

URBAN REDEVELOPMENT LAW - REDEVELOPMENT CONTRACT PROVISIONS

Act of Jan. 12, 2004, P.L. 1, No. 1

Cl. 14

Session of 2004

No. 2004-1

HB 1426

AN ACT

Amending the act of May 24, 1945 (P.L.991, No.385), entitled "An act to promote elimination of blighted areas and supply sanitary housing in areas throughout the Commonwealth; by declaring acquisition, sound replanning and redevelopment of such areas to be for the promotion of health, safety, convenience and welfare; creating public bodies corporate and politic to be known as Redevelopment Authorities; authorizing them to engage in the elimination of blighted areas and to plan and contract with private, corporate or governmental redevelopers for their redevelopment; providing for the organization of such authorities; defining and providing for the exercise of their powers and duties, including the acquisition of property by purchase, gift or eminent domain; the leasing and selling of property, including borrowing money, issuing bonds and other obligations, and giving security therefor; restricting the interest of members and employes of authorities; providing for notice and hearing; supplying certain mandatory provisions to be inserted in contracts with redevelopers; prescribing the remedies of obligees of redevelopment authorities; conferring certain duties upon local planning commissions, the governing bodies of cities and counties, and on certain State officers, boards and departments," further providing for provisions of the redevelopment contract; and making repeals.

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

Section 1. Section 11 of the act of May 24, 1945 (P.L.991, No.385), known as the Urban Redevelopment Law, amended October 2, 2002 (P.L.796, No.113), is amended to read:

Section 11. Provisions of the Redevelopment Contract.--

(a) The contract between the Authority and a redeveloper shall contain, without being limited to, the following provisions:

(1) A legal description of the redevelopment area covered by the contract, and a covenant running with land to the effect that no person shall be deprived of the right to live in the redevelopment project, or to use any of the facilities therein by reason of race, creed, color or national origin, and such other easements, or other rights as are to be reserved therein by the Authority;

(2) Plans and such other documents as may be required to show the type, material, structure and general character of the redevelopment project;

(3) A statement of the use intended for each part of the project;

(4) A guaranty of completion of the redevelopment project within specified time limits, **which guaranty shall include provisions for the forfeiture of title, in such form and manner**

as the Authority may prescribe, in the event that the project is not completed timely;

(4-1) A requirement that every **prime** contract for construction, installation, alteration, repair of, or addition to, the redevelopment project, where the estimated cost shall exceed \$10,000.00, shall contain a provision obligating the **prime** contractor to the prompt payment of all material furnished, labor supplied or performed, rental for equipment employed, and services rendered by public utilities in or in connection with the prosecution of the work, whether or not, the said material, labor, equipment and services enter into and become component parts of the work or improvement contemplated. Such provision shall be deemed to be included for the benefit of every person, co-partnership, association or corporation, who as subcontractor, or otherwise, has furnished material, supplied or performed labor, rented equipment, or supplied services in or in connection with the prosecution of the work as aforesaid, and the inclusion thereof in any contract shall preclude the filing by any such person, co-partnership, association or corporation of any mechanics' lien claim for such material, labor or rental of equipment, and further requiring that the [contractor shall give to the redeveloper an appropriate bond] **redeveloper shall provide to the Authority evidence of financial security** for the prompt payment by the **prime** contractor for materials, supplies, labor, services and equipment [in such form as the Authority may prescribe;]. **Such financial security shall equal 100% of the contract amount, shall be in such form as the Authority may prescribe and may include, but not be limited to, any one or a combination of the following:**

(i) **an appropriate bond from a surety company authorized to do business in this Commonwealth;**

(ii) **an irrevocable letter of credit from a Federal or Commonwealth-chartered lending institution; or**

(iii) **a restrictive or escrow account;**

(5) A provision that the redeveloper shall be without power to sell, lease or otherwise transfer the redevelopment area, or project, or any part thereof, without the prior written consent of the Authority, until the Authority shall have certified in writing that the redevelopment project has been completed;

(5-1) **For all projects in which the estimated construction costs exceed \$1,000,000.00, a requirement that the redeveloper shall provide to the Authority, and shall cause each prime contractor to provide or submit to, a project cost certification performed by one or more independent, third-party certified public accountants establishing the actual total construction costs incurred and paid by the redeveloper and each prime contractor in connection with the redevelopment project. The receipt of the construction cost certification shall be a condition for receiving a certificate of completion;**

(6) The amount of the consideration to be paid by the redeveloper to the Authority;

(7) Adequate safeguards for proper maintenance of all parts of the project;

(8) Prohibition against discrimination in the use, sale or lease of any part of the project against any person because of race, color, religion or national origin;

(9) Such other continuing controls as may be deemed necessary to effectuate the purposes of this act;

(b) Any deed or lease to a redeveloper in furtherance of a redevelopment contract shall be executed in the name of the

Authority, by its proper officers, and shall contain in addition to all other provisions, such provisions as the Authority may deem desirable to run with the land in order to effectuate the purposes of this act;

(c) Any lease to a redeveloper may provide that all improvements shall become the property of the Authority. The execution of such a lease shall not in itself impose upon the Authority any liability for or by reason of the financing, construction, management or operation of any redevelopment project.

Section 2. All rights, duties and obligations arising under any redevelopment contract awarded by an Authority prior to the effective date of this act shall continue to be governed by the provisions of the law in effect at the time of such award.

Section 3. The following acts and parts of acts are repealed to the extent specified:

Act of December 20, 1967 (P.L.869, No.385), known as the Public Works Contractors' Bond Law of 1967, insofar as it is inconsistent with this act.

53 Pa.C.S. Ch. 58, absolutely.

Section 4. This act shall take effect immediately.

APPROVED--The 13th day of January, A. D. 2004.

EDWARD G. RENDELL