

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL  
No. 1606 Session of  
1979

INTRODUCED BY KNEPPER, COCHRAN, MILLER, SCIRICA, RHODES,  
TADDONIO, LEHR, HOFFEL, ITKIN, COWELL, AUSTIN, IRVIS,  
BERSON, O'DONNELL, WHITE, BORSKI, MURPHY AND MICHLOVIC,  
JULY 3, 1979

REFERRED TO COMMITTEE ON STATE GOVERNMENT, JULY 3, 1979

AN ACT

1 Amending the act of May 28, 1937 (P.L.955, No.265), entitled, as  
2 amended, "An act to promote public health, safety, morals,  
3 and welfare by declaring the necessity of creating public  
4 bodies, corporate and politic, to be known as housing  
5 authorities to engage in slum clearance, and to undertake  
6 projects, to provide dwelling accommodations for persons of  
7 low income; providing for the organization of such housing  
8 authorities; defining their powers and duties; providing for  
9 the exercise of such powers, including the acquisition of  
10 property by purchase, gift or eminent domain, the renting and  
11 selling of property, and including borrowing money, issuing  
12 bonds, and other obligations, and giving security therefor;  
13 prescribing the remedies of obligees of housing authorities;  
14 authorizing housing authorities to enter into agreements,  
15 including agreements with the United States, the  
16 Commonwealth, and political subdivisions and municipalities  
17 thereof; defining the application of zoning, sanitary, and  
18 building laws and regulations to projects built or maintained  
19 by such housing authorities; exempting the property and  
20 securities of such housing authorities from taxation; and  
21 imposing duties and conferring powers upon the State Planning  
22 Board, and certain other State officers and departments,"  
23 defining terms, authorizing the lending of money for  
24 residential housing, providing funds for residential housing,  
25 authorizing the issuance of bonds, providing for the securing  
26 of such bonds, providing a tax exemption for bonds,  
27 authorizing the signing of bonds by facsimile signatures,  
28 authorizing political subdivisions and other agencies of the  
29 Commonwealth to transfer funds to an authority without  
30 consideration and saving the act of June 13, 1978 (P.L.466,  
31 No.64) from repeal.

32 The General Assembly of the Commonwealth of Pennsylvania

1 hereby enacts as follows:

2 Section 1. The last paragraph of section 2, act of May 28,  
3 1937 (P.L.955, No.265), known as the "Housing Authorities Law,"  
4 amended December 22, 1965 (P.L.1167, No.461), is amended and  
5 clauses are added to read:

6 Section 2. Findings and Declaration of Policy.--It has been  
7 determined by the General Assembly of this Commonwealth, and it  
8 is hereby declared as a matter of legislative finding that--

9 \* \* \*

10 (e) The welfare of the Commonwealth is threatened by the  
11 fact that throughout Pennsylvania the supply of residential  
12 housing facilities for persons and families of low and moderate  
13 income is inadequate to meet the need for such housing created  
14 by an expanding population, the wearing out of older dwellings  
15 and the elimination of substandard dwellings by governmental  
16 action.

17 (f) Many of the existing residential housing facilities in  
18 the Commonwealth are in need of rehabilitation, improvement or  
19 replacement.

20 (g) Because of higher construction costs, a scarcity of  
21 financing available for housing and the resulting increase in  
22 interest rates, the housing need which exists in fact has not  
23 been able to find economic expression in a market demand  
24 sufficient to encourage greater production and supply of  
25 residential housing facilities by private industry or to attract  
26 a sufficient supply of funds to finance the acquisition,  
27 construction, rehabilitation, improvement or equipping of  
28 residential housing facilities to meet the needs of persons and  
29 families of low income and persons of moderate income.

30 Therefore, it is hereby declared to be the policy of the

1 Commonwealth of Pennsylvania to promote the health and welfare  
2 of the inhabitants thereof by the creation of corporate and  
3 politic bodies to be known as housing authorities. The public  
4 purposes for which such authorities shall operate shall be--(1)  
5 the clearance, replanning, and reconstruction of the areas in  
6 which slums exist; (2) the providing of safe and sanitary  
7 dwelling accommodations for persons of low income through new  
8 construction or the reconstruction, restoration, reconditioning,  
9 remodeling or repair of existing structures, so as to prevent  
10 recurrence of the economically and socially disastrous  
11 conditions hereinbefore described; (3) providing financing for  
12 the acquisition, construction, rehabilitation, improvement or  
13 equipping of residential housing for persons of low income and  
14 persons of moderate income in connection with a residential  
15 housing project; and [(3)] (4) the accomplishment of a  
16 combination of the foregoing. Such purposes are hereby declared  
17 to be public uses for which public money may be spent, and  
18 private property acquired by the exercise of the power of  
19 eminent domain.

