

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1792 Session of
1999

INTRODUCED BY WOGAN, KENNEY, O'BRIEN, J. TAYLOR, McGEEHAN,
ADOLPH, ARMSTRONG, BROWNE, CIVERA, L. I. COHEN, CORRIGAN,
FICHTER, GEIST, HARHAI, HERSHEY, LAUGHLIN, McNAUGHTON, MELIO,
READSHAW, RUBLEY, SATHER, SAYLOR, SEYFERT, STEELMAN AND
WOJNAROSKI, JULY 27, 1999

REFERRED TO COMMITTEE ON URBAN AFFAIRS, JULY 27, 1999

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

1 bonds and notes legal investments for certain purposes; and
2 indicating how the act shall become effective," making a
3 declaration of policy regarding cities of the first class;
4 further providing for powers of the agency; and providing for
5 operation and administration of certain Federal housing
6 assistance programs.

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

9 Section 1. The act of December 3, 1959 (P.L.1688, No.621),
10 known as the Housing Finance Agency Law, is amended by adding a
11 section to read:

12 Section 102.2. Declaration of Policy Regarding Cities of the
13 First Class.--The Section 8 program of the United States Housing
14 Act of 1937 as amended by the housing and Community Development
15 Act of 1974 has been plagued by administrative problems as well
16 as above-market rental payments to Section 8 landlords. These
17 problems are well documented and have resulted in the disruption
18 of neighborhoods, further contributing to urban blight as
19 recognized by the report of the Urban Affairs Committee of the
20 House of Representatives on blight and economic development
21 issued pursuant to House Resolution 91 of 1995 adopted by the
22 House of Representatives. The Section 8 problems have been
23 primarily concentrated in this Commonwealth's urban areas, in
24 particular, a city of the first class.

25 As a result, the General Assembly hereby finds the Section 8
26 problems in a city of the first class to be significant enough
27 that it is appropriate for the Pennsylvania Housing Finance
28 Agency to exercise oversight responsibilities with respect to
29 the administration of the Federal Section 8 program in a city of
30 the first class which currently has a Section 8 housing program
31 administered by a public housing authority. This action, the
32 General Assembly believes, is necessary in order to best serve

the interests of the citizens of this Commonwealth, in particular those living in a city of the first class.

Section 2. Section 205 of the act is amended by adding clauses to read:

Section 205. Agency Powers.--The agency shall have the following powers:

* * *

(22) To operate and administer any State or Federal housing assistance program for persons and families of low income and moderate income however funded, including the Section 8 program of the United States Housing Act of 1937, as amended by the Housing and Community Development Act of 1974.

(23) To operate and administer any State or Federal housing assistance program for persons and families of low income and moderate income however funded, including the Section 8 program of the United States Housing Act of 1937, as amended by the Housing and Community Development Act of 1974, for an existing public housing authority in this Commonwealth.

(24) To exercise any and all powers of a public housing authority as granted to public housing authorities by the act of May 28, 1937 (P.L.955, No.265), known as the "Housing Authorities Law."

Section 3. The act is amended by adding an article to read:

ARTICLE IV.-D

FEDERAL SECTION 8 PROGRAM

Section 401-D. General Authority.--The Pennsylvania Housing Finance Agency, hereinafter referred to as the "agency," shall have the authority to administer the Federal Section 8 program of the United States Housing Act of 1937, as amended by the Housing and Community Development Act of 1974, for both project-

based and tenant-based assistance, on its own as a public housing authority, or on behalf of an existing public housing authority. In carrying their responsibilities, the agency shall comply with all regulations adopted by the United States Department of Housing and Urban Development herein after referred to as "HUD," with respect to the administration of the Section 8 program.

Section 402-D. Section 8 Program in Cities of the First Class.--(a) The agency, upon the effective date of this article, shall apply to HUD to be designated as the responsible public housing authority to administer the Section 8 program in any city of the first class.

(b) As provided by this article, the powers of the agency shall supersede those of any existing public housing authority currently administering the Federal Section 8 program in a city of the first class upon the effective date of this article.

Section 403-D. Powers and Responsibilities of Agency Regarding Section 8 Program.--(a) The authority granted by this article to the agency, with respect to the administration of the Federal Section 8 program of the United States Housing Act of 1937, as well as the responsibilities mandated pursuant to that act, shall be as follows:

(1) Following the effective date of this article, the agency shall apply directly to HUD as a public housing authority, and secure Section 8 tenant-based vouchers or certificates or both vouchers and certificates and any HUD funding for the Section 8 program currently being provided to a public housing authority in an existing city of the first class administering the Federal Section 8 housing program.

