

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1304 Session of  
1989

INTRODUCED BY THOMAS, OLIVER, WILLIAMS, EVANS, JAMES, JOSEPHS,  
BISHOP, CARN, ACOSTA, COLAIZZO, HOWLETT, WESTON, COHEN,  
WAMBACH, KOSINSKI, RICHARDSON, PISTELLA, HARPER, KUKOVICH,  
SERAFINI, VEON, BELARDI, MORRIS, BILLOW, D. W. SNYDER AND  
SCRIMENTI, APRIL 25, 1989

REFERRED TO COMMITTEE ON URBAN AFFAIRS, APRIL 25, 1989

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," providing for  
3 additional housing programs; increasing the members of the  
4 governing board of the agency; changing the name of the  
5 agency; and making an appropriation.

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

8 Section 1. The title and sections 101, 102, 103(1) and 201  
9 of the act of December 3, 1959 (P.L.1688, No.621), known as the  
10 Housing Finance Agency Law, amended December 5, 1972 (P.L.1259,  
11 No.282), are amended to read:

12 AN ACT

13 To promote the health, safety and welfare of the people of the  
14 Commonwealth by broadening the market for housing for persons  
15 and families of low and moderate income, for persons and  
16 families displaced by public actions, unemployment or natural  
17 disaster, for the homeless, for the physically,  
18 developmentally and mentally challenged, and alleviating  
19 shortages thereof by making predevelopment costs available  
20 for certain developers, by providing temporary financing for  
21 certain developers, and by assisting in the provision of  
22 housing for elderly persons through the creation of the  
23 Pennsylvania Housing and Finance Agency as a public  
24 corporation and government instrumentality; providing for the  
25 organization, membership and administration of the agency,  
26 prescribing its general powers and duties and the manner in  
27 which its funds are kept and audited, empowering the agency  
28 to make housing loans to qualified mortgagors upon the  
29 security of insured and uninsured mortgages, defining  
30 qualified mortgagors and providing for priorities among  
31 tenants in certain instances, prescribing interest rates and  
32 other terms of housing loans, permitting the agency to

1       acquire real or personal property, permitting the agency to  
2       make agreements with financial institutions and Federal  
3       agencies, providing for the purchase by persons of low and  
4       moderate income of housing units, and approving the sale of  
5       housing units, permitting the agency to sell housing loans,  
6       providing for the promulgation of regulations and forms by  
7       the agency, prescribing penalties for furnishing false  
8       information, empowering the agency to borrow money upon its  
9       own credit by the issuance and sale of bonds and notes and by  
10      giving security therefor, permitting the refunding,  
11      redemption and purchase of such obligations by the agency,  
12      prescribing remedies of holders of such bonds and notes,  
13      exempting bonds and notes of the agency, the income  
14      therefrom, and the income and revenues of the agency from  
15      taxation, except transfer, death and gift taxes; making such  
16      bonds and notes legal investments for certain purposes; and  
17      indicating how the act shall become effective.

18      Section 101. Short Title.--This act shall be known and may  
19      be cited as the "Housing and Finance Agency Law."

20      Section 102. Findings and Declaration of Policy.--It is  
21      hereby determined and declared as a matter of legislative  
22      finding that--

23      (1) The welfare of the Commonwealth is threatened by the  
24      fact that throughout Pennsylvania the supply of private homes  
25      and rental units for persons and families of low and moderate  
26      income is inadequate to meet the need for such housing created  
27      by an expanding population, the wearing out of older dwellings  
28      and the elimination of substandard dwellings by governmental  
29      action, and by a shortage of suitable dwellings for elderly  
30      persons.

1       (2) Because of higher construction costs, a scarcity of  
2 financing available for low and moderate housing [and the  
3 resulting], increase in interest rates and the rising population  
4 of persons and families displaced by public actions,  
5 unemployment or natural disaster, the housing need, which exists  
6 in fact, has not been able to find economic expression in a  
7 market demand sufficient to encourage greater production of  
8 homes and rental housing by private industry for persons and  
9 families of low and moderate income, including the elderly.

10       (3) Persons and families whose residences are condemned by  
11 governmental action in the prosecution of necessary public works  
12 in urban slum clearance programs and under regulatory laws  
13 protecting health and safety, face insuperable difficulties in  
14 finding new housing which is adequate, safe and sanitary. Many  
15 such persons and families are not eligible to occupy public  
16 housing administered by governmental agencies and are also  
17 unable to rent or purchase adequate, safe and sanitary housing  
18 because of the economic conditions described. Unless it becomes  
19 economically feasible for these persons and families to acquire  
20 housing in place of the dwellings now being eliminated by urban  
21 renewal programs in blighted areas and other dwellings removed  
22 by reason of other public works, such necessary governmental  
23 activities face serious curtailment or interruption.

