AN ACT

Providing and regulating State assistance for housing and redevelopment, including comprehensive programs for the development of entire sections or neighborhoods; and making an appropriation. (Title amended Nov. 24, 1967, P.L.541, No.265)

Compiler's Note: Section 301(a)(9) of Act 58 of 1996, which created the Department of Community and Economic Development and abolished the Department of Community Affairs, provided that housing, community assistance and other functions under Act 493 are transferred from the Department of Community Affairs to the Department of Community and Economic Development.

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

Section 1. Short Title.--This act shall be known and may be cited as the "Housing and Redevelopment Assistance Law."

Section 2. Declaration of Policy.--It has been determined by the General Assembly of this Commonwealth:--
(a) That in both urban and rural communities of Pennsylvania there exist inadequate or over-crowded dwellings accompanied by an acute shortage of decent, safe and sanitary housing within the financial reach of families of limited incomes;
(b) That these conditions singly and in combination are a menace to the health and welfare of the people of Pennsylvania because they encourage the spread of disease, impair public health and morals, increase the hazard of fires and accidents, resulting in loss of life and property, subject the young to influences which have a permanently deleterious effect on their moral standards, increase violation of the criminal laws of the Commonwealth, jeopardizing the safety and welfare of its people,
(c) That the correction of these conditions requires the erection of housing projects on a basis which will provide additional housing at rentals which persons of limited incomes can afford to pay, but such projects have not been erected because of the high construction costs which prevail;

(d) That to induce the erection and maintenance of the housing needed for persons of limited incomes, it is essential that the Commonwealth assume a portion of the rental cost by paying for a portion of the construction costs of certain new housing projects;

(e) That it has been found and declared in the Urban Redevelopment Law that there exists in urban communities in this Commonwealth areas which have become blighted, that such conditions are beyond remedy or control by regulatory processes in certain blighted areas or portions thereof and cannot be effectively dealt with under existing law without additional aid, and that the public interest requires the remedying of these conditions. ((e) amended Nov. 24, 1967, P.L.541, No.265)

(f) That certain blighted areas, or portions thereof, may require total acquisition, clearance and disposition, subject to continuing controls as provided in this act, since the prevailing condition of decay may make impracticable the reclamation of the area by rehabilitation or conservation, and that other blighted areas, or portions thereof, through the means provided in this act, may be susceptible to rehabilitation or conservation or a combination of clearance and disposition and rehabilitation or conservation in such manner that the conditions and evils hereinbefore enumerated may be eliminated or remedied. ((f) added Nov. 24, 1967, P.L.541, No.265)

(g) It is hereby found that concentrated enforcement of building, housing, plumbing, electrical, fire and zoning codes will also promote the public health, safety, convenience and welfare. ((g) added Nov. 24, 1967, P.L.541, No.265)

Therefore, it is declared to be the policy of the Commonwealth of Pennsylvania to promote the health, morals, safety and welfare of its inhabitants by providing for State assistance to tenants of limited income through a contribution to the cost of housing projects to be erected and offered for occupancy at moderate rentals as a means of making such housing available to them at rentals within their ability to pay, and by assisting the communities of this Commonwealth in remedying the conditions set forth in the Urban Redevelopment Law and for carrying out comprehensive programs for the development of entire sections or neighborhoods by making grants to municipalities or redevelopment authorities. (Par. amended Nov. 24, 1967, P.L.541, No.265)

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

(a) "Aggregate Income," the total annual income of all occupants of a rental unit, less an exemption of one hundred dollars ($100) for each minor occupying the rental unit or receiving his main support from the lessee. Of such total annual income not more than ten per cent shall be interest or income from capital investments.

(b) "Department," the Department of Commerce of the Commonwealth.
(c) "Housing Project" or "Project," any work or undertaking initiated pursuant to section 4 (a) of this act to provide decent, safe and sanitary urban or rural dwellings, apartments or other living accommodations for persons of limited income. Such work or undertaking may include acquisition of land and its clearance, building construction and the necessary equipment, facilities and other property or rights, including convenient or desirable appurtenances, streets, sewers, water services, parks, site preparation, gardening, for administrative, community, health, recreational, educational, welfare or other purposes. The term "Housing Project" or "Project" may be applied to the planning of the buildings and improvements, the acquisition of property, the demolition of existing structures, the construction, reconstruction, alteration, and repair of existing improvements, and all other work in connection therewith.

