

No. 1992-172

AN ACT

HB 30

Providing for the establishment and administration of an affordable housing program; and imposing additional powers and duties on the Department of Community Affairs.

The General Assembly finds and declares as follows:

(a) (1) Many Pennsylvania households live at the poverty income level or below, and such households need financial assistance to ensure their ability to pay for safe and decent housing.

(2) Homelessness caused by the inability to afford housing has been the experience of thousands of this Commonwealth's residents, and it is growing particularly among families.

(3) Many households are living in overcrowded housing and need a larger housing unit to accommodate their families.

(4) Pennsylvania's housing stock is among the nation's oldest. Over 44% of the units in this Commonwealth were built prior to 1940, compared to 26% nationally.

(5) Substandard housing units need to be rehabilitated or replaced.

(6) In substantial portions of this Commonwealth, the median price of a home has increased faster than the median household income, contributing to the growing problems of housing affordability for low-income and moderate-income households.

(7) In many areas, median gross rents have increased at a greater rate than the increase in household income, resulting in a greater proportion of total income spent on housing.

(8) By working in partnership with private, nonprofit and other public sector entities, the Commonwealth can leverage and help maximize available resources.

(9) The Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625, 42 U.S.C. § 12701 et seq.), also known as the National Affordable Housing Act of 1990 (NAHA), has established Federal requirements for the preparation of a Statewide Comprehensive Housing Affordability Strategy (CHAS). The Commonwealth's CHAS is a comprehensive planning document that must be submitted to and approved by the United States Department of Housing and Urban Development (HUD) to receive direct funding under most HUD housing and community development programs or to permit such funds to go to projects and activities within this Commonwealth.

(10) The National Affordable Housing Act of 1990 has further authorized and Congress has appropriated funds for various programs which are subject to Comprehensive Housing Affordability Strategy requirements.

(b) Now, therefore, the General Assembly declares that it is the policy of the Commonwealth to promote the health, safety and welfare of its inhabi-

tants and to address its housing needs by providing assistance for affordable housing through the renovation of blighted buildings, the conversion of obsolete buildings and the construction of single-family and multifamily housing.

(c) It is further declared that it is the intent of this act to encourage the maximization of resources through partnerships among the Commonwealth, other public sector entities, nonprofit organizations and the private sector.

(d) To these ends, this act establishes State and regional advisory committees which will serve in an advisory capacity to the Department of Community Affairs in the development and implementation of State housing policy, including, but not limited to, the applicable programs of the National Affordable Housing Act of 1990 and the HOME Investment Trust Fund and in the preparation of the Commonwealth's Comprehensive Housing Affordability Strategy.

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 Pennsylvania Affordable Housing Act.

Section 2. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

“Comprehensive Housing Affordability Strategy” or “CHAS.” The Commonwealth's housing strategy and annual updates thereof required by the Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625, 42 U.S.C. § 12701 et seq.), also known as the National Affordable Housing Act of 1990 (NAHA).

“Department.” The Department of Community Affairs of the Commonwealth.

“HOME Investment Partnership Program” or “HOME program.” The Federal program authorized by the Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625, 42 U.S.C. § 12701 et seq.), also known as the National Affordable Housing Act of 1990 (NAHA).

“HOME Investment Trust Fund” or “HOME fund.” The account established in the State Treasury for the HOME Investment Partnership Program, as required by the Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625, 42 U.S.C. § 12701 et seq.), also known as the National Affordable Housing Act of 1990 (NAHA), and the implementing regulations thereof.

“National Affordable Housing Act of 1990” or “NAHA.” The Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625, 42 U.S.C. § 12701 et seq.), as amended.

“Nonprofit organization.” Any private, nonprofit organization, including a Federally chartered or State-chartered nonprofit organization, that:

- (1) Is organized under Federal or State law.
- (2) Has no part of its net earnings inuring to the benefit of any member, founder, contributor or individual.
- (3) Has among its purposes activities related to the provision of decent housing that is affordable to low-income and moderate-income persons or activities that relate to the provision of services that assist low-income persons.

“Pennsylvania Housing Advisory Committee” or “PHAC.” The committee established under this act to advise the Department of Community Affairs on coordination of Federal, State and local resources.

“Regional housing advisory committees” or “RHAC’s.” The six regional committees established under this act to review regional housing and support service needs and priorities and advise the Department of Community Affairs as to how these needs and priorities should be addressed in the Commonwealth’s Comprehensive Housing Affordability Strategy.

“Secretary.” The Secretary of Community Affairs of the Commonwealth.

“United States Department of Housing and Urban Development” or “HUD.” The Federal agency responsible for administering the programs authorized under the Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625, 42 U.S.C § 12701 et seq.), also known as the National Affordable Housing Act of 1990 (NAHA).

Section 3. Comprehensive Housing Affordability Strategy.

