

ORDINANCE NO. 18 - 2013

AUTHORIZING THE MAYOR TO EXECUTE AN AMENDED MEMORANDUM OF UNDERSTANDING BETWEEN THE READING BERKS ASSOCIATION OF REALTORS AND THE CITY OF READING TO ALLOW CORE PROPERTIES TO BE MARKETED AND SOLD AS OWNER OCCUPIED SINGLE UNITS OR OWNER OCCUPIED RESIDENTIAL OR MIXED USE RENTALS.

THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:

Whereas, the Reading Berks Association of Realtors proposed the Community Reinvestment (CORE) Program to City Council, the Administration and the Reading Redevelopment Authority in early 2011; and

Whereas, after several work group meetings with the Reading Berks Association of Realtors, the City of Reading recognized that the Core Program could assist the City of Reading in improving its housing stock and could help to reduce the number of vacant and blighted properties within the City of Reading; and

Whereas, the current Memorandum of Understanding between the Reading Berks Association, Reading Redevelopment Authority and the City of Reading restrict marketing and sale of Core properties to residential use only; and

Whereas, the City of Reading permits both residential or mixed use properties in various zoning districts as per the City of Reading's Zoning Ordinance.

NOW, THEREFORE THE COUNCIL OF THE CITY OF READING HEREBY ORDAINS AS FOLLOWS:

SECTION 1. The Mayor is authorized to execute the amended Memorandum of Understanding as attached in Exhibit A that allows CORE properties to be marketed and sold as both owner occupied single units or owner occupied residential or mixed use rentals.

SECTION 2: This Ordinance shall become effective in ten (10) days after its adoption and approval by the Mayor in accordance with Section 219 of the City of Reading Home Rule Charter.

Enacted March 8th, 2013



Council President

Attest:

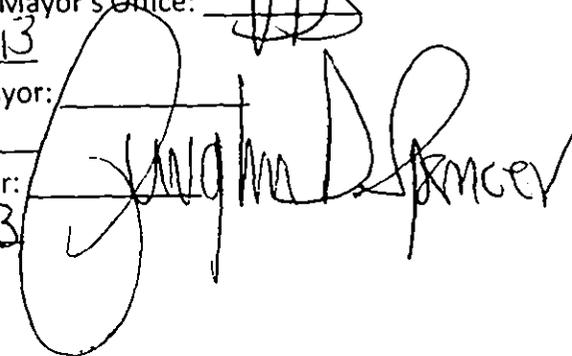

City Clerk

Submitted to Mayor: 

Date: 3/26/13

Received by the Mayor's Office: 

Date: 3/26/13

Approved by Mayor: 

Date: _____

Vetoed by Mayor: _____

Date: 4/3/13

"Exhibit A"

LPG-CORE

LOCAL PROJECT GUIDELINES

This form recommended, approved AND RESTRICTED for use
in the CORE Project of the Pennsylvania Association of REALTORS® (PAR).

Selling Municipality/Entity: City of Reading

By signing below, the individual(s) preparing these local project guidelines on behalf of the municipality or entity acknowledge having received and read the Local Project Guidelines Information and Instructions Document (Form LPG/I-CORE) provided by the members of the local CORE Project committee, and further acknowledge that any REALTORS® involved in discussions regarding these guidelines and criteria did not engage in any anti-competitive behavior or collaboration during this process.

Signature

Mayor

Name

Title

Date

Signature

RRA Executive Director

Name

Title

Date

Signature

President R-BAR

Name

Title

Date

1. Types of Properties to be Sold

- Existing single-family residential suitable for occupation (%)
- Existing single-family residential in need of substantial renovations (%)
- Existing multi-family (%)
- Vacant lots (single) (%)
- Vacant lots suitable for large-scale development (%)
- Existing or potential commercial/industrial sites (%)

2. Selecting Eligible Listing Agents

A) Number of Potential Listing Agents

- Multiple agents will be eligible to list properties (e.g., a pool of eligible agents will be selected)
- A single agent will be selected to handle all listings

B) When to Select Agents

- The eligible agent(s) will be selected prior to the selection of properties
- A listing agent will be selected each time a property is going to be sold

C) Membership & Educational Criteria

- All listing agents must be REALTOR® Members
- All listing agents must earn the CORE designation
- Listing agents do not have to be REALTOR® members
- Listing agents do not have to earn the CORE designation
- Listing agents must meet the following additional criteria:
 - Full time
 - Three years experience
 - Member of Reading-Berks Association
 - A considerable amount of transactions within the City of Reading

3. Selecting Properties to List

A) Describe your local goals for the CORE Project:

Through the use of a CORE Task Force, the City aims to

- Restore properties to productive use;
- Encourage purchase by owner-occupants;
- Encourage planned development; and
- Enhance the tax base

B) Describe the process for selecting the properties to be listed through the CORE Project:

The City will provide a list of selected properties for determination. The CORE Task Force will meet at least quarterly to discuss this list.

