Legislation Details (With Text)

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Title:	Authorizing and approving the execution and delivery of a Supplemental Service Agreement to the Service Agreement between The City of Philadelphia and the Philadelphia Redevelopment Authority relating originally to the financing of a home repair program for City homeowners previously authorized by the City pursuant to Ordinance (Bill No. 170878) of the Council of the City, approved by the Mayor on December 12, 2017; authorizing the amendment of such program to include the Turn the Key Program, bridge and other loans for tax credit projects, and other affordable housing production programs; and authorizing City officials to take other necessary or appropriate actions to effectuate the purposes of this ordinance.				
Sponsors:	Council President Clarke, Councilmember Bass				
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Date	Ver.	Action By	Action	Result	Tally
6/28/2023	0	MAYOR	SIGNED		
6/22/2023	0	CITY COUNCIL			
6/15/2023	0	CITY COUNCIL			
6/15/2023	0	CITY COUNCIL			
6/15/2023	0	CITY COUNCIL			
6/13/2023	0	Committee on Finance	HEARING NOTICES SENT		
6/13/2023	0	Committee on Finance	HEARING HELD		
6/13/2023	0	Committee on Finance	REPORTED FAVORABLY, RULE SUSPENSION REQUESTED		
5/25/2023	0	CITY COUNCIL			

Authorizing and approving the execution and delivery of a Supplemental Service Agreement to the Service Agreement between The City of Philadelphia and the Philadelphia Redevelopment Authority relating originally to the financing of a home repair program for City homeowners previously authorized by the City pursuant to Ordinance (Bill No. 170878) of the Council of the City, approved by the Mayor on December 12, 2017; authorizing the amendment of such program to include the Turn the Key Program, bridge and other loans for tax credit projects, and other affordable housing production programs; and authorizing City officials to take other necessary or appropriate actions to effectuate the purposes of this ordinance.

WHEREAS, The City of Philadelphia (the "City") previously requested the Philadelphia Redevelopment Authority (the "Authority") to (i) undertake a home repair program for City Homeowners (as defined in the 2017 Ordinance (hereafter defined)), at the direction and with the cooperation of the City, and in accordance with the 2017 Ordinance; and (ii) issue its revenue bonds to finance certain costs thereof; and

WHEREAS, pursuant to an Ordinance (Bill No. 170878) of the Council of the City (the "City Council"), approved by the

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Mayor on December 12, 2017 (the "2017 Ordinance"), the City Council: (i) authorized and approved the execution and delivery of a Service Agreement dated as of October 1, 2018 (the "Original Service Agreement"), between the Authority and the City; (ii) approved the issuance from time to time by the Authority of bonds, notes or other evidences of indebtedness (including reimbursement obligations related to lines or letters of credit) in the aggregate principal amount further described therein to finance, among other things, certain costs of the Program (as described in the 2017 Ordinance); and (iii) authorized and approved the performance by the City of its obligation to pay in full when due a Service Fee (as defined in the Original Service Agreement) to the Authority in consideration of the Authority's agreement to undertake the Program; and

WHEREAS, pursuant to the Trust Indenture, dated as of October 1, 2018 (the "Original Indenture"), between the Authority and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, as trustee (the "Trustee"), the Authority, at the request of the City, previously issued its $40,000,000 City Service Agreement Revenue Bonds, Series 2018 (Federally Taxable) (the "2018 Bonds") for the purpose of (i) funding certain costs of the Program, and (ii) paying the costs of issuance of the 2018 Bonds; and

WHEREAS, a portion of the proceeds of the 2018 Bonds remains unexpended; and

WHEREAS, the City and the Authority have determined that the purposes of encouraging the provision of healthful homes and a decent living environment to improve the health of residents and preserve critical affordable housing within the City can be advanced by amending the Program to expand its purposes to include the City's Turn the Key Program, bridge and other loans for housing projects which secure a reservation of tax credits, and other affordable housing production programs (together with the financing of loan origination fees) (as referenced in Exhibit A hereto); and

WHEREAS, neither the Commonwealth nor the United States offers a program which duplicates the Program (as amended pursuant to the authorizations hereby); and

WHEREAS, the foregoing described amendment of the Program requires the City and the Authority to amend and supplement the Original Service Agreement by entering into a supplement thereto (the "Supplemental Service Agreement," and together with the Original Service Agreement, the "Service Agreement"); and

WHEREAS, the foregoing described amendment of the Program requires the Authority and the Trustee to amend and supplement the Original Indenture by entering into a supplement thereto (the "Supplemental Indenture," and together with the Original Indenture, the "Indenture"); and