(a) Responsibilities of department.—The department shall be responsible for preparing the Commonwealth’s five-year Comprehensive Housing Affordability Strategy and annual plan updates. The CHAS shall contain a needs assessment of housing and supportive services for housing, information on housing market conditions and a strategy to meet identified needs using available resources. This comprehensive planning document shall describe and define the anticipated use of Federal funds received directly by the Commonwealth for housing purposes, including, but not limited to, the HOME Investment Trust Fund moneys. This comprehensive planning document may also include the anticipated use of other available funding sources for housing purposes.

(b) Procedures.—The department shall prepare the CHAS and annual plan updates in accordance with the National Affordable Housing Act of 1990 and the regulations specified by HUD. The secretary shall receive input and advice on the content of the CHAS from the regional housing advisory committees and the Pennsylvania Housing Advisory Committee created by this act.

Section 4. Regional housing advisory committees.

(a) Purpose and responsibilities.—

(1) A regional housing advisory committee will be established for each of the department’s six regions which regions shall be established by the secretary. Each RHAC will review regional housing and support service needs and priorities and advise the department as to how these needs and priorities should be addressed in the Commonwealth’s housing policy as

delineated in its annual Comprehensive Housing Affordability Strategy. Biennially, each RHAC will elect, by a majority vote of the members, one member to serve on the Pennsylvania Housing Advisory Committee to ensure that regional needs and priorities are recognized in the Commonwealth's CHAS.

(2) Each RHAC shall meet at least once each year. Meetings shall be advertised and conducted pursuant to the act of July 3, 1986 (P.L.388, No.84), known as the Sunshine Act.

(b) Composition.—

(1) The secretary will appoint RHAC members to serve two-year terms. Every two years, each RHAC shall elect a chairperson of the RHAC and other such officers as it deems appropriate from among its members.

(2) The membership shall be geographically dispersed across each region in order to include urban, suburban and rural areas. Every effort shall also be made to ensure a diversity of race, ethnic origin, household composition, age, religion, sex and disability status.

(3) No member will receive compensation or remuneration for participation on a RHAC.

(4) Each RHAC shall consist of at least 20 but no more than 40 members, all of whom shall be residents of the respective region, including members representing the following:

(i) The regional director for the department.

(ii) One or more representatives of local municipalities that will be participating jurisdictions under the HOME Investment Partnership Program.

(iii) One or more representatives of local municipalities that will be nonparticipating jurisdictions under the HOME program.

(iv) One or more representatives of county governments.

(v) One or more representatives of independent, nonprofit organizations involved in developing housing for very low-income, low-income and moderate-income people.

(vi) One or more representatives of the private financial community, including banks, savings and loan associations, other lenders and foundations.

(vii) One or more representatives of for-profit owners and developers of housing for very low-income, low-income and moderate-income people.

(viii) One or more representatives of housing authorities.

(ix) One or more representatives of redevelopment authorities.

(x) One or more representatives of organized labor.

(xi) One or more representatives of for-profit or nonprofit organizations which provide technical assistance in financing, constructing, managing or linking social services with low-income housing developments.

(xii) One or more representatives of social service organizations, including those knowledgeable about the housing needs of special needs

groups such as elderly persons, persons with mental illness, persons with mental retardation, persons with physical disabilities, persons with drug or alcohol dependencies, persons with HIV/AIDS, victims of domestic violence, very low-income and low-income individuals and families, migrant and seasonal farmworkers, minorities and persons who are homeless.

Section 5. Pennsylvania Housing Advisory Committee.

(a) Purpose and responsibilities.—

(1) The Pennsylvania Housing Advisory Committee shall review Statewide housing and support service needs and priorities and shall advise the department on coordination of Federal, State and local resources, including, but not limited to, the National Affordable Housing Act of 1990, the HOME Investment Trust Fund of 1990, formation of partnerships, removal of regulatory barriers, linkage of housing with support services, building capacity of nonprofit organizations to develop and manage decent, safe, sanitary and affordable housing and how Statewide needs and priorities should be addressed by the Commonwealth's annual Comprehensive Housing Affordability Strategy.

(2) The membership shall be geographically dispersed in order to include urban, suburban and rural areas. Every effort shall also be made to ensure a diversity of race, ethnic origin, household composition, age, religion, sex and disability status.

(3) Meetings shall be advertised and conducted pursuant to the act of July 3, 1986 (P.L.388, No.84), known as the Sunshine Act.

(b) Composition.—

(1) The PHAC will be chaired by the secretary and will meet at least semiannually. The Governor will appoint PHAC members to serve two-year terms, except members of the General Assembly and the representatives elected by each regional housing advisory committee. Support staff for the PHAC will be provided by the department.

(2) No member will receive compensation or remuneration for participation on a PHAC.