(d) "Net Rental," annual rent per dwelling unit, not including the value or cost of water, electricity, refrigeration, or heating and cooking fuels.

(e) "Redevelopment Authority," a public body corporate and politic, organized and existing by virtue of the Urban Redevelopment Law, the act of May twenty-fourth, one thousand nine hundred forty-five (Pamphlet Laws 991).

(f) "Veteran," a person who has served in the active military or naval service of the United States at any time on or after September sixteenth, one thousand nine hundred forty, and prior to July twenty-sixth, one thousand nine hundred forty-seven, and who shall have been discharged or released therefrom under conditions other than dishonorable. "Families of Veterans," shall include the families of persons who died as the result of service in the armed forces of the United States between the above mentioned dates.

(g) "Redevelopment," any work or undertaking of a redevelopment authority created pursuant to the Urban Redevelopment Law of this Commonwealth, including comprehensive programs for the development of entire sections or neighborhoods. ((g) amended Nov. 24, 1967, P.L.541, No.265)

(h) "Municipality," any county, city, borough, incorporated town or township. ((h) added Nov. 24, 1967, P.L.541, No.265)

Compiler's Note: The Department of Commerce, referred to in the def. of "department," was renamed the Department of Community and Economic Development by Act 58 of 1996.

Section 4. Grant Authorization.--The department is hereby authorized, within the limitations hereinafter provided, (a) to make capital grants in the furtherance of housing development and to assist the construction and operating of housing projects through the payment of such grants by contracting with governmental agencies or authorities such as housing authorities and urban redevelopment authorities, or with limited dividend housing corporations, insurance companies, or any other private, public or semi-public agencies, firms or corporations providing adequate surety, acceptable to the department, guaranteeing continuity of operation throughout the term of its contract, and (b) to make capital grants to redevelopment authorities in the furtherance of redevelopment, (c) to make capital grants to municipalities or to redevelopment authorities for the prevention and elimination of blight, and (d) to make capital grants to governmental agencies or authorities, or nonprofit corporations for the purpose of providing funds, which would be otherwise unavailable to initiate, apply for, administer, and execute housing projects financed under any Federal housing
program, said housing projects to be built and operated in accordance with Federal law and regulations and shall not be bound by the conditions attached to housing projects pursuant to section 4 (a), and said grant shall not exceed ten per cent of the total cost of a proposed project, and (e) to make capital grants to governmental agencies or authorities, or nonprofit corporations for the purpose of acquiring single family dwelling units which are in a state of disrepair, and to rehabilitate said dwelling units and to sell these dwelling units to persons or families whose income is not higher than the highest annual income level in the lower or middle third of nonfarm family incomes, and whose financial resources would be insufficient to purchase said dwelling unit after rehabilitation without the assistance provided by this act, purchaser's income to be considered insufficient in cases where more than twenty per cent of said income would be required for debt service to liquidate the mortgage; the resale price for the rehabilitated dwelling unit shall not be less than the cost of initial acquisition, nor more than the cost of acquisition and rehabilitation; programs under this subsection 4 (e) shall not be bound by the conditions attached to housing projects produced under subsection 4 (a), and (f) to cooperate with and make exchanges of the use of personnel, or funds with other departments, agencies, or instrumentalities of the Commonwealth in the execution of housing functions delegated to said departments, agencies, or instrumentalities by the General Assembly.

There shall be no discrimination against any person because of race, color, religion or national origin in the rental or occupancy of any housing constructed under the provisions of this act.


Section 5. Housing Authorities and Limited Dividend Housing Corporations.--Housing authorities created under the "Housing Authorities Law," the act of May twenty-eighth, one thousand nine hundred thirty-seven (Pamphlet Laws 955), as now or hereafter amended, and limited dividend housing companies created under the "Limited Dividend Housing Company Law," the act of May eighteenth, one thousand nine hundred thirty-seven (Pamphlet Laws 704), as now or hereafter amended, shall, in addition to the powers conferred upon them by those acts respectively, have the right to contract for, erect and maintain projects under this act.

