

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 1378 Session of
1987

INTRODUCED BY MURPHY, KUKOVICH, DOMBROWSKI, VAN HORNE,
CALTAGIRONE, HALUSKA, MARKOSEK, DAWIDA, MORRIS, LaGROTTA,
O'DONNELL, J. L. WRIGHT, JOHNSON, ANGSTADT, R. C. WRIGHT,
LEVDANSKY, YANDRISEVITS, FISCHER, JOSEPHS, HUGHES, HARPER,
FOX, PRESSMANN, GEIST, MICOZZIE, WOGAN, TRUMAN, FREEMAN,
McHALE, J. TAYLOR, MELIO, PISTELLA, ITKIN, TIGUE, BELARDI,
D. W. SNYDER AND RITTER, MAY 26, 1987

REFERRED TO COMMITTEE ON APPROPRIATIONS, MAY 26, 1987

AN ACT

1 Providing housing development financing to municipalities and
2 community development corporations for preservation,
3 rehabilitation and production of housing units; and making an
4 appropriation.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Community
9 Development Housing Assistance Act.

10 Section 2. Definitions.

11 The following words and phrases when used in this act shall
12 have the meanings given to them in this section unless the
13 context clearly indicates otherwise:

14 "Community Development Corporation." A community-based, not-
15 for-profit corporation which was organized under 15 Pa.C.S. Part
16 III Art. B (relating to domestic nonprofit corporations) and

1 granted tax-exempt status under section 501(c)(3) of the
2 Internal Revenue Code of 1954 (68A Stat. 3, 26 U.S.C. §
3 501(c)(3)) and which participates in neighborhood advocacy,
4 community planning, real estate development and community
5 service activities.

6 "Department." The Department of Community Affairs of the
7 Commonwealth.

8 "Low-income and moderate-income housing." An area where at
9 least 20% of the housing units are, or shall be, affordable to
10 persons or households with income equal to or less than 80% of
11 the area median.

12 "Municipality." Any county, city, borough, incorporated
13 town, township or home rule municipality.

14 Section 3. Program establishment.

15 There is hereby established within the Department of
16 Community Affairs a program to assist in financing the
17 production, preservation and rehabilitation of housing units
18 throughout municipalities of this Commonwealth. Funds
19 appropriated to the department by this act shall be made
20 available to municipalities and distributed to community
21 development corporations by competitive selection process.

22 Section 4. Eligibility.

23 (a) Status.--Applicants shall be community-based, not-for-
24 profit corporations which have been certified as having tax-
25 exempt status pursuant to section 501(c)(3) of the Internal
26 Revenue Code of 1954 (68A Stat. 3, 26 U.S.C. § 501(c)(3)) and
27 which have been legally existent for not less than two years
28 prior to the date of application and have demonstrated a history
29 of participation in neighborhood advocacy, community planning,
30 real estate development and community service activities.

1 (b) Goals.--Eligible projects shall encompass new and
2 rehabilitation construction for rental, owner-occupied or
3 condominium properties which either provide low-income and
4 moderate-income housing or eliminate blighting influences.
5 Blighting influence conditions shall be defined, identified and
6 certified by the municipality within which the housing units
7 are, or shall be, located.

8 (c) Form of ownership.--Community development corporations
9 may act as sole developers or as joint venture developers with
10 for-profit or not-for-profit developers.

11 (d) Size.--There shall be no maximum number of unit limits;
12 however, projects shall be economically feasible and comply with
13 applicable building and zoning ordinances and requirements.

14 Section 5. Financing.

15 (a) Awards.--Municipalities shall award funds based upon a
16 competitive selection process; however, each municipality shall
17 reserve portions of funds to ensure constant funding
18 availability for projects.

19 (b) Purposes.--Financing shall be available to:

- 20 (1) Acquire property and assemble sites.
- 21 (2) Undertake title, survey and appraisal analyses.
- 22 (3) Prepare financing packages for private and public
23 sector lenders.
- 24 (4) Grant short-term bridge loans.
- 25 (5) Finance construction.
- 26 (6) Execute second mortgages and equity participation
27 loans.
- 28 (7) Reduce closing costs.
- 29 (8) Provide equity investment sources.
- 30 (9) Retain architects, lawyers and consultants.

(c) Request for proposals.--Municipalities shall issue requests for proposals for housing development funds three times a year. Proposals will be reviewed and ranked according to the following:

(1) Rehabilitation of a vacant, open and vandalized structure, or elimination of a blighting influence.

(2) Low-income and moderate-income affordability.

(3) Minimizing of or no displacement.

(4) Creation of housing opportunities for special needs populations.

(5) Location in a targeted neighborhood or community as defined by the local municipality.

(6) Neighborhood or community support and consistency with community plan.

(7) Reasonableness of cost.

(8) Leveraging the ratio of private financing and owners equity to the amount of public funds requested.

(d) Unfunded applications.--Any application not funded may be held over and reviewed during the next application cycle.

(e) Funded applications.--Applications given approval and funded shall close on the project and begin construction within 120 days of receipt of the funding commitment.

Section 6. Appropriation.

The sum of \$25,000,000, or as much thereof as may be necessary, is hereby appropriated to the Department of Community Affairs for distribution to local municipalities to fund housing development programs. Terms and conditions of funding awards shall be established by each local municipality. Grants or loans shall not exceed 50% of approved total development costs.

Section 7. Effective date.

1 This act shall take effect in 60 days.