24       (4) The Commonwealth has a strong moral and financial  
25 responsibility to assist in providing opportunity for the rental  
26 or purchase of relocation housing by persons and families who  
27 are displaced by necessary governmental action, as well as a  
28 general and continuing responsibility to eliminate conditions  
29 which prevent private industry from supplying housing to relieve  
30 the general shortage of housing.

1 (5) Private industry alone has been and now is unable to  
2 provide the financing necessary, at a cost which persons and  
3 families of low and moderate income can afford, for housing for  
4 such persons and families and therefore, the specialized  
5 financing provided for in this act will encourage greater  
6 expenditure of private capital for housing.

7 (6) The relationship of a sufficient provision of adequate,  
8 safe and sanitary housing to the advancement of the public  
9 health and morals and to the prevention of fire, accident and  
10 crime is clear.

11 (7) Therefore, it is hereby declared to be the policy of the  
12 Commonwealth of Pennsylvania to promote the health, safety and  
13 welfare of its inhabitants by the creation of a body corporate  
14 and politic, to be known as the "Pennsylvania Housing and  
15 Finance Agency," which shall exist and operate for the purposes  
16 of alleviating the hardship which results from insufficient  
17 production of private homes and of rental housing for persons  
18 and families of low and moderate income, including the elderly,  
19 the hardship resulting from the relocation of persons displaced  
20 by governmental action, the deleterious effect of inadequate  
21 housing upon the general welfare of the Commonwealth, and the  
22 disadvantages, resulting from economic conditions, which bar  
23 private industry from satisfying a vital need, by broadening the  
24 market for private homes and for rental housing for persons and  
25 families of low and moderate income, including the elderly, the  
26 homeless and the physically, developmentally and mentally  
27 challenged, by making predevelopment costs available for  
28 eligible for-profit and not-for-profit developers through the  
29 provision of specialized financing secured by mortgages to  
30 corporations, individuals, joint ventures, partnerships, limited

1 partnerships, trusts, cooperatives and condominiums, which are  
2 unable to obtain such financing in the general market or who are  
3 unable to participate in specialized Federal housing programs  
4 because of lack of available Federal funds[, and through  
5 cooperation with and assistance to the Pennsylvania Department  
6 of Community Affairs as such department carries into effect the  
7 powers and duties vested in it, thus improving and stimulating  
8 the distribution of investment capital for housing.]; providing  
9 temporary financing for start-up capital, reasonable land  
10 development expenses, mortgage financing, loans and grants for  
11 single-family and multifamily residential housing acquisition,  
12 rehabilitation, revitalization and construction; providing  
13 technical and consultative project assistant services to for-  
14 profit and not-for-profit sponsors; coordinate Federal, State,  
15 regional and local public and private efforts; develop a  
16 Statewide housing policy; and promote wise usage of land and  
17 other resources. Such purposes are public purposes for which  
18 public money may be spent.

19 Section 103. Definitions.--As used in this act unless  
20 otherwise indicated--

21 (1) "Agency" means the "Pennsylvania Housing and Finance  
22 Agency," the public body, corporate and politic, created by this  
23 act.

24 \* \* \*

25 Section 201. Agency Creation.--A body corporate and politic,  
26 named the "Pennsylvania Housing and Finance Agency," is hereby  
27 created as a public corporation and government instrumentality  
28 and to have continuing succession until its existence shall be  
29 terminated by law.

30 Section 2. Section 202 of the act, amended December 16, 1986

1 (P.L.1666, No.189), is amended to read:

2       Section 202. Agency Membership.--The members of the agency  
3 shall be the Secretary of Community Affairs, the State  
4 Treasurer, the Secretary of Commerce and the Secretary of  
5 Banking, and the respective successors in office of each of them  
6 [and six]; two members of the Senate, one appointed by the  
7 President pro tempore and one appointed by the Minority Leader;  
8 two members of the House of Representatives, one appointed by  
9 the Speaker and one appointed by the Minority Leader; two low-  
10 income or moderate-income persons living in unsubsidized  
11 housing, appointed by the Speaker of the House of  
12 Representatives from a list of six qualified individuals  
13 submitted to the Speaker by the Pennsylvania Low-Income Housing  
14 Coalition; and additional members whom the Governor shall  
15 appoint. [One] Two of the members of the agency appointed by the  
16 Governor with the advice and consent of the Senate shall be a  
17 representative of a community-based nonprofit group which  
18 assists low-income and moderate-income individuals in housing  
19 matters. Two of the members appointed by the Governor shall  
20 represent independent nonprofit housing developers from an urban  
21 area, and two additional members shall represent independent  
22 nonprofit housing developers from rural areas. Two members shall  
23 be appointed by the Governor from a list containing three names  
24 submitted by the Pennsylvania Builders Association and a list  
25 containing three names submitted by the Pennsylvania  
26 Manufactured Housing Association and shall represent for-profit  
27 builders or developers. One of the members appointed by the  
28 Governor shall represent a group comprised of or representing  
29 the homeless. One member appointed by the Governor shall  
30 represent low-income tenants. One member appointed by the