(2) Section 8 program funds received by the agency from HUD

as required by this article, shall be deposited in a separate fund created by the agency for this purpose and accounted for separately from other agency funds.

(3) The board of the agency shall review, make changes as appropriate and approve the written administrative plan which establishes policies for administering the tenant-based Section 8 assistance program by a public housing authority in a city of the first class according to HUD requirements. The plan shall not become effective until approved by the board of the agency, at which time a copy of the plan shall be submitted to HUD and to the Majority and Minority Leaders of the Senate, Majority and Minority Leaders of the House of Representatives, the chairman of the Urban Affairs and Housing Committee of the Senate and the chairman of the Urban Affairs Committee of the House of Representatives.

(b) A plan under this section shall be prepared in accordance with HUD requirements, guidelines and regulations and shall include, but not be limited to, the following:

(1) Procedures for prescreening and selecting applicants, including establishing the criteria a prospective tenant must meet to qualify as a tenant under the Section 8 program as well as the criteria for not qualifying. Disqualification criteria would include, but not be limited: (i) a history of two or more prior evictions; (ii) damaging property owned by a landlord which required the forfeiture by the tenant of a security deposit; (iii) a conviction or convictions for violating noise, trash, nuisance or any municipal ordinance enacted to protect the rights of neighborhood residents relative to the peaceful enjoyment of their property and community; and (iv) prior felony convictions.

1 (2) Procedures for prescreening and selecting landlords who
2 qualify to lease rental units under the Section 8 program,
3 including establishing the criteria a prospective landlord must
4 meet to qualify as well as the criteria for not qualifying.
5 Disqualification would include, but not be limited to: (i)
6 owning real property with prior violations of municipal housing,
7 building or safety codes for which the owner was cited and
8 failed to correct; (ii) owing delinquent municipal or school
9 property taxes; (iii) having outstanding bills for municipal
10 sewer, water, trash or other municipal services, whether or not
11 liens were filed against the property for same; and (iv) having
12 a history of being an absentee landlord and not properly
13 monitoring the conduct of tenants.

14 (3) Specific procedures for informing Section 8 tenants of
15 their responsibilities as tenants upon obtaining a rental unit
16 under Section 8 program and the basis for eviction. This would
17 include informing them that they may be evicted for: (i)
18 violating any municipal ordinance requirements enacted to
19 protect the constitutional rights of neighborhood residents with
20 respect to the peaceful enjoyment of their property including,
21 but not limited to, violating municipal noise, trash, nuisance
22 or other similar ordinances; or (ii) breaking any terms of the
23 lease.

24 (4) The basis for debarment of a landlord from future
25 participation in the Section 8 program. This would include, but
26 not be limited to: (i) failure to reasonably monitor the
27 activities of Section 8 tenants; (ii) failure to maintain the
28 rental property and building in which the Section 8 rental unit
29 is located in accordance with municipal building and housing
30 code standards; (iii) failure to pay municipal and school

property taxes and municipal charges for sewer, water, trash or other municipal services when due; (iv) failure to report to authorities any criminal activities of tenants; (v) failure to report to authorities violations of the aforementioned municipal ordinances by tenants; (vi) violations of the aforementioned municipal ordinances by landlord; and (vii) failure to initiate eviction procedures against a Section 8 tenant for cause.

(5) Procedures for inspecting rental units to be occupied by Section 8 tenants prior to occupancy as well as unannounced inspections during tenancy to insure the rental unit meets municipal housing and building code requirements relative to the health, safety and welfare of occupants.

(6) Educational, training and support services available to approved Section 8 tenants, to assist them in becoming more responsible tenants.

(c) The agency shall develop a uniform lease for use with all Section 8 landlords and tenants in a city of the first class. The lease shall meet all the requirements of Section 8 of the United States Housing Act of 1937, regulations adopted by HUD to implement Section 8 and the provisions of this article.

(d) The agency shall also monitor the housing authority in a city of the first class to ensure that a lease in the form prescribed by subsection (c) is in use and is signed by both an approved landlord and approved tenant, pursuant to provisions of the approved administrative plan, prior to occupancy of Section 8 rental units by a Section 8 tenant. The agency shall modify the lease provisions periodically, as deemed necessary by the agency.

