, for the immediate preservation of the public peace, health, property, and safety; **NOW, THEREFORE**,

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

SECTION 1. That, pursuant to Ordinance 0939-2023 passed by City Council on April 3, 2023, which is associated with the Housing Division Homeowner Services programs on loans closed on behalf of the City of Columbus and based on the guidance of Columbus City Code Sections 335.01 and 335.012, eligible individual loans over \$20,000.00 require City Council approval in order to be forgiven.

SECTION 2. That Columbus City Council finds it in the best interest of the City to approve, and does hereby approve, the forgiveness of the individual loans of those that are eligible per the attachment to this ordinance, which will result in the total forgiveness of \$1,402,762.60.

SECTION 3. That the City Clerk is hereby authorized to execute the loan forgiveness forms attached to this ordinance on behalf of the City Council.

SECTION 4. That the Director of the Department of Development is hereby authorized to forgive said loans.

SECTION 5. 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.