**Resolution No. 88 2009**

**Whereas**, the City of Reading desires to apply for and obtain a grant from the United States Department of Housing and Urban Development (HUD) for approximately $8M through the Federal Neighborhood Stabilization Program II (NSP II) to address the property foreclosure issue within the City. Funding will be used to carry out acquisition, renovation, demolition of vacant and abandoned buildings and to construct new units in Census tracts 001100, 00100, 001200, 00130, and 001800.

**Whereas**, The City of Reading will enter a consortium agreement with the Public Housing Authority of the City of Reading, and Our City Reading, a non-profit corporation.

**Therefore be it resolved,**

1) that the City of Reading City Council does hereby authorize the application for such a grant; and

2) recognizes and accepts that the Department may offer a lesser or greater amount and therefore, upon receipt of the grant agreement from the U.S. Department of Housing and Urban Development, does further authorize the execution of any such grant agreement; and also, upon receipt of the fully executed agreement from the Department, does further authorize the expenditure of funds pursuant to the terms of the agreement between the City of Reading and the U.S. Department of Housing and Urban Development.

The City of Reading City Council hereby authorizes and directs the Mayor, on behalf of the City of Reading, to execute the consortium agreement, to file the application for financial assistance, to carry out the housing and community development activities outlined in the plans; and to execute the necessary certifications in connection with the plans and to carry out all actions.

Adopted by Council on the 13th day of July 2009

Vaughn D. Spencer, President of Council

Linda A. Kelleher, City Clerk

I, LINDA A. KELLEHER, City Clerk of the City of Reading, Pa., do hereby certify, that the foregoing is a true and correct copy of the original Resolution passed by the Council of the City of Reading, on the 13 day of July A. D. 2009 Witness my hand and seal of the said City this 14 day of July A. D. 2009

CITY CLERK

# NSP2 CONSORTIUM AGREEMENT

THIS NSP2 CONSORTIUM AGREEMENT, entered into so as to be effective as of the 1st day of July, 2009, is by and among THE CITY OF READING, PENNSYLVANIA, a municipal corporation and a body corporate and politic duly existing under the laws of the Commonwealth of Pennsylvania with offices located at 815 Washington Street, Reading, PA, 19601 (the "City"), THE CITY OF READING HOUSING AUTHORITY, a public benefit corporation duly existing under the laws of the Commonwealth of Pennsylvania with its offices located at 400 Hancock Blvd., Reading, PA 19601 (the "Reading Housing Authority") and OUR CITY READING, INC., a Pennsylvania non-profit corporation with its offices located at 2561 Bernville Road, Reading, PA 19612 ("Our City Reading").

## RECITALS:

A. The Recovery Act authorized additional funding under the NSP Program referred to as NSP2 funds. The NSP Program is a component of the Community Development Block Grant. The general purpose of the NSP Program is to stabilize communities that have suffered from foreclosures and abandonment.

B. HUD issued a NOFA on May 4, 2009, requesting applications for NSP2 funding by eligible applicants.

C. Eligible applicants include states, units of general local government, nonprofit entities and consortia of non-profit entities.

D. Eligible uses of NSP2 funds include the purchase and rehabilitation of homes and residential properties abandoned or foreclosed; the demolition of blighted structures; and the redevelopment of demolished or vacant properties.

E. Our City Reading is a corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, whose charitable purpose is essentially community and economic development through neighborhood revitalization, the provision of affordable housing to low to moderate income persons and job creation.

F. The City, Reading Housing Authority and Our City Reading desire to enter into this Agreement as a consortium for the purpose of evidencing their mutual agreements and understandings with respect to their joint NSP2 Application and the design of their NSP2 Program in being responsive to real estate market conditions within the City of Reading, Pennsylvania, for the purpose of arresting decline of residential properties within the City of Reading, reduce or eliminate vacant and abandoned properties within the City of Reading, and increase residential ownership and values within the City of Reading.

