



Legislation Text

File #: 0074-2026, **Version:** 2

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 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 Joyce Avenue Homes Limited Partnership project on May 21, 2002, 2001, for \$350,000.00 The loan was made at 5.85% interest, and the current balance of the loan exceeds \$1,359,770.66. Completed in 2002, Joyce Avenue Homes is a scattered site with 31 home development including rehabs of existing homes and new construction of homes in the northeastern part of Columbus. 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 September 18, 2023. Since the property has completed its 20-year HOME affordability period, Columbus Housing Partnership DBA as Homeport which is now the sole owner of Joyce Avenue Homes Limited Partnership and has sold five (5) units and would like to sell the remaining 26 units to those existing tenants or low-income homebuyers that qualify to complete this lease to purchase project. Upon the sale of each of 26 units, Joyce Avenue 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.

The project owner has also requested that the interest rate for the loan be decreased to zero moving forward. The interest rate was set at the time the loan was made to comply with IRS regulations that required using the applicable federal rate in effect at the time of the loan. The LIHTC benefits have been fully utilized with the investor owner having exited the project so there is no longer a reason to continue this interest rate.

FISCAL IMPACT: There will be a loss of over \$1,359,770.66 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 Joyce Avenue Homes Limited Partnership on a HOME loan due to the City of Columbus more than \$1,359,770.66 as homes are sold to existing tenants or low-income homebuyers. To reduce the interest rate on the current balance of the loan to zero. **(\$1,359,770.66)**

WHEREAS, the Department of Development has approximately \$1,359,770.66 in principal and accrued interest owed to it for a HOME loan made to the Joyce Avenue 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 \$1,359,770.66 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 5.85 % and will be reduced to zero percent (0%) ; 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 \$ 1,359,770.66 in HOME principal and accrued interest receivable; 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 and all the accrued interest 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 Joyce Avenue Homes Limited Partnership. There will be a loss of up to approximately \$1,359,770.66 in principal and accrued interest receivable for the HOME Investment Partnerships program income.

SECTION 2. That the interest rate for the loan is to be decreased to zero moving forward.

SECTION 3. That this modification is made pursuant to Chapter 329 of the Columbus City Code.

SECTION 4. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.

