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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1940 Session of  
2024

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INTRODUCED BY WEBSTER, KINSEY, MADDEN, KAZEEM, T. DAVIS,  
SANCHEZ, PROBST, SIEGEL, MAYES, BURGOS, CIRESI, DELLOSO,  
CEPEDA-FREYTIZ, HILL-EVANS, WARREN, CERRATO AND KHAN,  
JANUARY 3, 2024

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REFERRED TO COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT,  
JANUARY 3, 2024

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AN ACT

1 Amending the act of December 3, 1959 (P.L.1688, No.621),  
2 entitled "An act to promote the health, safety and welfare of  
3 the people of the Commonwealth by broadening the market for  
4 housing for persons and families of low and moderate income  
5 and alleviating shortages thereof, and by assisting in the  
6 provision of housing for elderly persons through the creation  
7 of the Pennsylvania Housing Finance Agency as a public  
8 corporation and government instrumentality; providing for the  
9 organization, membership and administration of the agency,  
10 prescribing its general powers and duties and the manner in  
11 which its funds are kept and audited, empowering the agency  
12 to make housing loans to qualified mortgagors upon the  
13 security of insured and uninsured mortgages, defining  
14 qualified mortgagors and providing for priorities among  
15 tenants in certain instances, prescribing interest rates and  
16 other terms of housing loans, permitting the agency to  
17 acquire real or personal property, permitting the agency to  
18 make agreements with financial institutions and Federal  
19 agencies, providing for the purchase by persons of low and  
20 moderate income of housing units, and approving the sale of  
21 housing units, permitting the agency to sell housing loans,  
22 providing for the promulgation of regulations and forms by  
23 the agency, prescribing penalties for furnishing false  
24 information, empowering the agency to borrow money upon its  
25 own credit by the issuance and sale of bonds and notes and by  
26 giving security therefor, permitting the refunding,  
27 redemption and purchase of such obligations by the agency,  
28 prescribing remedies of holders of such bonds and notes,  
29 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," establishing  
3 the Housing Construction Loan Program and the Housing  
4 Construction Loan Fund; and providing for duties of  
5 Pennsylvania Housing Finance Agency.

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

8 Section 1. The act of December 3, 1959 (P.L.1688, No.621),  
9 known as the Housing Finance Agency Law, is amended by adding an  
10 article to read:

11 ARTICLE III-B

12 HOUSING CONSTRUCTION LOAN PROGRAM

13 Section 301-B. Definitions.

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

17 "Eligible builder." A builder that is engaged in the  
18 construction of new housing units, has a primary place of  
19 business located in this Commonwealth and has conducted business  
20 in this Commonwealth for no less than three years.

21 "Fund." The Housing Construction Loan Fund established under  
22 section 304-B(a).

23 "Program." The Housing Construction Loan Program established  
24 under section 302-B(a).

25 Section 302-B. Establishment and administration of Housing  
26 Construction Loan Program.

27 (a) Establishment.--The Housing Construction Loan Program is  
28 established within the agency for the purposes specified in this  
29 article. An eligible builder or low-income persons or families  
30 and moderate income persons or families may apply for a loan  
31 under the program in accordance with the rules and regulations  
32 promulgated by the agency.

1 (b) Administration.--

2 (1) The agency may issue loans under the program to any  
3 of the following in accordance with the agency's rules and  
4 regulations:

5 (i) An eligible builder for the construction of new  
6 housing units for sale to low-income persons or families  
7 and moderate-income persons or families.

8 (ii) Low-income persons or families and moderate-  
9 income persons or families for the long-term financing of  
10 new housing units constructed by an eligible builder.

11 (2) The agency may not issue a loan under the program  
12 in excess of 100% of the total project cost.

13 (3) When a loan under the program is outstanding, the  
14 agency shall, prior to the approval of sale by the eligible  
15 builder or subsequent resale, ensure that the sale or resale  
16 is to low-income persons or families and moderate-income  
17 persons or families.

18 (4) The agency may set the interest rate for a loan  
19 issued under the program in a manner consistent with the  
20 agency's cost of borrowing money, cost of operation and the  
21 agency's duty to the agency's bondholders. Regarding the  
22 issuance of a loan under the program and the commitments of  
23 the loan, in addition to the interest authorized under this  
24 paragraph, the agency may impose and collect fees and charges  
25 for the reimbursement of the agency's financing costs,  
26 service charges, insurance premiums and mortgage insurance  
27 premiums as the agency determines to be reasonable.

28 Section 303-B. Loan terms under program.

29 (a) Length of loans.--The agency may not issue a loan under  
30 the program for a period of more than 15 years.

1 (b) Limitation on loans.--The agency may not issue a loan  
2 under the program in excess of 80% of the median sale price of  
3 housing for the previous calendar year in the county where the  
4 housing unit is to be constructed. The agency shall promulgate  
5 rules and regulations to establish the loan limits on an annual  
6 basis for each county in accordance with this subsection.

7 (c) Limitation on borrowing.--The agency may set a limit on  
8 the maximum borrowing under the program at the discretion of the  
9 agency based on perceived need and creditworthiness of the  
10 eligible builder or the low-income persons or families and  
11 moderate-income persons or families.

12 Section 304-B. Housing Construction Loan Fund.

13 (a) Establishment.--The Housing Construction Loan Fund is  
14 established within the State Treasury.

15 (b) Deposits.--The State Treasurer shall deposit all of the  
16 following into the fund:

17 (1) Money appropriated by the General Assembly for the  
18 program.

19 (2) Money from other grant sources to the agency for the  
20 program.

21 (3) Money from the repayment of principal and interest  
22 on loans made under the program.

23 Section 2. This act shall take effect in 60 days.