4. Pricing Properties

- We will request a comparative market analysis (“CMA”) from multiple prospective listing agents
- We will obtain one CMA from the selected listing agent
- We will *not* use CMAs, but will obtain full appraisals for each property from certified appraisers
- We will *not* use CMAs or appraisals, and will establish listing prices internally

Describe the process for selecting providers of CMAs/appraisals, and for establishing the listing price: (NOTE: state law says real estate licensees may not provide CMAs if they do not have a realistic opportunity to obtain the listing.)

CMA will be given by listing agent. The listing price will take into account the CMA as well as the rehab cost. The rehab costs will be held by the lender and paid to the buyer as various portions of the rehab is completed.

5. How to Distribute Listings to Listing Agents

Describe the process for distributing listings among prospective listing agents:

Selection will be completed on a rotating basis based on an initial interview.

6. Fees and Listing Broker Terms/Conditions

A) Standard Contract/terms

— We will establish standard listing terms for all listings
We will negotiate terms individually for each listing

— We will use the PAR listing contract modified for CORE (Form XLS-CORE)
We will use whatever contract is presented by the listing agent
We will use local counsel to draft our own proprietary listing contract

B) Listing Period

(NOTE: Listing period can never be longer than 1 year, and cannot have an automatic extension)

— Listing Period will be the same for all listings: 1 year
Listing Period will be negotiated for each listing
Listing Period will differ based on type of listing (e.g., land, single-family, commercial, etc.)
Describe the listing period for each type of property:

C) Broker's Fee (total fee, including cooperating broker compensation)

Listing Broker's Fee will be the same for all listings: _____
— Listing Broker's Fee will be negotiated for each listing
— Listing Broker's Fee will differ based on type of listing (e.g., land, single-family, commercial, etc.)

Describe Listing Broker's Fee for each type of property:

The Broker's Fee will based on a hybrid percentage rate/flat fee

1) Cooperating Broker Compensation (a portion of total Broker's Fee, above)

- Cooperating Broker Compensation will be the same for all listings: _____
- Cooperating Broker Compensation will be negotiated for each listing
 - Cooperating Broker Compensation will differ based on the type of listing (e.g., land, single family, commercial, etc.)

Describe Cooperating Broker Compensation for each type of property:

D) Protection Period

- Protection Period will be the same for all listings: 60 days
- Protection Period will be negotiated for each listing
- Protection Period will be different based on the type of listing (e.g., land, single-family, commercial, etc.)

Describe Protection Period for each type of property:

E) Additional Terms and Conditions

7. MLS Exposure

- CORE properties will be included in the Multiple Listing Service (MLS). Listings will include one or more photographs and the street address of the property.

CORE properties will not be included in the MLS. Failure to include the property in the MLS may reduce the number of potential buyers who are made aware of the property.

8. Buyer Criteria

A) Criteria for Buyer Representatives

- We will not restrict which agents may work as buyer agents.
- Buyer representatives should review CORE educational materials available to buyers
- Buyer representatives should review the following information provided by sellers:

We will instruct listing agents to ONLY present us with offers from buyer agents who meet the following criteria (and from no others):

B) Buyer Preferences

- We will offer preferences to owner-occupants
- Exclusive listing period for owner-occupants: _____ Days
- Other preferences, benefits or incentives available only to owner-occupants (list):
 - Neighborhood Housing Programs
 - Reduce Transfer Tax from 3.5% to 1%
 - Retap
 - Building and Trades permit reduced from 1.5% to 1%

Other preferences, benefits, incentives or limitations based on type of buyer (identify types of buyers and the limitations/benefits):

C) Buyer Eligibility Guidelines

1. — Buyers should complete CORE educational materials for buyers
 - Buyers must submit a completed PAR Buyer's Financial Information form (Form BFI-CORE)
 - We may attach a locally prepared addendum with additional questions to be answered
 - Buyers must submit a qualification form developed by local counsel
2. Buyers must submit the following information in addition to, or instead of, a pre-drafted form:

Describe the overall criteria that will be used to screen potential buyers. Include items that will automatically disqualify buyers, and as much as possible, describe how other criteria will be evaluated:

Buyers will be limited to individuals looking to buy homes who intend to rehab the properties and use them as owner occupied single units or owner occupied residential or mixed use rentals as approved by the Zoning Administrator/Zoning Hearing Board. The City will not consider buyers who are tax delinquent, have had properties determined or certified as blighted or who are or have been otherwise repeatedly in violation of any City ordinances.