NOW, THEREFORE, the parties, in consideration of the mutual promises herein contained, and intending to be legally bound hereby, covenant and agree as follows:

1. Definitions.

(a) Except as otherwise defined herein, capitalized terms shall have the meaning set forth in the NOFA issued by HUD, the NSP Program, the NSP2 Application, HUD Guidance or the Recovery Act.

(b) "Agreement" means this NSP2 Consortium Agreement, as modified, amended, supplemented or restated, and in effect from time to time.

(c) "Applicant" shall mean the consortium of the City, Reading Housing Authority and Our City Reading.

(d) "HUD" shall mean the United States Department of Housing and Urban Development.

(e) "HUD Guidance" shall mean any pronouncement, correction, regulation or other guidance issued by HUD respecting the NSP.

(f) "Internal Auditor" shall mean the City of Reading Planning and Community Development Department.

(g) "Lead Applicant" shall mean the City.

(h) "NOFA" shall mean the Notice of Funding Availability issued by HUD dated May 4, 2009.

(i) "NSP" or the "NSP Program" shall mean the Neighborhood Stabilization Program established by HUD for the purpose of stabilizing communities that have suffered from foreclosures and abandonment.

(j) "NSP2" shall mean the NSP funds authorized under the Recovery Act.

(k) "NSP2 Agreement" shall mean the agreement to be entered upon receipt of an award of NSP2 funds between the Lead Applicant (on behalf of the City, Reading Housing Authority and Our City Reading) and HUD.

(l) "NSP2 Application" shall mean the application for NSP2 funding with respect to the NSP Program to be made and filed by the Lead Applicant on behalf of the City, Reading Housing Authority and Our City Reading with HUD pursuant to the terms of this Agreement.

(m) "Recovery Act" shall mean the American Recovery and Reinvestment Act of 2009.

(n) "Sub-Awards" shall mean the Applicant's award of NSP2 funding that Applicant receives to sub-recipients.

2. NSP2 Application.

(a) The City will serve as Lead Applicant with respect to the NSP2 Application and the operation of the Applicant's NSP Program.

(b) The Lead Applicant, on behalf of the City, Reading Housing Authority and Our City Reading, shall make a joint application with HUD pursuant to and by the time required under the NOFA, pursuant to which the Applicant intends to request NSP2 funding in the amount of at least Eight Million Dollars ($8,000,000) for the purpose of undertaking its NSP Program.

3. Applicant's NSP Program. The Applicant agrees that its NSP Program shall include the following essential terms and limitations:

(a) Target Geography: The target geography in which Applicant will undertake its NSP Program includes census tracts 001100, 00100, 001200, 00130 and 001800.

(b) Eligible Uses: The Applicant will use its NSP2 funding for the following uses and purposes:

(1) The purchase or other acquisition of foreclosed or abandoned residential properties;

(2) The demolition of blighted structures for redevelopment as residential properties;

(3) The rehabilitation of foreclosed or abandoned properties for use as residential properties, not including public housing; and

(4) The redevelopment of vacant or demolished properties for use as residential properties, not including public housing.

(c) Expenditures: The Applicant will expend its NSP2 funding such that:

(1) At least fifty percent (50%) of its aggregate NSP2 funding is expended within two (2) years of its award;

(2) One hundred percent (100%) of its aggregate NSP2 funding is expended within three (3) years of its award;

(3) The Applicant will limit its expenditures such that no more than ten percent (10%) of its aggregate NSP2 award is used in connection with demolition activities,

unless the Secretary of HUD shall allow a greater percentage share as being an appropriate response to the residential marketplace within Reading, Pennsylvania;

(4) The Applicant will use at least twenty five percent (25%) of its aggregate NSP2 award (the "25% Set-Aside") for the purchase and redevelopment, rehabilitation and/or renovation of abandoned or foreclosed homes or residential properties that will be used to house individuals or families whose incomes do not exceed fifty percent (50%) of area median income;

(5) No more than ten percent (10%) of Applicant's aggregate NSP2 award will be used for administrative expenses, which 10% sum may be reserved by Applicant for such administrative functions; and

