



Albemarle County

Legislation Text

File #: 23-328, **Version:** 1

AGENDA DATE: 8/2/2023

TITLE:

Albemarle County Housing Assistance Program Loan Interest Forgiveness Request

SUBJECT/PROPOSAL/REQUEST: To request Board approval to forgive the interest accumulated on an ACHAP down payment assistance loan.

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Richardson, Dimock, Rosenberg, Curfman, Pethia

PRESENTER (S): Stacy Pethia, Assistant Director of Housing

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: Since 2005, the Albemarle County Housing Assistance Program (ACHAP) has and continues to provide down payment assistance and closing cost assistance to low- and moderate-income households to assist with the purchase of a home in the County. The assistance is provided at a 6% simple interest rate, deferred payment loans of up to \$19,100, with the balance of the loans due at the time a home is sold or when an ACHAP loan recipient refinances their mortgage. The program was funded through allocations of Board-approved appropriations of county revenue to the ACAHP fund, with the final appropriation of program funds in Fiscal Year 2010 (FY 10). As loans are repaid, the funds are used to replenish the ACHAP fund, which currently has a balance of approximately \$900,000. The ACHAP is administered by the Piedmont Housing Alliance (Attachment A).

STRATEGIC PLAN: Quality of Life: Encourage a vibrant community with economic and recreational opportunities that serve all community members.

DISCUSSION: Staff has received a request to waive the interest due on an ACHAP loan. In January 2010, Piedmont Housing Alliance (PHA) awarded Ms. D. Hackley an ACHAP loan in the amount of \$13,645 to assist with the purchase of a townhome located on Parcel ID 061B0-01-0C-00400 (see Attachment B - Deed of Trust and Attachment C - Promissory Note). In April 2019, Ms. Hackley passed away and her home transferred ownership to the family estate currently being managed by Ms. Hackley's mother. Ms. Hackley's mother, the surviving family member, would like to retain ownership of the home. To do so, the family will need to repay the balance of the ACHAP loan as required under current program guidelines (Attachment D). However, after satisfying the balance of the primary home mortgage and covering funeral expenses, the estate does not have enough remaining funds to cover the full balance of the ACHAP loan. The amount of interest the family is asking to be forgiven is \$11,036.37 (Attachment E). Without forgiveness of the outstanding interest amount, Ms. Hackley's mother, who is retired and receives a fixed monthly income, will struggle to pay off the full loan amount.

As is typical of other down payment assistance programs such as the federal Housing Opportunities Made

Equal (HOME) program, ACHAP allows for the forgiveness of all or a portion of the loan when the loan recipient has insufficient funds to repay the full loan amount. The County has taken this step several times since 2005, with the most recent action taken in June 2019, when the then-Chief of Housing agreed to waive the interest on an outstanding ACHAP loan (Attachment F) in which staff evaluated this request and supported loan interest forgiveness.

Additionally, staff is working on updating the program guidelines, which will include a recommendation to provide ACHAP loans with zero interest. Staff is scheduled to present the recommended changes for Board approval during the October 4, 2023, meeting.

BUDGET IMPACT: There is no direct impact on the County budget. However, forgiveness of the accumulated interest may mean fewer funds will be available for future ACHAP loan awards.

RECOMMENDATION:

Staff recommend the Board approve forgiveness of the accumulated interest amount.

ATTACHMENTS:

- A - Memorandum of Agreement
- B - Deed of Trust
- C - Promissory Note
- D - ACHAP Guidelines
- E - Loan balance payoff statement
- F - 2019 Approval of loan interest forgiveness