Section 6. Tenant Limitations.--No capital grant pursuant to section 4 (a) of this act shall be made for any housing project unless the agency, authority or corporation receiving such capital grant shall contract to maintain rent levels within the means of persons of limited income as established by the department and embodied in the contract, as hereinafter provided, which shall be substantially below those now available through equivalent non-subsidized construction and to limit the tenant admissions of such project to families whose aggregate income does not exceed six times the net rental of the housing unit to be furnished any such family: Provided, however, That when this category of families is exhausted, then tenant admissions shall be limited to families whose aggregate income does not exceed eight times the net rental of the housing unit to be furnished any such family.

Employment by any specific employer or employers shall not be a requisite for occupancy in any housing project built under the provision of this act.
Priority in occupancy shall be given to veterans and families of veterans for five years after the effective date of this act and thereafter, at the discretion of the department, and, so far as is consistent with the objectives of this act, to persons displaced by the necessary operations of public housing and redevelopment projects and other public improvements: Provided, That such persons or families meet the income qualifications established by the department.

Section 7. Grant Limitations.--Pursuant to section 4 (a) of this act, the department shall make no capital grant for any housing project, which shall exceed thirty-five per cent of its land acquisition, development, construction and preoccupancy cost, as finally ascertained by the department.

Any capital grants made under this act shall be strictly limited to the amounts and percentage of total cost necessary in the determination of the department to accomplish the purposes of this act.

Section 8. Procedures.--The department, subject to the approval of the Governor, shall tentatively allocate to the several areas of the Commonwealth, as designated by the department, such capital grants, as may promote aid, or stimulate the erection of housing or the effectuation of redevelopment within that area.

In the determination of such tentative allocations the department shall be guided by the following standards: population distribution pattern, growth as determined by the department in the period since one thousand nine hundred forty, trends of industry and such evidence of housing or redevelopment needs throughout the State as are available to the department.

The department shall publicize in each area concerned the tentative allocation of State subsidy funds for the stimulation of housing construction or redevelopment in that area, in each case making every reasonable effort to inform officials of political subdivisions and representatives of agencies such as those enumerated in section 4 of this act as possible participants in this program.

Each such political subdivision or agency evidencing within a reasonable period of time, as determined by the department, an interest in participating in the program, with accompanying proof of local housing or redevelopment need, recommendation of a suitable and available site, information as to community attitude and evidence that the municipality is recognizing its housing and redevelopment needs by enforcing the laws concerning building construction and sanitation, and other pertinent supporting data, shall have its request reviewed in the light of other requests from that area and the total amount of tentative allocations for the area. After review by the department, and if a housing project is involved, and if the need and feasibility of the proposed project has been demonstrated and where a suitable site is available and where adequate funds are available for allocation, the department shall accept bids on housing construction and operation proposals covering such number and character of housing units, type of construction, site, rental ranges proposed, and such other requirements as are established by the department. Each bid submitted shall stipulate the amount of State subsidy which would be required by the bidder to construct and operate the housing projects in accordance with the before mentioned requirements of the department.

If the tentative allocation of grants in any area in the State does not energize action resulting in acceptable proposals within a reasonable time, as determined by the department, the
department shall have power to reallocate, with the approval of the Governor, these grants to other areas in the Commonwealth, which as determined by the before mentioned standards, have effectively established an urgent need for additional housing facilities or redevelopment programs. Unused portions of these reallocations may be similarly reallocated at later dates so as to effectuate the purposes of this act.

In order to effectuate and enforce the provisions of this act, the department is authorized to promulgate necessary rules and regulations.

Section 9. Department Action on Bids.--The department may reject any or all bids. It shall determine which of the acceptable bids made by responsible bidders will provide for erection and rental of the housing units in accordance with the terms of the department's request for bids at the lowest cost to the Commonwealth and shall notify the successful bidder which may be the sole bidder and shall, on behalf of the Commonwealth, after ratification by the Governor as provided in section ten of this act, enter into a contract with the successful bidder.

Section 10. Ratification by the Governor.--All bids accepted by the department shall be transmitted to the Governor for his consideration and must be ratified by him before the department may enter into contractual relations with the bidder. Upon ratification of a bid by the Governor, the department is authorized to execute contracts effectuating the terms of the bid and proposal, embodying the provisions specified in section eleven of this act and providing for the payment of the capital grant.