9. Governmental or Private Incentives

The following incentives may be available to purchasers (please identify the program, benefit, restrictions (if any) and where to find additional information):

NHS: Home Ownership Program – Available for first time home buyers. This programs provides assistance with down payment/closing costs as well as up to 20% purchase price (2nd mortgage)

NHS: Keystone Renovate and Repair Program - Must own the home. This program will help finance rehab up to \$35,000. Does not have to be low income.

State programs –Subject to availability

DCED – Subject to availability

KOZ – Subject to availability

10. Rehabilitation, occupancy and resale restrictions

- There will be rules/restrictions on rehabilitation (timelines, criteria, etc.)
Describe the review process and any criteria to be applied (e.g., what plans should include, where should plans be submitted, what criteria will be used to review them, and whether pre-approval will be necessary for a fully executed purchase agreement):

The City will incorporate into each individual sales agreement the rehab work that needs to be performed including the timelines and criteria for the work.

Zoning plans must be submitted directly to the Zoning Hearing Board.

The City of Reading One Stop program is available where appropriate.

– Occupancy restrictions/requirements will be imposed for one unit (e.g., limits on rental use)

Describe restrictions/requirements, including any sanctions for non-compliance:

Restriction --Owner occupied including owner occupied rental

If the rehab work is not completed in a timely fashion, there will be a one-time only 90 day extension granted upon request. Otherwise, the property will revert back to the City within 1 year. A financial damages clause for non-compliance will be included in the sales agreement.

Resale restrictions/requirements will be imposed (e.g., resale purchasers must comply with the same restrictions as the original purchaser)

Describe restrictions/requirements, including any sanctions for non-compliance:

There will be a Deed restriction of owner occupancy including owner occupied rentals and a continuing reversion clause placed on all properties. An owner can apply to the City of Reading to have the Deed restriction lifted after the tax abatement period has ended. Should a property be found to not have an owner occupancy use, the City will petition the Court of Common Pleas to have the property reverted back to the City.

11. Standard Forms

- We will use the following PAR Standard Forms:
 - Listing Contract (Form XLS-CORE)
 - Seller Property Disclosure (Form SPD)
 - Hold Harmless Agreement (Form HHA-CORE)
 - Buyer’s Financial Information (Form BFI-CORE)
 - Agreement of Sale (Form ASR-CORE) and related addenda

We will use the following forms drafted by local counsel:

12. Seller Negotiation Procedures

Please include both names and titles to help identify specific individuals

Written offers will be presented to: Solicitor

Initial offers will be responded to within: 5 days

Counteroffers may be made by: Solicitor

Criteria for counteroffers: _____

Final approval/rejection by: City Council/Redevelopment Authority within 30 days

Process for approval/rejections (eg., vote of board or committee, approval by single individual, etc.):

Approvals or rejections will be by majority vote of City Council and the Redevelopment Authority.

Estimated time period for final approval/rejection (e.g., X days from submission, voting body meets only once a month, etc.): Approximately 35 days

ADDITIONAL INFORMATION

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Signature _____
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Signature _____
RRA Executive Director

Name _____

Name _____

Title _____

Title _____

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Estimated time period for final approval/rejection (e.g., X days from submission, voting body meets only once a month, etc.): Approximately 35 days

ADDITIONAL INFORMATION



CITY OF READING, PENNSYLVANIA

OFFICE OF THE
MAYOR
VAUGHN D. SPENCER

OFFICE OF THE MAYOR
ROOM 2-33
815 WASHINGTON STREET
READING, PA 19601-3690
(610) 655-6234
MAYOR@READINGPA.ORG

MEMORANDUM

TO: City Council

FROM: Vaughn D. Spencer, Mayor

SUBJECT: **Mayoral Veto of Bill #18-2013**

DATE: April 3, 2013

I have decided to veto Bill #18-2013, amending the Memorandum of Understanding between the Reading Berks Association of Realtors and the City of Reading. This ordinance contradicts the fundamental goal of the CORE housing initiative regarding the marketing and sale of these properties for single-family owner occupied use only. The ordinance also deviates from the proposed MVA strategies for the City of Reading.

Signature

THE VETO OF BILL NO 18-2013 WAS OVERRIDDEN BY A VOTE
OF 7 YEAS AND NO NAYS AT THE REGULAR BUSINESS MEETING
HELD ON MONDAY, APRIL 8, 2013