WHEREAS, the City is authorized to enter into the Supplemental Service Agreement to enable the financing of certain costs of the Program as amended by this Ordinance; and

WHEREAS, the City Council has, by this Ordinance, determined that it is in the best interests of the City to: (i) authorize and approve the additional program purposes to comprise part of the Program as described above; (ii) authorize and approve the use of remaining proceeds of the 2018 Bonds; and (iii) enter into the Supplemental Service Agreement; now, therefore

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. The Council hereby authorizes and approves: (i) the amendment of the Program as described in the recitals above and Exhibit A hereto; (ii) the financing of costs thereof from remaining proceeds of the 2018 Bonds; and (iii) the execution and delivery of the Supplemental Service Agreement, which shall be substantially in the form of Exhibit B hereto, with the Authority.

SECTION 2. The Director of Finance is hereby authorized to execute and deliver, on behalf of the City, the Supplemental Service Agreement in substantially the form of Exhibit B hereto, with such changes as the City Solicitor shall advise based on requirements of law or otherwise, and the Director of Finance shall approve, consistent with the terms of this Ordinance.

SECTION 3. The Director of Finance and all other proper officials of the City are hereby authorized, jointly and severally, on behalf of the City, to execute all documents (including without limitation one or more municipal securities disclosure filings, and an intergovernmental cooperation agreement (or amendments/restatements to any existing intergovernmental cooperation agreement) with the Authority and/or other appropriate parties, as directed by the Director of Finance) as may be necessary in order to effectuate the application of remaining proceeds of the 2018 Bonds to costs of the Program, as amended hereby and otherwise accomplish the intent and purpose of this Ordinance, and to take all actions as may be required by the Service Agreement, the Indenture, the Constitution and the laws of the Commonwealth of Pennsylvania in order to effectuate the foregoing.

The Director of Finance is further authorized to execute and deliver such certificates and other documents as may be

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necessary or convenient to evidence that a particular City or Authority home repair program qualifies as part of the Program, as originally authorized by, and consistent with, the 2017 Ordinance.

SECTION 4. Except to the extent amended and supplemented hereby, the 2017 Ordinance is ratified and confirmed in all respects.

SECTION 5. This Ordinance shall take effect immediately.

EXHIBIT A

The description of "Program" as described in "EXHIBIT A" to the 2017 Ordinance is hereby ratified in all respects subject to the following amendments thereof which are in furtherance of the purposes of the Act and the Redevelopment Cooperation Law (both as defined in the Service Agreement), including as described in the recitals to this Ordinance:

(i) Housing production programs involving the provision of loans (together with the financing of loan origination fees) and/or grants to developers, homeowners and property owners for costs of rehabilitation, property acquisition and new construction to increase the production of affordable homeownership and rental housing including, without limitation, the City's Turn the Key Program, which is intended to enable Philadelphia families to buy new affordable homes and build equity for their futures, and bridge and other loans for housing projects which secure a reservation of tax credits, shall constitute part of the Program for purposes of the 2017 Ordinance, as amended and supplemented hereby, to the full extent allowed by the Act and the Redevelopment Cooperation Law.

EXHIBIT B

FIRST SUPPLEMENTAL SERVICE AGREEMENT
BETWEEN
PHILADELPHIA REDEVELOPMENT AUTHORITY
AND
THE CITY OF PHILADELPHIA, PENNSYLVANIA
Dated as of [_____ __], 2023

(Amended Program)

FIRST SUPPLEMENTAL SERVICE AGREEMENT

This First Supplemental Service Agreement made and entered into as of the [____] day of [____], 2023 (this "First Supplemental Service Agreement"), between PHILADELPHIA REDEVELOPMENT AUTHORITY (the "Authority"), a public body and a body corporate and politic organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), and THE CITY OF PHILADELPHIA, PENNSYLVANIA, a corporation and body politic, and city of the first class of the Commonwealth of Pennsylvania (the "City").

