



Legislation Text

File #: 0115-2026, **Version:** 1

BACKGROUND:

In the late 1990's Homeport collaborated with the City of Columbus and the Ohio Housing Finance Agency to participate in the LIHTC Lease Purchase Program. The program was designed to meet the immediate needs of affordable rental homes and eliminating vacancy and blight throughout the City while also advancing the opportunity for renters to become homeowners. Using resources from the Low-Income Housing Tax Credit Program, along with City and State investments single-family homes were built and rehabbed in legacy neighborhoods across the city, including Linden, Franklinton, and Westgate.

This program has served as another tool to advance affordable homeownership in the City of Columbus by supporting the transition of residents of LIHTC homes to ownership. Rent to own or lease to own purchases have long existed as a pathway to home purchase for those that need time to build resources prior to purchase while having the access to a home that can be sold to them in the future. The partnership between Homeport, the City, and the Ohio Housing Finance Agency was designed to reduce barriers to homeownership while providing over 15 years of affordable rental homes in the community. The program has allowed the residents' time to evaluate and prepare for homeownership with the security of a long-term affordable rental home, with the average number of years that a resident has lived in their lease option home being 10 years. The City's investment in affordability has served the three-fold purpose of creating affordable rental homes, increasing neighborhood stability (lease option residents average 9 years 8 months in homes), and supporting attainable homeownership. As the owner, Homeport provides services to support residents who chose to purchase; those services include evaluation of purchase readiness, homebuyer preparation, and connection to down payment and closing costs resources. Any homes not sold to tenants or low-income homebuyers will continue remain rental subject to income and rent restrictions of the LIHTC program until the 30-year compliance period has been met. No existing tenants will be displaced because of this effort.

A HOME loan was made to the South East Columbus Homes Limited Partnership project on July 25, 2001, for \$480,000.00. The loan was made at 7.0% interest, which was reduced to zero percent (0%) in 2017. The current balance of the loan exceeds \$468,000.00 as of December 31, 2025. There were 37 units in this scattered site project, within the Ohio Housing Finance Agency Low Income Housing Tax Credit (LIHTC) lease purchase program. Completed in 2002, South East Columbus Homes is a scattered site with 37 home development including rehabs of existing homes and new construction homes. All the homes were rehabbed or constructed on streets with neighboring single-family homes and were designed to blend with the existing streetscape, fill in vacant lots, and provide reinvestment and long-term stability. At the time the loan was made, the project was designed to be able to sell individual homes to qualifying tenants at the end of the affordability period. The property completed its 20-year HOME affordability period on December 30, 2022. Since the property has completed its 20-year HOME affordability period, Columbus Housing Partnership DBA as Homeport which is now the sole owner of South East Columbus Homes Limited Partnership has sold one unit and would like to sell the remaining 36 units to those existing tenants or low-income homebuyers that qualify to complete this lease to purchase project. Upon the sale of each of 36 units, South East Columbus Homes Limited Partnership would like the City of Columbus, Department of Development to forgive the HOME debt for this loan. The Development Department has put together a policy that allows debt forgiveness in those instances in which the HOME affordability period has been completed and only when each unit has been sold to either the tenant that has lived in the home, or to low-income persons

making 80% AMI and below. A portion of the debt will be forgiven on a unit-by-unit basis.

FISCAL IMPACT: There will be a loss of over \$468,000.00 in fully reserved HOME receivables.

To authorize the Director of the Department of Development to forgive the principal and accrued interest on a unit-by-unit basis for South East Columbus Homes Limited Partnership on a HOME loan due to the City of Columbus being more than \$468,000.00 as homes are sold to existing tenants or low-income homebuyers. (\$468,000.00)

WHEREAS, the Department of Development has approximately \$468,000.00 in principal and accrued interest owed to it for a HOME loan made to the South East Columbus Homes Limited Partnership for the acquisition and construction of the project located within various legacy neighborhoods, in Columbus; and

WHEREAS this legislation would forgive up to approximately \$468,000.00 of principal and accrued interest on the HOME loan; and

WHEREAS, this loan was made for the acquisition and construction of these rent/lease to own units for those that needed a pathway to home purchase and to provide them the time to acquire the resources to do so; and

WHEREAS the loan was made for the acquisition and construction as part of the LIHTC program with an interest rate of 7.0%, and was reduced to zero percent (0%) in 2017; and

WHEREAS, the properties that have not or will not sell in the future will continue to provide affordable housing to those who qualify until the 30-year compliance period has been met. No existing tenants will be displaced as a result of this effort; and

WHEREAS it has become necessary in the usual daily operation the City will have a loss of up to \$468,000.00. in HOME principal; and

NOW, THEREFORE,

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

SECTION 1. That the Director of the Department of Development be and is hereby authorized to forgive principal on a unit-by-unit basis and homes are sold to existing tenants or low-income homebuyers totaling up to approximately for the City HOME loan made to South East Columbus Homes Limited Partnership. There will be a loss of approximately \$468,000.00 in principal for the HOME Investment Partnerships program income.

SECTION 2. That this modification is made pursuant to Chapter 329 of the Columbus City Code.

SECTION 3. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.