

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1776

Session of
1985

INTRODUCED BY F. E. TAYLOR, L. E. SMITH AND KUKOVICH,
OCTOBER 15, 1985

AS REPORTED FROM COMMITTEE ON BUSINESS AND COMMERCE,
HOUSE OF REPRESENTATIVES, AS AMENDED, APRIL 16, 1985

AN ACT

1 Amending the act of December 3, 1959 (P.L.1688, No.621),
2 entitled, as amended, "An act to promote the health, safety
3 and welfare of the people of the Commonwealth by broadening
4 the market for housing for persons and families of low and
5 moderate income and alleviating shortages thereof, and by
6 assisting in the provision of housing for elderly persons
7 through the creation of the Pennsylvania Housing Finance
8 Agency as a public corporation and government
9 instrumentality; providing for the organization, membership
10 and administration of the agency, prescribing its general
11 powers and duties and the manner in which its funds are kept
12 and audited, empowering the agency to make housing loans to
13 qualified mortgagors upon the security of insured and
14 uninsured mortgages, defining qualified mortgagors and
15 providing for priorities among tenants in certain instances,
16 prescribing interest rates and other terms of housing loans,
17 permitting the agency to acquire real or personal property,
18 permitting the agency to make agreements with financial
19 institutions and Federal agencies, providing for the purchase
20 by persons of low and moderate income of housing units, and
21 approving the sale of housing units, permitting the agency to
22 sell housing loans, providing for the promulgation of
23 regulations and forms by the agency, prescribing penalties
24 for furnishing false information, empowering the agency to
25 borrow money upon its own credit by the issuance and sale of
26 bonds and notes and by giving security therefor, permitting
27 the refunding, redemption and purchase of such obligations by
28 the agency, prescribing remedies of holders of such bonds and
29 notes, exempting bonds and notes of the agency, the income
30 therefrom, and the income and revenues of the agency from
31 taxation, except transfer, death and gift taxes; making such
32 bonds and notes legal investments for certain purposes; and

1 indicating how the act shall become effective,"
2 reestablishing and continuing the Pennsylvania Housing
3 Finance Agency; further providing for agency membership and
4 terms; providing for removal from the agency for
5 nonattendance at meetings; ~~and~~ further providing for
6 mortgagors profits; CONTINUING THE HOMEOWNER'S EMERGENCY
7 ASSISTANCE PROGRAM; AND MAKING A CONFORMING AMENDMENT.

<—
<—

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. Section 202 of the act of December 3, 1959
11 (P.L.1688, No.621), known as the Housing Finance Agency Law,
12 amended April 7, 1976 (P.L.73, No.33), is amended to read:

13 Section 202. Agency Membership.--The members of the agency
14 shall be the Secretary of Community Affairs, the State
15 Treasurer, the Secretary of Commerce and the Secretary of
16 Banking, and the respective successors in office of each of them
17 and six additional members whom the Governor shall appoint. One
18 of the members of the agency appointed by the Governor with the
19 advice and consent of the Senate shall be a representative of a
20 community-based nonprofit group which assists low-income and
21 moderate-income individuals in housing matters. The Secretary of
22 Community Affairs shall serve as chairperson. The members
23 initially appointed shall serve for terms of one, two, three,
24 four, five and six years, respectively, the particular term of
25 each to be designated by the Governor at the time of
26 appointment. The terms of all their successors shall be six
27 years each, except that any person appointed to fill a vacancy
28 shall serve only for the unexpired term. Every member's term
29 shall extend until his successor is appointed and qualified but
30 not longer than six months beyond the six-year period. Any
31 appointment of a member of the agency made hereafter shall be
32 subject to the advice and consent of ~~two-thirds~~ A MAJORITY of
33 all the members of the Senate. Any appointed member of the

<—

1 agency shall be eligible for reappointment. The members of the
2 agency shall not receive compensation for their services as
3 members, but shall receive reimbursement for all necessary
4 expenses incurred in connection with the performance of their
5 duties as members. A member who fails to attend three
6 consecutive meetings shall forfeit his seat unless the
7 chairperson of the agency, upon written request from the member,
8 finds that the member should be excused from a meeting because
9 of illness or the death of an immediately family member.