(3) The PHAC shall consist of at least 25 but no more than 35 residents of this Commonwealth and shall include, at a minimum, the following:

- (i) The Secretary of Community Affairs or a designee thereof.
- (ii) The Secretary of Aging or a designee thereof.
- (iii) The Secretary of Health or a designee thereof.
- (iv) The Secretary of Labor and Industry or a designee thereof.
- (v) The Secretary of Public Welfare or a designee thereof.
- (vi) Two members of the Senate, one appointed by the President pro tempore and the other by the Minority Leader.
- (vii) Two members of the House of Representatives, one appointed by the Speaker of the House and the other by the Minority Leader.
- (viii) The Executive Director of the Pennsylvania Housing Finance Agency or a designee thereof.

(ix) One representative from each of the regional housing advisory committees.

(x) One representative of local municipalities that will be participating jurisdictions under the HOME Investment Partnership Program.

(xi) One representative of local municipalities that will be nonparticipating under the HOME program.

(xii) One representative of county governments who administers human service programs.

(xiii) One representative of independent, nonprofit organizations involved in developing housing for very low-income, low-income and moderate-income people.

(xiv) One representative of the private financial community, including banks, savings and loan associations, other lenders and foundations.

(xv) One representative of for-profit owners and developers of housing for very low-income, low-income and moderate-income people.

(xvi) One representative of housing authorities.

(xvii) One representative of redevelopment authorities.

(xviii) One representative of reorganized labor.

(xix) One representative of for-profit or nonprofit organizations which provide technical assistance in financing, constructing, managing or linking social services with low-income housing developments.

(xx) One or more representatives of social service organizations, including those knowledgeable about the housing needs of special needs groups such as elderly persons, persons with mental illness, persons with mental retardation, persons with physical disabilities, persons with drug or alcohol dependencies, persons with HIV/AIDS, victims of domestic violence, very low-income and low-income individuals and families, migrant and seasonal farmworkers, minorities and persons who are homeless.

(c) Subcommittees and ad hoc committees.—The PHAC may, as it deems necessary, establish subcommittees and ad hoc committees, comprised of non-PHAC members, to assess special needs and obtain public input. These subcommittees and ad hoc committees will report to PHAC.

Section 6. National Affordable Housing Act's HOME Program.

(a) General rule.—The Commonwealth's HOME Investment Partnership Program and the HOME Investment Trust Fund will be administered by the department in accordance with the National Affordable Housing Act of 1990 and the Commonwealth's housing policy as delineated in its Comprehensive Housing Affordability Strategy. In its administration of the HOME program, the department will seek to coordinate Federal, State and local funding and maximize leveraging of private and public resources. The Pennsylvania Housing Advisory Committee will act in an advisory capacity.

(b) Goals and purposes.—The primary purpose of the Commonwealth's HOME program and HOME fund are to:

(1) Expand the supply of decent, safe, sanitary and affordable housing, with special attention to rental housing, for very low-income and low-income Pennsylvanians.

(2) Help mobilize and strengthen the abilities of units of local government and nonprofit organizations to design and implement strategies for achieving an adequate supply of decent, safe, sanitary and affordable housing and to help them deal with the most critical housing needs within their communities.

(3) Increase the investment of private capital and the use of private sector resources in the provision of decent, safe, sanitary and affordable housing.

(4) Help ensure that public investment produces housing stock that remains available and affordable to very low-income and low-income families, is appropriate to the neighborhood surroundings and, wherever appropriate, is mixed-income housing.

(c) Eligible uses.—

(1) In general, Federal funds made available under the HOME program and the HOME fund may be used to provide incentives to develop and support affordable rental housing and homeownership affordability through the acquisition, new construction, reconstruction or moderate or substantial rehabilitation of affordable housing, including real property acquisition, site improvement, conversion, demolition and other expenses, including financing costs, relocation expenses of any displaced persons, families, businesses or organizations, and to provide tenant-based rental assistance. Eligible uses of these funds shall be based on NAHA, regulations and amendments thereto.

(2) Preference shall be given to rehabilitation of substandard housing unless it is determined that:

(i) such rehabilitation is not the most cost-effective way to meet a jurisdiction's need to expand the supply of affordable housing; or

(ii) a jurisdiction's housing needs cannot be met through rehabilitation of the available stock.

(3) Funds will be targeted to those programs and projects which serve very low-income and low-income persons as defined within NAHA and in accordance with the applicable CHAS.

(d) Nonprofit set-aside.—The Commonwealth shall reserve at least the percentage of HOME funds required by NAHA, but in any case no less than 15%, for investment only in housing to be developed, sponsored or owned by nonprofit housing organizations.

(e) HOME Investment Trust Fund.—

(1) There is hereby established a separate account in the State Treasury to be known as the HOME Investment Trust Fund which shall be a special fund administered by the department.

(2) All funds received by the Commonwealth from the Federal Government for the purpose of this act shall be deposited, and any return of funds to the Commonwealth under this act and any interest earned or other return on moneys in this fund shall be deposited and retained by the fund. In addition, any State and local funds required by NAHA to be used for matching purposes may be deposited into this special fund.

Section 7. Effective date.

This act shall take effect immediately.

APPROVED—The 18th day of December, A. D. 1992.

ROBERT P. CASEY