(d) Building Standards: All properties constructed, redeveloped, renovated, and/or rehabilitated by Applicant shall meet or exceed any applicable laws, codes and other requirements relating to housing safety, quality and habitability, and the following building standards:

(1) The Renovation Standards of the city of Reading, Pennsylvania;

(2) To the extent feasible, meet or exceed all energy standards, including the use of Energy Star rated equipment and appliances;

(3) The incorporation of energy efficiency and environmentally-friendly Green elements, including development of a plan of renovation and rehabilitation which considers the HUD Guidance set forth in Appendix 2 of the NOFA; and

(4) To the extent feasible, meet or exceed all standards and requirements set forth under the American with Disabilities Act (ADA requirements).

(5) All renovations will include lead abatement work per HUD Lead Safe Housing Rule, 24 CFR 35, subparts B through R.

(e) Area Median Income Requirements: The Applicant shall ensure, to the maximum extent practicable and for the longest feasible term, that the sale, rental or redevelopment of abandoned and foreclosed-upon homes and residential properties shall remain affordable to individuals or families whose incomes do not exceed one hundred twenty percent (120%) of area median income, and with respect to the 25% Set Aside, that will be used to house individuals or families whose incomes do not exceed fifty percent (50%) of area median income;

(f) Citizen Participation: The Applicant will publish prior to its filing of its NSP2 Application a description of its NSP Program, including proposed target geography and proposed uses of NSP2 funds. Such publication will solicit comments from the public for at least a ten (10) day period.

(g) Sub-Awards: The Applicant may make Sub-Awards of its NSP2 funding to sub-recipients, subject to the requirements of the NOFA, HUD Guidance, the NSP Program and the terms of any Sub-Award Agreement entered into between Applicant and a sub-recipient.

(h) Cooperative Program: While the City is designated as the Lead Applicant with respect to its NSP2 Application and the administration of its NSP Program upon the terms hereof, the City, Reading Housing Authority and Our City Reading shall act cooperatively in carrying out the Applicant's NSP Program and meeting the goals and purposes of its NSP Program and in satisfying and complying with all of the requirements of its NSP Program.

4. Responsibilities of City as Lead Applicant. In addition to other requirements of the Lead Applicant as set forth herein, the Lead Applicant shall, acting cooperatively the other parties hereto, be primarily responsible on behalf of the City, Reading Housing Authority and Our City Reading, should the Applicant receive an award of NSP2 funding:

(a) The Lead Applicant shall execute the NSP2 Agreement with HUD by on or before December 1, 2009.

(b) The Lead Applicant shall assume responsibility for administration of the NSP2 grant award in compliance with all NSP requirements.

(c) The Lead Applicant shall assume responsibility for undertaking an environmental review, related decision making and required action for proposed projects within its target geography consistent with the provisions of the NOFA and 24 CFR part 58.

(d) The Lead Applicant shall, following notice of selection of Applicant's application and prior to the receipt of the award of NSP2 funding, execute and enter into a Consortium Funding Agreement ("Consortium Funding Agreement") among the City, Reading Housing Authority and Our City Reading, which Consortium Funding Agreement shall, at a minimum, describe the consortium member's specific activities under the NSP2 Program, including timetables for completion and the satisfaction of such additional requirements as are set forth herein or under Appendix 1 of the NOFA as are applicable to Applicant's NSP Program, including but not necessarily limited to, ensuring that each NSP2 assisted homebuyer receive and complete at least eight (8) hours of homebuyer counseling from a HUD-approved counseling agency prior to closing on a mortgage loan with respect to such purchase, unless such requirement is excepted by HUD upon good cause.

(e) The Lead Applicant shall ensure that all required reporting to HUD be complied with respecting the use of NSP2 funds, activities funded with a NSP2 award and other requirements established by HUD in order that HUD may exercise oversight for compliance with all NSP Program requirements, including the required (i) quarterly performance report prescribed by HUD, (ii) monthly report respecting NSP obligations and expenditures by project, (iii) Sub-Award activity, including the name of each sub-recipient, the amount awarded, the location of the sub-recipient, use of the Sub-Award, and such other information as may be required by HUD Guidance.