WITNESSETH:

WHEREAS, the Authority is a public body and a body corporate and politic, exercising public powers of the Commonwealth as an agency thereof, created under and pursuant to the Pennsylvania Urban Redevelopment Law, Act No. 385 of the General Assembly of the Commonwealth approved May 24, 1945 (P.L. 991), as amended and supplemented (the "Act"); and

WHEREAS, the Authority exists and operates under the Act for the public purposes of the elimination of blighted areas through economically and socially sound redevelopment of such areas, as provided by the Act, in conformity with the comprehensive general plan of the City for residential, recreational, commercial, industrial or other purposes, and otherwise encouraging the provision of healthful homes, a decent living environment and adequate places of employment of the people of the Commonwealth; and

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WHEREAS, under the Act the Authority has all powers necessary or appropriate to carry out and effectuate the purposes and provisions of the Act including, inter alia, the powers to cooperate with the City; to act as agent for the City for the public purposes set out in the Act; to acquire real property by eminent domain; to own, hold, clear, improve and manage real property; to make and execute contracts and other instruments necessary or convenient to the exercise of the powers of the Authority; to make loans to any purchaser or owner of a residential housing or a commercial or an industrial project for the purposes of financing the purchase, construction, rehabilitation, demolition or equipping of a residential housing or a commercial and industrial redevelopment program; and to issue bonds of the Authority for any of its corporate purposes; and

WHEREAS, the City is authorized by the Pennsylvania Redevelopment Cooperation Law, Act No. 383 of the General Assembly of the Commonwealth approved May 24, 1945 (P.L. 982), as amended and supplemented (the "Redevelopment Cooperation Law") to enter into agreements with the Authority respecting action to be taken by the City pursuant to any of the powers granted by the Redevelopment Cooperation Law; to make such appropriations to the Authority as are deemed necessary to assist the Authority in carrying out its public purposes; and to designate the Authority as the City's agent within the Authority's field of operation to perform any specified activity or to administer any specified program which the City is authorized by law to do in furtherance of the public purposes specified in the Act, including, without limitation, redevelopment, renewal, rehabilitation, housing, conservation, urban beautification or comprehensive programs for the development of entire sections or neighborhoods; and

WHEREAS, the City is authorized by law to undertake the Program (as defined below, including as amended pursuant to the 2023 Ordinance (as defined below)), and the Program furthers the public purposes specified in the Act; and

WHEREAS, neither the Commonwealth nor the United States offers a program which duplicates the Program; and

WHEREAS, the Authority and the City previously determined, in accordance with Ordinance (Bill No. 170878), adopted by the City Council of the City ("City Council") on November 30, 2017, and approved by the Mayor on December 12, 2017 (the "Original Ordinance"), that: (i) the Authority would, at the direction and with the cooperation of the City, by entering into the Original Service Agreement (as defined below), undertake a home repair program for City Homeowners (as defined in the Original Ordinance), including the financing of certain costs thereof, all as further described in Exhibit A to the Original Ordinance in order to encourage the provision of healthful homes and a decent living environment to improve the health of residents and preserve critical affordable housing; and (ii) the Authority would issue its Obligations (as defined in the Original Ordinance) to finance certain costs of such program; and

WHEREAS, pursuant to a Trust Indenture, dated as of October 1, 2018 (the "Original Indenture"), between the Authority and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, as trustee (the "Trustee"), the Authority, at the request of the City, issued its $40,000,000 City Service Agreement Revenue Bonds, Series 2018 (Federally Taxable) (the "2018 Bonds") for the purpose of (i) funding certain costs of the Program, and (ii) paying the costs of issuance of the 2018 Bonds; and

WHEREAS, in connection with the issuance of the 2018 Bonds and to provide for their security and source of repayment, the Authority and the City entered into a Service Agreement dated as of October 1, 2018 (the "Original Service Agreement"); and

WHEREAS, a portion of the proceeds of the 2018 Bonds remains unexpended; and

WHEREAS, the City and the Authority have determined that the purpose of encouraging the provision of healthful homes and a decent living environment to improve the health of residents and preserve critical affordable housing within the City can be advanced by expanding the Program's purposes to include the existing home ownership program within the City intended to enable Philadelphia families to buy new affordable homes and build equity for their futures which provides eligibility for applicants who have never owned a home or who have not owned a home for three years prior to their application, and who have household income no higher than 100% of Area Median Income (AMI) (the "Turn the Key Program"), bridge and other loans for tax credit projects, and other affordable housing production programs (together with the financing of loan origination fees) (as referenced in Exhibit A to the 2023 Ordinance); and

WHEREAS, the City Council of the City, by Ordinance (Bill No. [_____]), adopted [_____ __], 2023, and approved by the Mayor on [_____ __], 2023 (the "2023 Ordinance"), among other things, has authorized and approved the execution and delivery of this First Supplemental Service Agreement to amend and supplement the Original Service Agreement to amend the scope of the Program thereunder to include the City's Turn the Key Program, bridge and other loans for tax credit programs and other affordable housing production programs (together with the financing of loan origination fees); and

WHEREAS, Section 11.01 of the Original Indenture provides in relevant part that the Indenture may be amended or