10 Section 2. The act is amended by adding a section to read:

11 Section 208. Housing Studies.--The agency shall conduct a
12 periodic study of housing needs in the Commonwealth, with
13 particular emphasis on the needs of low-income and moderate-
14 income individuals. Such a study shall be conducted at least
15 every four years.

16 Section 3. Section 402-A(c) of the act, added December 5,
17 1972 (P.L.1259, No.282), is amended to read:

18 Section 402-A. Mortgage Loans.--* * *

19 [(c) Limited Profit. A mortgagor may not make distributions
20 in any one year, with respect to a project financed by the
21 agency, in excess of eight per cent of the mortgagor's equity in
22 such project, except that the right to such distribution shall
23 be cumulative. The mortgagor's equity in a project shall consist
24 of the difference between the mortgage loan and the total
25 project cost. A loan may be in an amount not to exceed one
26 hundred per cent of the project cost as approved by the agency
27 in the case of a non-profit mortgagor and in an amount not to
28 exceed ninety per cent of the project cost as approved by the
29 agency in all other cases. With respect to every project, the
30 agency shall, pursuant to regulations adopted by it, establish

1 the mortgagor's equity at the time of the making of the final
2 mortgage advance and for purposes of this paragraph, that figure
3 shall remain constant during the life of the agency's mortgage
4 on such project. In the case of a nonprofit mortgagor receiving
5 a mortgage loan in the amount of one hundred per cent of the
6 total project cost, no distributions shall be permitted.]

7 (c) Limited Profit. The loan shall be subject to an
8 agreement between the agency and the mortgagor limiting the
9 mortgagor and its principals or stockholders to such rate of
10 return on its investment in the housing project to be assisted
11 with a loan from the agency as shall be fixed from time to time
12 by the agency in its regulations, which shall take into account
13 the prevailing rates of return available for similar investments
14 and the risks associated with the development of the project,
15 together with factors designed to promote the objectives of
16 providing affordable housing throughout the Commonwealth,
17 maintaining and improving the existing housing stock and other
18 objectives of this act. A loan may be in an amount not to exceed
19 one hundred per cent of the project cost as approved by the
20 agency in the case on a nonprofit mortgagor and in an amount not
21 to exceed ninety per cent of the project costs as approved by
22 the agency in all other cases.

23 * * *

24 SECTION 4. THE ACT IS AMENDED BY ADDING A SECTION TO READ: <—

25 SECTION 411-C. EXPIRATION.--THIS ARTICLE, OTHER THAN THE
26 PROVISIONS CONTAINED IN SECTIONS 405-C(G) AND 406-C SHALL EXPIRE
27 DECEMBER 23, 1989, EXCEPT THAT MORTGAGE ASSISTANCE SHALL
28 CONTINUE TO BE MADE AVAILABLE TO MORTGAGORS WHO WERE DEEMED
29 ELIGIBLE FOR MORTGAGE ASSISTANCE PRIOR TO THE EXPIRATION OF THIS
30 ARTICLE IN ACCORDANCE WITH THE TERMS OF THIS ARTICLE.

1 Section 4 5. This act, with respect to the Pennsylvania <—
2 Housing Finance Agency, shall constitute the legislation
3 required to reestablish an agency under the act of December 22,
4 1981 (P.L.508, No.142), known as the Sunset Act.

