



Legislation Text

File #: 0747-2023, Version: 1

BACKGROUND: This ordinance authorizes the Director of the Department of Development to execute a commitment letter, loan agreement, promissory note, mortgage and restrictive covenant with first time homebuyers who receive affordability assistance through the Department of Development's Homeownership Program.

The Department of Development's Homeownership Program works with housing development partners (e.g. Homeport) by providing financial support to construct single family homes in Columbus for low and moderate income homebuyers. The agreement with these partners allows for the city to support the construction of the home, provide affordability assistance to the homebuyer, or a combination of both.

When affordability assistance is provided to the homebuyer through this partnership, the housing development partner provides this funding at closing. This funding, along with other sources, allows the homebuyer to buy their home. The transaction of affordability assistance is memorialized in loan documents between the City, acting through the Director of the Department of Development, and the homebuyer, even though the funds come from the housing development partner. No additional city funds are encumbered for this loan for affordability assistance.

The loan is a forgivable loan if the homebuyer maintains the property as their primary residence for the required number of years. If they sell the home before the affordability period has been met, the mortgage and restrictive covenant are enforced and the amount of the loan is paid to the City from the proceeds of the sale.

Emergency action is requested in order to allow those seeking affordability assistance to obtain it in a timely manner and maintain their closing schedule.

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 restrictive covenant with low and moderate income homebuyers who receive affordability assistance through the Department of Development's Homeownership Program; and to declare an emergency. (\$0.00)

WHEREAS, the Department of Development's Homeownership Program works with housing development partners (e.g. Homeport) by providing financial support to construct single family homes in Columbus for first time homebuyers; and

WHEREAS, the agreement with these partners allows for the city to support the construction of the home, provide affordability assistance to the homebuyer, or a combination of both; and

WHEREAS, when affordability assistance is provided to the homebuyer through this partnership, the housing development partner provides this funding at closing. The transaction of affordability assistance is memorialized in loan documents between the City, acting through the Director of the Department of Development, and the homebuyer, even though the funds come from the housing development partner; and

WHEREAS, the loan is a forgivable loan if the homebuyer maintains the property as their primary residence for the required number of years. If they do sell the home before the affordability period has been met, the mortgage and restrictive covenant are enforced and the amount of the loan is paid to the City from the proceeds of the sale; 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 affordability 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 restrictive covenant with low and moderate income homebuyers who receive affordability assistance through the Department of Development's Homeownership Program.

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.