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supplemented from time to time, without the consent of the Holders of the Obligations but with the consent of the City by a Supplemental Indenture authorized by a Certified Resolution of the Authority filed with the Trustee, for certain enumerated purposes and to make such other changes therein as the Authority deems appropriate; provided that such changes not materially adversely affect the security thereof or the rights of Holders of the Obligations thereunder; and

WHEREAS, the Authority pursuant to such Section 11.01 of the Original Indenture is entering into a First Supplemental Indenture dated as of [_____ __], 2023 (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture") to amend the Original Indenture to provide for proceeds of the 2018 Bonds to be expended to finance costs of the Program as amended pursuant to the 2023 Ordinance; and

WHEREAS, the Original Service Agreement provides that it may be amended and supplemented once approved by the Trustee without consent from the Holders of Obligations for any amendment or supplement to the Service Agreement which does not materially adversely affect the security of the Service Agreement or of the Indenture or the rights of Holders of the Obligations under the Indenture; and

WHEREAS, pursuant to Section 709(b) of the Original Service Agreement, the Authority and the City are entering into this First Supplemental Service Agreement (together with the Original Service Agreement, the "Service Agreement") with the approval of the Trustee and without the consent of any Holder to amend the Original Service Agreement in connection with the amendment and restatement of the definition of the Program pursuant to the 2023 Ordinance; and

WHEREAS, in connection with such amendment and restatement of the definition of the Program hereunder, the Authority and the City also wish to expressly identify the existing program within the City which provides grants to homeowners with household income of up to 50% of AMI to fund repairs to correct electrical, plumbing, heating, structural and roofing emergencies in owner-occupied homes (the "Basic Systems Repair Program"), as a home repair program within the scope of the Program as authorized by the Original Ordinance; and

WHEREAS, the execution and delivery of this First Supplemental Service Agreement have been in all respects duly and validly authorized by the Authority and the City.

NOW, THEREFORE, in consideration of the mutual agreements hereinafter contained, the parties hereto, intending to be legally bound, agree as follows:

Section 1. Amendments to Original Service Agreement. Pursuant to Section 709(b) of the Original Service Agreement, the following amendments are made to the Original Service Agreement:

(a) The term "Program" as defined in the recitals to the Original Service Agreement shall be amended and restated in relevant part to read:

> "…a home repair program for City Homeowners (as defined in the Ordinance), including, without limitation, the Basic Systems Repair Program, together with the Turn the Key Program, bridge and other loans for housing projects which secure a reservation of tax credits, and other affordable housing production programs, as further described in the Ordinance (collectively, the "Program");"

(b) The term "Ordinance" as used in the Service Agreement, as the context may require, shall refer to Ordinance (Bill No. 170878), as adopted November 30, 2017, and approved by the Mayor on December 12, 2017 or as amended and supplemented by Ordinance (Bill No. [_____]), adopted [_____ __], 2023, and approved by the Mayor on [_____ __], 2023.

Section 2. Confirmation of Agreement. Except as herein expressly provided, the Original Service Agreement is hereby confirmed and reaffirmed in all its particulars. It is hereby agreed that the Original Service Agreement and this First Supplemental Service Agreement shall be read, taken and construed as one and the same instrument.

Section 3. Definitions. All of the terms used in the Original Service Agreement are used with the same meanings in this First Supplemental Service Agreement (including the use thereof in the recitals and granting clauses hereof) unless expressly given a different meaning herein or unless the context clearly requires otherwise. All of the terms used in this First Supplemental Service Agreement which are defined in the recitals hereto shall have the meanings ascribed to them in such recitals.

Section 4. Representations and Warranties. Article II of the Original Service Agreement is confirmed and ratified in all respects.

Section 5. Consent of City. The City hereby consents to the execution and delivery of the First Supplemental

Indenture.

Section 6. Counterparts; Electronic Signatures. This First Supplemental Service Agreement may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute but one and the same Service Agreement. The parties hereto agreement that any party may execute and deliver this First Supplemental Service Agreement by digital or other electronic means.

Section 7. Liberal Construction. This First Supplemental Service Agreement shall be liberally construed to effect the purposes of providing for the expenditure of proceeds of the 2018 Bonds for costs of the Program, as amended pursuant to the 2023 Ordinance.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this First Supplemental Service Agreement, all as of the day and year first above mentioned.

PHILADELPHIA REDEVELOPMENT AUTHORITY

By:

THE CITY OF PHILADELPHIA, PENNSYLVANIA

By:

APPROVED:
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By:

[Signature Page]

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