20 Section 2. Section 3 of the act is amended by adding  
21 definitions to read:

22 Section 3. Definitions.-- The following words, terms, and  
23 phrases, where used or referred to in this act, shall have the  
24 meanings ascribed to them in this section, except in those  
25 instances where the context clearly indicates a different  
26 meaning:

27 \* \* \*

28 (e.1) "Family." Family means two or more persons related by  
29 blood or marriage living in the same residence.

30 \* \* \*

1     (g.1) "Financial Institution." A national or State bank,  
2 bank and trust company, savings bank, Federal or State savings  
3 and loan association, savings association or building and loan  
4 association.

5     \* \* \*

6     (o.1) "Persons of Moderate Income." Persons of moderate  
7 income means persons whose income does not exceed an amount  
8 determined by multiplying the median family income (as  
9 determined from time to time by the United States Department of  
10 Housing and Urban Development) for the county in which the  
11 residential housing project is located or for the Standard  
12 Metropolitan Statistical Area in which the residential housing  
13 project is located if such residential housing project is  
14 located in a county for which said department has not published  
15 a median family income by two. For purposes of calculating  
16 income, the income of any person who is a member of a family  
17 shall be deemed to include the income received by all members of  
18 such family eighteen years and older (except full-time  
19 students). The determination by an authority of persons of  
20 moderate income within this definition shall be final.

21     \* \* \*

22     (p.1) "Residential Housing Project." Residential housing  
23 project means the purchase by an Authority, from the proceeds of  
24 a designated issue of bonds and from any other funds available  
25 to the Authority and designated for that purpose, of loans made  
26 for the purpose of financing or refinancing the construction,  
27 rehabilitation, improvement, equipping or acquisition of  
28 residential housing located within the field of operation of the  
29 Authority by or for persons of low income and persons of  
30 moderate income.

1       \* \* \*

2       Section 3. Section 10 of the act is amended by adding a  
3 clause to read:

4       Section 10. Powers of an Authority.--An Authority shall  
5 constitute a public body, corporate and politic, exercising  
6 public powers of the Commonwealth as an agency thereof, which  
7 powers shall include all powers necessary or appropriate to  
8 carry out and effectuate the purpose and provisions of this act,  
9 including the following powers, in addition to others herein  
10 granted:

11       \* \* \*

12       (ff) with the approval of the city or the county given  
13 pursuant to section 10.1 hereof, to borrow money and issue bonds  
14 (as hereinbefore defined) for the purpose of providing funds for  
15 residential housing projects and, in connection therewith: (1)  
16 to purchase and hold notes or other obligations secured by  
17 mortgages, deeds of trust or other security interests in  
18 residential housing, (2) to sell, assign, pledge, encumber or  
19 hypothecate any notes, obligations, mortgages or other  
20 agreements acquired in connection with a residential housing  
21 project, (3) to grant to any trustee, in addition to any other  
22 rights or remedies provided for in this act, any rights or  
23 remedies contained in such notes, obligations, mortgages or  
24 other agreements, (4) to purchase, or provide for the purchase  
25 of, insurance at rates approved by the Authority on any security  
26 acquired, held by or granted to the Authority in connection with  
27 a residential housing project, and (5) to establish, revise,  
28 charge and collect such fees and charges, including but not  
29 limited to service charges, insurance premiums, commitment fees  
30 and financing fees, as the Authority determines.

1 Section 4. The act is amended by adding a section to read:

2 Section 10.1. Financing Residential Housing; Limitation.--

3 (a) No Authority shall issue bonds to engage in a  
4 residential housing project until the county or the city, as the  
5 case may be, shall have approved the residential housing project  
6 with respect to which such bonds are to be issued. The approval  
7 of the city or the county shall not be required for the specific  
8 details of the residential housing project.

9 (b) Prior to issuing bonds to engage in a residential  
10 housing project, an Authority shall solicit the participation in  
11 the residential housing project, on such reasonable terms as may  
12 be determined by the Authority, of financial institutions with a  
13 branch in the Authority's field of operation by publishing at  
14 least one time a notice soliciting participation in such project  
15 at least thirty days prior to issuing its bonds in a newspaper  
16 circulating generally in the Authority's field of operation.  
17 "Participation" as used herein means originating and selling  
18 and/or servicing loans for residential housing projects by or  
19 for persons of low income or persons of moderate income.