5 ~~Section 5. All other acts and parts of acts are repealed~~ <—

6 SECTION 6. (A) SECTION 4 OF THE ACT OF DECEMBER 23, 1983 <—
7 (P.L.385, NO.91), ENTITLED "AN ACT AMENDING THE ACT OF DECEMBER
8 3, 1959 (P.L.1688, NO.621), ENTITLED, AS AMENDED, 'AN ACT TO
9 PROMOTE THE HEALTH, SAFETY AND WELFARE OF THE PEOPLE OF THE
10 COMMONWEALTH BY BROADENING THE MARKET FOR HOUSING FOR PERSONS
11 AND FAMILIES OF LOW AND MODERATE INCOME AND ALLEVIATING
12 SHORTAGES THEREOF, AND BY ASSISTING IN THE PROVISION OF HOUSING
13 FOR ELDERLY PERSONS THROUGH THE CREATION OF THE PENNSYLVANIA
14 HOUSING FINANCE AGENCY AS A PUBLIC CORPORATION AND GOVERNMENT
15 INSTRUMENTALITY; PROVIDING FOR THE ORGANIZATION, MEMBERSHIP AND
16 ADMINISTRATION OF THE AGENCY, PRESCRIBING ITS GENERAL POWERS AND
17 DUTIES AND THE MANNER IN WHICH ITS FUNDS ARE KEPT AND AUDITED,
18 EMPOWERING THE AGENCY TO MAKE HOUSING LOANS TO QUALIFIED
19 MORTGAGORS UPON THE SECURITY OF INSURED AND UNINSURED MORTGAGES,
20 DEFINING QUALIFIED MORTGAGORS AND PROVIDING FOR PRIORITIES AMONG
21 TENANTS IN CERTAIN INSTANCES, PRESCRIBING INTEREST RATES AND
22 OTHER TERMS OF HOUSING LOANS, PERMITTING THE AGENCY TO ACQUIRE
23 REAL OR PERSONAL PROPERTY, PERMITTING THE AGENCY TO MAKE
24 AGREEMENTS WITH FINANCIAL INSTITUTIONS AND FEDERAL AGENCIES,
25 PROVIDING FOR THE PURCHASE BY PERSONS OF LOW AND MODERATE INCOME
26 OF HOUSING UNITS, AND APPROVING THE SALE OF HOUSING UNITS,
27 PERMITTING THE AGENCY TO SELL HOUSING LOANS, PROVIDING FOR THE
28 PROMULGATION OF REGULATIONS AND FORMS BY THE AGENCY, PRESCRIBING
29 PENALTIES FOR FURNISHING FALSE INFORMATION, EMPOWERING THE
30 AGENCY TO BORROW MONEY UPON ITS OWN CREDIT BY THE ISSUANCE AND

1 SALE OF BONDS AND NOTES AND BY GIVING SECURITY THEREFOR,
2 PERMITTING THE REFUNDING, REDEMPTION AND PURCHASE OF SUCH
3 OBLIGATIONS BY THE AGENCY, PRESCRIBING REMEDIES OF HOLDERS OF
4 SUCH BONDS AND NOTES, EXEMPTING BONDS AND NOTES OF THE AGENCY,
5 THE INCOME THEREFROM, AND THE INCOME AND REVENUES OF THE AGENCY
6 FROM TAXATION, EXCEPT TRANSFER, DEATH AND GIFT TAXES; MAKING
7 SUCH BONDS AND NOTES LEGAL INVESTMENTS FOR CERTAIN PURPOSES; AND
8 INDICATING HOW THE ACT SHALL BECOME EFFECTIVE,' PROVIDING FOR
9 HOMEOWNER'S EMERGENCY ASSISTANCE," IS REPEALED.

10 (B) ALL OTHER ACTS AND PARTS OF ACTS ARE REPEALED insofar as
11 they are inconsistent with this act.

12 Section ~~6~~ 7. The presently confirmed members of the existing <—
13 Pennsylvania Housing Finance Agency shall continue to serve as
14 agency members.

15 Section ~~7~~ 8. Each rule and regulation of the agency in <—
16 effect on the effective date of this act shall remain in effect
17 after such date until repealed or amended by the agency.

18 Section ~~8~~ 9. This act shall take effect ~~December 31, 1985,~~ <—
19 ~~or immediately, whichever is later~~ IMMEDIATELY. <—