(e) (1) The agency shall review the current rents being paid to Section 8 landlords in all geographic areas of a city of

the first class by the public housing authority administering the Section 8 program.

(2) The agency shall not allow any rent to be paid to any approved Section 8 landlord by the public housing authority in a city of the first class in excess of the fair market rent allowed by Federal law and HUD regulations for that type of rental housing unit at the specific location and in the specific rental market area.

(3) Where rents being paid are determined by the agency to exceed those allowable by HUD, the agency shall see that the rental payment to that Section 8 landlord is reduced immediately to the allowable maximum.

(4) In addition, where the agency determines that a Section 8 landlord is in violation of any HUD Section 8 regulations, or the requirements of this article, all future Section 8 rental payments due to that landlord shall be held in escrow by the agency and shall not be paid to the landlord, until the landlord is in full compliance with all HUD Section 8 regulations and the requirements of this article.

(f) Local priorities for Section 8 certificates for a city of the first class shall be determined by the agency in consultation with the public housing authority administering the Section 8 program in a city of the first class. Where discrepancies exist, the final decision with respect to priorities shall rest with the agency.

(g) The agency shall perform and take whatever oversight actions are necessary at any time to ensure the proper administration of the Federal Section 8 program administered by a housing authority in a city of the first class. Where discrepancies pursuant to the Federal Housing Act, or

1 implementing HUD regulations are found, the agency shall notify
2 HUD and shall withhold future payments under the Section 8
3 program to the housing authority in a city of the first class
4 until such time as any noted deficiencies are corrected.

5 (h) Upon evidence that the public housing authority in a
6 city of the first class has met all the requirements of the
7 Section 8 program of the United States Housing Act of 1937, as
8 well as policies adopted by the agency pursuant to this article,
9 the agency may release at its discretion, at any time, and as
10 appropriate, Federal funds and Section 8 certificates and
11 vouchers to the housing authority in the city of the first class
12 to administer as it deems feasible.

13 (i) The agency shall be responsible for performing its own
14 audit, as well implementing regulations adopted by HUD, to
15 measure the performance of a housing authority in a city of the
16 first class in managing the tenant-based Section 8 housing
17 assistance program.

18 (j) The agency shall prepare and send annually to the
19 Majority and Minority Leaders of the Senate, Majority and
20 Minority Leaders of the House of Representatives, the chairman
21 of the Urban Affairs and Housing Committee of the Senate and the
22 chairman of the Urban Affairs Committee of the House of
23 Representatives a report describing in detail the performance of
24 the Federal Section 8 housing program in a city of the first
25 class, including any outstanding problems and suggestions for
26 remedial action. A copy of the report shall also be filed with
27 the Secretary of the United States Department of Housing and
28 Urban Development.

29 Section 404-D. Complaints Involving Section 8 Program;
30 Violation of Ordinances.--(a) A resident of a city of the first

class may file a complaint with the agency when the resident has reason to believe, based on factual information, that a landlord owning property which is leased in whole or in part to a Section 8 tenant or tenants, is in violation of: (1) an agreement with the housing authority or its successor responsible for administering the Section 8 housing program in a city of the first class; (2) the terms of the lease with the Section 8 tenant; or (3) any city housing, building, safety codes or other municipal ordinance requirements.

(b) A resident of a city of the first class may file a complaint with the agency when the resident has reason to believe, based on factual information, that a Section 8 tenant leasing a rental unit from a Section 8 landlord is in violation of: (1) any terms of the lease; or (2) any city ordinances enacted to preserve the peaceful enjoyment of the neighborhood by residents such as a municipal noise, trash or nuisance ordinance.

(c) The agency shall investigate the complaint under subsection (a) or (b) to determine if there are grounds to evict the Section 8 tenant or debar the Section 8 landlord from further participation in the Section 8 program. If the agency determines after its investigation that there are grounds, an action shall be instituted immediately pursuant to HUD regulations. If the violation involves a violation of a municipal ordinance by either the Section 8 landlord or Section 8 tenant, the individual may institute an action in the court having jurisdiction over such matters to recover fines and penalties imposed for violation of the ordinance or to compel compliance with the ordinance. When an action is instituted by a resident, notice of that action shall be served upon the

1 municipality, the public housing authority in a city of the
2 first class and the agency.

3 Section 4. This act shall take effect in 60 days.