20 Section 5. Section 17 of the act, amended May 20, 1949  
21 (P.L.1614, No.486), is amended to read:

22 Section 17. Bonds of an Authority.--An Authority shall have  
23 power to issue bonds for any of its corporate purposes. An  
24 Authority may issue such types of bonds as it may determine,  
25 including bonds on which the principal and interest are  
26 payable--(a) exclusively from the income and revenues of the  
27 housing project financed with the proceeds of such bonds, or  
28 with such proceeds together with a grant from the Federal or  
29 State Government in aid of such project; (b) exclusively from  
30 the income and revenues of certain designated housing projects,

1 whether or not they were financed, in whole or in part, with the  
2 proceeds of such bonds; (c) exclusively from the income and  
3 revenues, loans or deposits made in connection with residential  
4 housing projects; or [(c)] (d) from its revenues generally. Any  
5 such bonds may be additionally secured by a pledge of any  
6 revenues, including grants or contributions from the Federal or  
7 State Government or any agency and instrumentality thereof, or a  
8 mortgage of any housing project, projects or other property of  
9 the authority.

10 The bonds issued by an Authority are hereby declared to have  
11 all the qualities of negotiable instruments under the law  
12 merchant and the negotiable instruments law of the Commonwealth  
13 of Pennsylvania.

14 [If the bonds of an Authority created under the provisions of  
15 this act are secured by pledge of annual contributions or  
16 capital grants to be made by the United States Government, the  
17 Commonwealth of Pennsylvania, or any agency or instrumentality  
18 thereof, such bonds and the income therefrom shall, at all  
19 times, be free from taxation for State or local purposes under  
20 any law of this commonwealth.] The effectuation of the  
21 authorized purposes of Authorities created under this act shall  
22 and will in all respects be for the benefit of the people of the  
23 Commonwealth of Pennsylvania, for the increase of their commerce  
24 and prosperity and for the improvement of their health and  
25 living conditions. In effectuating such public purposes, such  
26 Authorities will be performing essential governmental functions.  
27 The bonds issued by any such Authority, their transfer and the  
28 income derived therefrom, including any profits made on the sale  
29 thereof, shall at all times be free from taxation within the  
30 Commonwealth of Pennsylvania.

1       Neither the members of the Authority nor any person executing  
2 the bonds shall be liable personally on any such bonds by reason  
3 of the issuance thereof. Such bonds or other obligations of an  
4 Authority shall not be a debt of any city, county, municipal  
5 subdivision or of the Commonwealth, and shall so state on their  
6 face, nor shall any city, county, municipal subdivision or the  
7 Commonwealth, nor any revenues or any property of any city,  
8 county, municipal subdivision or of the Commonwealth be liable  
9 therefor.

10       Section 6. Section 18 of the act, amended October 5, 1967  
11 (P.L.335, No.144), is amended to read:

12       Section 18. Form and Sale of Bonds.--The bonds of an  
13 Authority shall be authorized by its resolution, shall be issued  
14 in one or more series, and shall bear such date or dates, mature  
15 at such time or times, and bear interest at such rate or rates,  
16 not exceeding six per centum (6%) per annum, payable  
17 semiannually, be in such denominations, be in such form, either  
18 coupon or registered, be executed in such manner, be payable in  
19 such medium of payment, at such place or places, and be subject  
20 to such terms of redemption, and carry such registration  
21 privileges as may be provided in such resolution or in any trust  
22 indenture or mortgage properly made in pursuance thereof.

23       The bonds of an Authority may be sold at [not less than par  
24 and accrued interest.] public or private sale for such price or  
25 prices as the Authority may determine. The bonds shall be signed  
26 by or shall bear the facsimile signature of such officers as the  
27 Authority shall determine, coupon bonds shall have attached  
28 thereto interest coupons bearing the facsimile signature of the  
29 treasurer of the Authority, and all bonds shall be authenticated  
30 by an authenticating agent, fiscal agent or trustee, all as may



1 be determined by the Authority. In case any of the officers of  
2 an Authority, whose signatures appear on any bonds or coupons,  
3 shall cease to be officers before the delivery of such bonds,  
4 their signatures shall nevertheless be valid and sufficient for  
5 all purposes the same as if such officers had remained in office  
6 until such delivery.

7 The Authority shall have the power, out of any funds  
8 available therefor, to purchase any bonds issued by it at a  
9 price not more than the par value thereof, plus accrued  
10 interest: Provided, however, That bonds payable exclusively from  
11 the revenues of a designated project or projects shall be  
12 purchased only out of any such revenues available therefrom. All  
13 bonds so purchased shall be cancelled. This paragraph shall not  
14 apply to the redemption of bonds.

15 Any bond reciting in substance that it has been issued by an  
16 authority to aid in financing a housing project or a residential  
17 housing project to accomplish the public purposes of this act,  
18 shall be conclusively deemed in any suit, action or proceeding,  
19 involving the validity or enforceability of such bond or  
20 security therefor, to have been issued for such purpose.