1 Governor shall be a member of an organization representing the  
2 mentally ill or mentally retarded. Two members appointed by the  
3 Governor shall represent the physically or developmentally  
4 impaired. Annually at the first meeting held during the calendar  
5 year, the members shall elect one of the members to serve as  
6 chairperson. The members initially appointed shall serve for  
7 terms of one, two, three, four, five and six years,  
8 [respectively,] the particular term of each to be designated by  
9 the Governor at the time of appointment. The terms of all their  
10 successors shall be six years each, except that any person  
11 appointed to fill a vacancy shall serve only for the unexpired  
12 term. Every member's term shall extend until his successor is  
13 appointed and qualified. Any appointment of a member of the  
14 agency made hereafter shall be subject to the advice and consent  
15 of a majority of all the members of the Senate. Any appointed  
16 member of the agency shall be eligible for reappointment. The  
17 members of the agency shall not receive compensation for their  
18 services as members, but shall receive reimbursement for all  
19 necessary expenses incurred in connection with the performance  
20 of their duties as members. A member who fails to attend  
21 meetings for three consecutive months shall forfeit his seat  
22 unless the chairperson of the agency, upon written request from  
23 the member, finds that the member should be excused from a  
24 meeting because of illness or the death of an immediate family  
25 member.

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

27 ARTICLE IV.-D

28 Miscellaneous Housing Programs

29 Section 401-D. General Authority.--(a) The agency shall  
30 promote the goals of affordability, quality, economic



1 development and equal access to housing for all citizens.  
2 Programs to promote these goals include homeownership,  
3 rehabilitation loan programs and expanding housing options for  
4 people who may need an additional support system attached to  
5 their housing, whether that is to help an older person to age in  
6 his place of residence, to provide resources to help people with  
7 a special need or to help people maintain independence.

8 (b) The agency shall provide low-interest construction and  
9 interim development financing for new construction and  
10 rehabilitation of rental and homeownership housing. Eligible  
11 sponsors include nonprofit, limited profit and public  
12 corporations. Housing developed under this program must benefit  
13 low-income and moderate-income households. Construction loans  
14 may be used to pay for the actual cost of improvements as well  
15 as other related costs. Loans shall be made at a compensating  
16 balance at zero percent interest with a term of twenty-four  
17 months, or direct funding, at three percent annually on the  
18 outstanding balance with a term of eighteen months. Interim  
19 loans can cover up to fifty percent of the actual development  
20 costs. These loans shall not exceed sixty months, and interest  
21 on the loans shall be one-half of prime.

22 (c) The agency shall provide non-interest-bearing loans to  
23 nonprofit, limited profit and public sponsors of low-income and  
24 moderate-income housing developments. These loans can be used to  
25 cover predevelopment costs.

26 (d) The agency shall be the administrating agency for the  
27 United States Department of Housing and Urban Development's  
28 Program for Permanent Housing for the Handicapped Homeless  
29 created under section 101(a) of the Stewart B. McKinney Homeless  
30 Assistance Act (Public Law 100-77, 101 Stat. 482). Grants from

1 this program shall be awarded to qualified sponsors for  
2 acquisition and rehabilitation of projects that provide  
3 community-based, long-term housing and supportive services for  
4 not more than eight handicapped homeless persons. The term  
5 "handicapped" refers to individuals with mental disabilities as  
6 well as physical disabilities.

7 Section 402-D. Rules and Regulations.--The agency shall  
8 promulgate whatever rules or regulations are necessary to  
9 implement the provisions of this article.

10 Section 4. The sum of \$10,000,000, or as much thereof as may  
11 be necessary, is hereby appropriated to the Pennsylvania Housing  
12 and Finance Agency to implement the provisions of this act.

13 Section 5. This act shall take effect in 60 days.