

CITY OF SHARON, PENNSYLVANIA

BILL NO.

ORDINANCE NO. 05-12

Introduced by, MR. BURKE

Passed finally, October 18, 2012

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SHARON, COUNTY OF MERCER, COMMONWEALTH OF PENNSYLVANIA, AUTHORIZING THE CITY OF SHARON TO ENTER INTO A COOPERATIVE INTERGOVERNMENTAL AGREEMENT WITH THE COUNTY OF MERCER AND THE MERCER COUNTY HOUSING AUTHORITY FOR THE PURPOSE OF REHABILITATING DISTRESSED PROPERTIES IN THE CITY OF SHARON AND PROVIDING CODE COMPLIANT AFFORDABLE HOUSING.

BE IT ORDAINED AND ENACTED by the Council of the City of Sharon, and it is hereby ordained and enacted by the authority of the same as follows:

SECTION 1. AUTHORITY, TERMS AND CONDITIONS: The City of Sharon is hereby authorized and empowered to enter into an Intergovernmental Agreements (copy attached) between it and the County of Mercer and the Mercer County Housing Authority for the purpose of co-operatively providing for the rehabilitation and management of distressed properties in the City with the object of providing code compliant affordable housing.

SECTION 2. DURATION OF THE TERM OF THE AGREEMENT: The term of the Agreement shall be indefinite but may be terminated bt any Party thereto on an annual basis.

SECTION 3. PURPOSES AND OBJECTIVES: The purpose of the Agreement is to provide a mechanism to enhance the City's current housing rehabilitation program by targeting properties susceptible to the divestiture of encumbrances, rehabilitating at reasonable costs, and subsequent management of same including the screening of persons otherwise eligible for ownership or tenancy and providing training and assistance as needed.

SECTION 4. MANNER AND EXTENT OF COOPERATION AND OF FINANCING THE AGREEMENT: The Agreement will be completely financed with such funds as each of the Parties may, in their sole and absolute discretion, allocate to the program on an annual basis.

SECTION 5. DISPOSITION OF PROPERTY UPON TERMINATION OF THE AGREEMENT: Real Estate obtained by the Parties through this co-operative agreement will be sold or otherwise distributed as may be required by any funding source, or as may be agreed by the parties, upon termination of this agreement and the proceeds from any sales will become the property of the City of Sharon after all parties are reimbursed their share of capital contributed to the joint effort, if any..

SECTION 6. SEVERABILITY: The provisions of this Ordinance shall be severable and, if any of the provisions hereof shall be held unconstitutional, void or otherwise unenforceable, such shall not affect the validity of any of the remaining provisions of said Ordinance.

SECTION 7. REPEALER: All ordinances or parts of ordinances conflicting with any of the provisions of this Ordinance are hereby repealed insofar as the same affect this Ordinance.

SECTION 8. EFFECTIVE DATE: This Ordinance shall become effective ten (10) days after final passage.

ORDAINED AND ENACTED finally into law by the Council of the City of Sharon, this 18th day of October, 2012

Geri Merdillo
CITY CLERK



PRESIDENT OF COUNCIL

AGREEMENT

This Agreement, made and entered into this day of October, 2012 by and between:

COUNTY OF MERCER, a fifth class county, with offices at the Mercer County Courthouse, Mercer, Mercer County, Pennsylvania, hereinafter referred to as "County;"

AND

MERCER COUNTY HOUSING AUTHORITY, a housing authority organized and existing under the laws of the Commonwealth of Pennsylvania, with a place of business at 80 Jefferson Ave., Sharon, Pennsylvania 16146, hereinafter "Authority."

AND

CITY OF SHARON, a municipal corporation organized and existing under the laws of the Commonwealth of Pennsylvania, with a place of business at 155 W. Connelly Blvd., Sharon, Mercer County, Pennsylvania, hereinafter "City"

WHEREAS, the County and the City have suffered a significant loss of their tax base and tax revenue related to properties located in the City (hereinafter "Blighted Properties") that are either nonpaying or significantly delinquent in the payment of assessed real estate taxes; and

WHEREAS, these Blighted Properties are, in most cases, in violation of the City building maintenance codes; and

LAW OFFICES
WILLIAM J. MADDEN
A PROFESSIONAL
CORPORATION
165 EUCLID AVENUE
SHARON, PENNSYLVANIA
16146

WHEREAS, there are more than six hundred families, elderly, or single people applying to the Authority for housing who are unable to locate decent affordable housing within the City and are thus possibly subject to unscrupulous persons; and

WHEREAS, the County, the City, and the Authority have determined that through their joint efforts (the "Joint Project") they can possibly ameliorate the impact of the Blighted Properties both on the tax base of the County and City, and complement the mission of the Authority to provide decent affordable housing;

NOW, THEREFORE, in consideration of the mutual premises promises and covenants hereinbefore and hereinafter set forth, it is agreed and covenanted by the parties, with the intent to be legally bound, as follows:

NOTICE

1. On or before December 1, 2012, and likewise in succeeding years, the Authority will designate a number of properties located in the City which the Authority, or its non profit affiliate, Community Home Buyers Inc., a not for profit Pennsylvania corporation, is willing to take ownership of and responsibility for maintenance of, and shall provide that list to the City and the County; the properties shall be chosen from a list of tax delinquencies provided by the County to the Authority on or before November 1 of each year.