21 Section 7. Clauses (a) and (i) of section 19 of the act are  
22 amended to read:

23 Section 19. Provisions of Bonds, Trust Indentures, and  
24 Mortgages.--In connection with the issuance of bonds or the  
25 incurring of obligations under leases, and in order to secure  
26 the payment of such bonds or obligations, an Authority, in  
27 addition to its other powers, shall have power--

28 (a) To pledge all or any part of its gross or net rents,  
29 fees or revenues to which its right then exists, or may  
30 thereafter come into existence or any security, including

1 mortgages or other security agreements, notes or other  
2 obligations acquired by an Authority in connection with the  
3 financing of residential housing.

4 \* \* \*

5 (i) To vest in a trustee or trustees or the holders of  
6 bonds, or any proportion of them, the right to enforce the  
7 payment of the bonds, or any covenants securing or relating to  
8 the bonds; to vest in a trustee or trustees the right, in the  
9 event of a default by said Authority, to take possession and  
10 use, operate, and manage any housing project, or part thereof,  
11 and to collect the rents and revenues arising therefrom, and to  
12 dispose of such moneys in accordance with the agreement of the  
13 Authority with said trustee; to provide for the powers and  
14 duties of a trustee or trustees, and to limit liabilities  
15 thereof; to authorize such trustee, in the event of default, to  
16 sell, assign or transfer any mortgages, security agreements,  
17 notes or other obligations acquired by the Authority in  
18 connection with the issuance of bonds to finance a residential  
19 housing project; and to provide the terms and conditions upon  
20 which the trustee or trustees or the holders of bonds, or any  
21 proportion of them, may enforce any covenant or rights securing  
22 or relating to the bonds.

23 \* \* \*

24 Section 8. Section 22 of the act, amended October 19, 1967  
25 (P.L.461, No.218), is amended to read:

26 Section 22. Aid from Federal Government.--In addition to the  
27 powers conferred upon an Authority by other provisions of this  
28 act, an Authority is empowered to borrow money or accept grants  
29 or other financial assistance from the Federal Government for,  
30 or in aid of, any housing project within its area of operation,

1 or any residential housing project, to take over or lease or  
2 manage any housing project or undertaking constructed or owned  
3 by the Federal Government, and to these ends to comply with such  
4 conditions, and enter into such mortgages, trust indentures,  
5 leases or agreements as may be necessary, convenient or  
6 desirable. It is the purpose and intent of this act to authorize  
7 every Authority to do any and all things necessary or desirable  
8 to secure the financial aid or cooperation of the Federal  
9 Government in the undertaking, construction, maintenance or  
10 operation of any housing project or any residential housing  
11 project, by such Authority: Provided, That upon completion of an  
12 application of an Authority for financial assistance of the  
13 Federal Government in connection with a housing project, the  
14 Authority shall file with the Department of Community Affairs a  
15 report describing the project, including but not limited to the  
16 location and type of the project, the number of dwelling units  
17 in the project, the size of the individual dwelling units  
18 expressed in number of bedrooms, the number of dwelling units of  
19 the various sizes, the number of dwelling units proposed for the  
20 elderly, and the character of any commercial or community  
21 facilities included in the project.

22 Section 9. Section 22.1. of the act, added June 5, 1947  
23 (P.L.449, No.203), is amended to read:

24 Section 22.1. Aid from State or Local Government.--In  
25 addition to the powers conferred upon an Authority by other  
26 provisions of this act, an Authority is empowered to act as  
27 agent of the State, or any of its political subdivisions,  
28 instrumentalities or agencies, for the public purposes set out  
29 in this act.

30 Further to effectuate the purposes and provisions of this

1 act, and in a manner requisite therefor, an Authority is  
2 empowered to receive, accept or borrow any and all funds  
3 appropriated, given, granted, loaned or donated to it, and to  
4 receive and accept any real estate and appurtenances thereto  
5 given, granted or donated to it by the State or any of its  
6 political subdivisions, instrumentalities or agencies, and all  
7 municipalities, political subdivisions, instrumentalities and  
8 agencies of the State are authorized and empowered to give,  
9 grant, lend and donate, with or without consideration any funds  
10 and/or any real estate and appurtenances thereto to any  
11 Authority to effectuate the purposes and provisions of this act.

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

13 Section 24.1. Construction of Act.--Nothing contained in  
14 this act shall be deemed to alter, amend or repeal the act of  
15 June 13, 1978 (P.L.466, No.64), entitled "An act amending the  
16 act of July 14, 1970 (P.L.485, No.165), entitled 'An act  
17 removing for a limited time the statutory limits imposed upon  
18 interest rates and interest costs to be paid on obligations  
19 issued by State and local governments, authorities, agencies and  
20 instrumentalities,' changing the time limit."

21 Section 11. This act shall take effect immediately.