Section 11. Contracts.--No State funds for capital grants under the provisions of section 4 (a) of this act shall be disbursed until the department, after ratification of the bid by the Governor, as specified in section ten, has entered into a contract with the bidder embodying suitable guarantees as to the erection, maintenance and management of the proposed housing project in accordance with the purposes of this act, and including provision for--

(1) the termination of the Commonwealth's powers and responsibilities with respect to said project after a specified term of not less than twenty-eight years;

(2) an agreement that the bidder shall not voluntarily subject the premises to any lien or mortgage other than such as may be specified in the contract and that any transfer of the project or any assignment of investor's interest under the agreement shall be subject to all the terms of the contract and this act and shall not relieve the investor of the investor's obligations under the contract;

(3) provisions that the scale of rentals and tenant income limitations originally agreed upon may at some later date be modified by action of the department, upon petition by the bidder, so as to recognize charges in general or local economic conditions; and

(4) such other provisions as the department determines are necessary to carry out the purposes of this act.

Section 12. Approval and Acquisition of Sites.--No housing project site shall be approved by the department before the department has received advice thereon from the planning commission, or if no planning commission shall exist, the governing body of the political subdivision in which the proposed site is located: Provided, however, That if such advice is not received from such local agency within a reasonable time, as defined by the department, local approval shall be assumed.
All proposed housing project plans shall conform to the requirements of local zoning ordinances if any such have been adopted.

Sites for proposed housing projects may be optioned by the department or may be acquired by gift or purchase either by negotiation or through exercise of its power of eminent domain. Such option or title to a proposed site may be transferred by the department or its duly authorized agents to the agency, authority, corporation or firm with which the department contracts for the building and operation of a housing project and may constitute part or all of the Commonwealth's subsidy of the project.

Section 13. Design, Construction and Inspection.--All architectural, engineering or site development plans for housing projects constructed under the provisions of this act shall be approved by the department or its duly accredited representatives before the work covered by the plans is undertaken.

Standards as to materials and construction techniques shall be as specified or approved by the department and must conform to requirements of local codes.

The department or its duly accredited representatives shall be allowed full access at reasonable times to every housing project initiated under the provisions of this act so as to permit a free inspection of materials, methods of construction, and standards of maintenance as required under the provisions of the contract.

Section 14. Redevelopment Proposals.--The governing body of a political subdivision may, by formal resolution, inform the department that it desires some or all of the State funds provided by this act and available for allocation in that area for redevelopment or for the prevention or elimination of blight rather than directly on subsidized construction of rental housing. If such action is taken by the governing body, a certified copy of the resolution shall be forwarded to the department and supplemented by a proposal of the governing body, which shall set forth the use to be made of any funds allocated therefor, and the amount of funds required. The use of said funds shall be for the purposes set forth in section 4 (b) or section 4 (c) of this act and without limiting the generality of the foregoing may be used for local contributions required by any Federal program for redevelopment or program for the prevention or elimination of blight.

Unless and until said resolution is revoked, the department shall not enter into contractual relations regarding housing projects which would otherwise utilize the funds available for allocation in that political subdivision and proposed for expenditure on redevelopment or the prevention or elimination of blight by the governing body of the political subdivision. Provided, however, That if no satisfactory redevelopment proposal or a proposal to prevent and eliminate blight results within a reasonable time, as determined by the department, said funds, after due notice to the governing body of the political subdivision, may be made available for other purposes authorized by this act.

The department shall review the proposal and if satisfied that the proposal is in accordance with the purposes of this act shall, with the approval of the Governor, enter into a grant agreement with the redevelopment authority or with the municipality subject to the condition that the grant be used in accordance with the terms of the proposal. The time of payment of the grant shall be set forth in the grant agreement.
Section 15. Cooperation with Other Agencies.--The department is directed to administer this housing program with such flexibility as to permit a full cooperation between State, Federal, and local governments, agencies, and authorities, as well as private interests, so as to result in as effective and economical a housing program as possible.

Section 16. Interdepartmental Cooperation.--The department shall, at its request, receive the assistance of the Department of Property and Supplies in connection with the administration of this act, with respect to investigation of proposed sites, optioning or acquisition of approved sites, preparation or analysis of plans and specifications, inspection of materials and inspection of construction for housing developments built under the provisions of this act.