2. On or before December 1, 2012, and likewise in succeeding years the City shall advise the County and the Authority of the amount of funds it is willing to designate for use in the Joint Project herein undertaken by the Parties hereto; the source of funds may be: a) the City's CDBG allocation; b) the City's Neighborhood Stabilization Funds; c) the City's Home Funds; d) the City's Housing Trust Funds;

3. On or before December 1, 2012, and likewise in succeeding years the Authority shall advise the County and the City of the amount of federal or non federal

funds it is willing to designate for use in the Joint Project. If the Authority commits any of its federal Replacement Housing Factor Funds, a Deed of Trust will be recorded.

4. On or before December 1, 2012, and likewise in succeeding years the County will advise the City and the Authority of its willingness to continue with the Joint Project under the terms and conditions hereinafter set forth;

INSPECTION AND ALLOCATION

5. Upon determination of the willingness of each party to proceed with the Joint Project into the ensuing year, and only upon such expression of willingness, the City will inspect, or cause to have inspected, the properties designated by the Authority, or so many of them as can be reasonably funded to determine:

a) a reasonably estimated cost to bring the inspected properties into compliance with City building maintenance codes;

b) a reasonably estimated cost to upgrade the properties beyond mere code requirements so as to enhance the saleability or rentability of the property the work for which can be provided by the Authority staff or otherwise (e.g. landscaping, painting, carpet, drapes and the like); final approval of "upgrade" expenditures shall rest with the funding party;

c) a reasonably targeted occupant (single, family, family with infants, elderly, etc) and the funds uniquely or solely available for that type of occupancy; and

d) a reasonable estimate of an amount to be committed from the City's Housing Trust Funds to establish an Operating Reserve Fund to pay the costs of taxes (or an equal payment in lieu of taxes (PILOT)) and utilities during the time necessary to either rehabilitate the property and prepare it for rental occupancy or sell the property..

The amount of the Operating Reserve Fund shall be mutually agreeable to both the City and the Authority

6. The City and the Authority will meet and review the results of the inspection(s) and estimates and jointly determine the exact properties which will be undertaken with Joint Project designated funds. That list of properties shall be forwarded to the County.

OBTAINING TITLE

7. Upon receipt of the list of properties forwarded to the County pursuant to Paragraph 6 of this Agreement, the County will undertake, pursuant to the Real Estate Tax Sale Law (72 P.S. 5860.101) to Petition the Court for a Judicial Sale (72 P.S. 5860.610) free and clear of all liens and encumbrances, including real estate taxes up to the date of the sale. The County will initially bear all the costs of the Petition and Sale, including filing fees, sheriff costs, certified mail costs and abstracting and attorney fees (if any). The County will collect its costs thus incurred as part of a minimum bid requirement at the time of Judicial Sale.

8. If the Authority, or its affiliate, is the successful bidder at the Judicial Sale, the County will defer collection of its costs until it can be repaid under Paragraph 13 of this Agreement at the earlier of a) the sale of the property by the Authority or its affiliate, or b) the occupancy of the property by a tenant approved by the Authority or its affiliate; however, regardless of the purchasing entity, the property shall become fully taxable, or fully subject to a payment in lieu of taxes (PILOT) equal to the amount of taxes beginning the day following the Judicial Sale;

9. The City will send its City Manager, or his designee, to the scheduled Judicial Sale who will publically make known to any potential bidder the scope and nature of the existing code violations and the grace period to be given by the City before enforcement proceedings are undertaken. The City will vigorously enforce the restrictions on persons eligible to purchase at a tax sale as set forth in 72 P.S. 5860.619.

REHABILITATION

10. Immediately following the Judicial Sale the City and the Authority will undertake the rehabilitation of the property in accordance with the policies of each with respect to bidding, bonding or such other requirements as each may determine is applicable;

11. Upon completion of the rehabilitation, the Authority, or its affiliate, with the consent of the City, shall either place the property up for sale at a price and on terms mutually agreeable by the Authority and the City or shall undertake the rental of the property to person(s) eligible as determined by the nature and extent of the funding used for rehabilitation.

12. If a property is rented, the Authority, or its affiliate, shall have the exclusive right and obligation to manage subject only to its obligation to maintain the property in conformance with the City Codes.

CASH FLOW

13. Net Receipts determined as set forth in 13(f) shall be allocated with regard to each property as follows:

a) repayment to the County of expenses necessarily incurred in the Judicial Sale process;

b) reimbursement to the Authority and/or the City of its actual costs incurred in providing labor or goods pursuant to Paragraph 5(b) and reimbursement to the City of funds expended from the property's Operating Reserve Fund;

c) a management fee to the Authority or its affiliate of 6% of sale price with a minimum of \$2,500 in the event of a sale,

d) that portion of the remainder amount necessary to fully repay each funding source in proportion to which funds were derived to accomplish rehabilitation pursuant to 5(a), 5(b), or otherwise, not heretofore reimbursed.

e) to the extent there may be funds available after full reimbursement of all funding sources for any particular property, the total balance shall be paid to the Authority for reinvestment in the Joint Project, if still existent, and if not, then to the Authority to be used by it solely for housing construction, rehabilitation, or maintenance within the corporate confines of the City of Sharon, and for no other purpose.

f) "Net Receipts" with respect to any property shall be determined as follows:

i) for property being sold: gross sale proceeds, less negotiated Seller Closing costs, less Seller commission (as set forth in paragraph 13c), less new owner counseling\education fees charged by Community Action Agency or similar agency

ii) for rental of property: Net Receipt shall be gross monthly receipts reduced per property in 2013 by:

- 1) a management\maintenance fee of \$164.00;
- 2) a capital reserve fee of \$25.00;
- 3) a counseling\education fee as may be actually charged by Community Action Agency or a similar agency;
- 4) an insurance fee of \$77.00;
- 5) a tax (or Pilot) fee of \$55.00 to pay real estate taxes;
- 6) a resident services fee of \$8.00 and
- 7) that portion from any collected delinquent rent representing items deductible therefrom as set forth in items 1 through 6 *supra* in arriving at Net Receipts for the amount of delinquency so collected.

The dollar amount of the deductions from gross receipts shall be retained by the Authority and shall be the subject of annual renegotiation based upon its prior years actual experience which shall be concluded before the 15th day of February of each year

succeeding the initial year of this Agreement (2013). Failure to reach agreement on the succeeding annual fees shall be determined by an arbitrator selected in accordance with the rules and procedures of the American Arbitration Association whose decision shall be final and binding and effective retroactively to January 1 of the year in question.

14. All funds committed to the Joint project pursuant to Paragraph 2 and 3 hereof, or otherwise, shall remain with the committing party, shall not be commingled, and shall be drawn only in strict accordance with the program requirements applicable to the committing party with respect to those funds

ADMINISTRATION AND COVENANTS

15. Each party hereto agrees it will permit the County, the City, or the Authority, its authorized representatives, or the Commonwealth of Pennsylvania, Department of Community and Economic Development, or other authorized representatives of the Commonwealth, at all reasonable times, during regular business hours, and upon reasonable notice, to have full and complete access to all portions of the Joint Project and all records pertinent thereto. To that extent each Party covenants to maintain books, records and other documents relating generally to the receipt and disbursement of funds and at any and all reasonable times during regular business hours, the duly authorized representatives of each Party or the Auditor General of the Commonwealth of Pennsylvania, or other representative of the Commonwealth, shall have access to, and the right to inspect, copy, audit, and examine all such books, records and other documents of each Party, until the completion of all close-out procedures respecting this Joint Project, or until final settlement and conclusion of all issues arising out of this Agreement and the repayment of all monies disbursed in accordance therewith.

16. Each Party warrants that there are no actions, suits, investigations, or proceedings pending, or to their knowledge, threatened in or before any federal, state, municipal or other U.S. or governmental court, agency or instrumentality concerning this

Agreement. Each Party further warrants that it will promptly advise the others in writing, of the commencement, or the threat of commencement, of any litigation proceeding, governmental investigation, filing of any tax lien or notice of any tax delinquency, or the like, in which either has been or may be party or which the Joint Project may be affected, occurring subsequent to the date of this Agreement and prior to all closeout proceedings.

17. Any amendments, notices, requests, objections, waivers, rejecting agreements, approvals, disclosures and/or consents of any kind made pursuant to this Agreement, shall be in writing and signed by all parties.

18. No right, benefit, or advantage inuring to each Party, nor burden imposed upon each Party, shall be assigned, without the prior written approval of the others.

19. The invalidity of any article, section, subsection, clause or provision of this Agreement shall not affect the validity of the remaining articles, sections, subsections, clauses or provisions hereof.

20. This Agreement, as it may affect the rights, remedies, duties and obligations of the parties hereto, shall be governed and be construed in accordance with the laws of the Commonwealth of Pennsylvania.

21. This agreement, and any incorporations herein, constitutes the entire agreement between the parties with respect to the subject matter contained herein, and supersedes all prior oral and/or written agreements, understandings, and communications between the parties with respect to the subject matter hereof. This agreement shall not be in any way modified, abridged or amended except in writing signed by the parties to be bound thereby.

22. This Agreement may be executed in counterparts, any copy of which shall be deemed as an original, but all of which shall constitute but one and the same Agreement

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their properly authorized officers and under the seal of each the day and year first set forth above.

WITNESS

MERCER COUNTY HOUSING
AUTHORITY

By _____

COUNTY OF MERCER

By _____

By _____

By _____

CITY OF SHARON

By _____

LAW OFFICES
WILLIAM J. MADDEN
A PROFESSIONAL
CORPORATION
165 EUCLID AVENUE
SHARON, PENNSYLVANIA
16146