(f) The Lead Applicant shall ensure that all certifications required by HUD to be made by Applicant and each of its sub-recipients are provided in writing on terms consistent with the NOFA, including Appendix 4 thereof, if applicable, which shall include: (i) the furtherance of fair housing, (ii) anti-displacement and relocation plan is in effect, (iii) anti-lobbying, (iv) legal authority to carry out a NSP Program, (v) compliance with acquisition and relocation requirements of applicable law, (vi) citizen participation, (vii) use and expenditure of funds, (viii) area median income requirement compliance, (ix) anti-discrimination, (x) lead-based paint procedures, and (xi) generally compliance with applicable laws, including the NSP Program.

(g) The Lead Applicant shall ensure that Applicant and each of its sub-recipients carry out its activities affirmatively to further fair housing, and each sub-recipient shall certify to this affirmative duty.

(h) The Lead Applicant shall bind and maintain such insurance as the parties shall determine is appropriate or necessary to be maintained in connection with its administration and operation of its NSP Program.

(i) The Lead Applicant shall ensure that Applicant maintains such books and records in which full, true and correct entries are made of all dealings and transactions in relation to its NSP Program and as may be required by HUD.

(j) The Lead Applicant shall ensure that Applicant complies with all applicable laws, including the requirements of HUD with respect to the administration and operation of its NSP Program, its acquisition and renovation of properties and its sale or rental of properties to individuals.

(k) The Lead Applicant shall cause the Internal Auditor, and who is hereby authorized, to carry out internal audits of all NSP2 assisted activity carried out by the parties in connection with their NSP2 Program.

5. Representations of the Parties. Each the City, Reading Housing Authority and Our City Reading hereby represent to the other that:

(a) Each party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to own its property and assets and to carry on its business as now conducted and to execute and deliver and perform all its obligations hereunder.

(b) This Agreement and the transactions contemplated hereby are within each party's powers and have been duly authorized by all necessary corporate or other necessary action. This Agreement has been duly executed and delivered by each party and constitutes the legal, valid and binding obligation of each party, enforceable in accordance with its terms, subject to subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws

affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) To the extent required, all consents have been obtained from any governmental body having jurisdiction over a party hereto.

(d) Each party will execute any and all further documents and take all such further actions that may be required to effectuate the transactions and purposes contemplated hereby.

6. Miscellaneous Provisions.

(a) All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified mail or sent by telecopy or e-mail, to the addresses set forth hereinabove.

(b) No failure or delay by any party in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

(c) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby; EXCEPT that no party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the other parties hereto and any such attempted assignment or transfer without such consent shall be null and void.

(d) All covenants, agreements and representations made by the parties shall survive the execution and delivery of this Agreement.

(e) This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

(f) This Agreement constitutes the entire agreement among the parties relating to the subject matter hereof and supersede any and all contemporaneous or previous agreements and understandings, oral or written, relating to the subject matter hereof.

(g) Any provision of this Agreement held to be invalid, illegal or unenforceable shall be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof.

(h) This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania.

**COUNTERPART SIGNATURE PAGES FOLLOW**

**COUNTERPART SIGNATURE PAGE**

**NSP2 CONSORTIUM AGREEMENT**
**BY**
**THE CITY OF READING**

IN WITNESS WHEREOF, the undersigned has duly executed this NSP2 Consortium Agreement, effective as of the day and year set forth below.

THE CITY OF READING

By: _____

**COUNTERPART SIGNATURE PAGE**

**NSP2 CONSORTIUM AGREEMENT**
**BY**
**CITY OF READING HOUSING AUTHORITY**

IN WITNESS WHEREOF, the undersigned has duly executed this NSP2 Consortium Agreement, effective as of the day and year set forth below.

ATTEST:

CITY OF READING HOUSING AUTHORITY

By: _____

**COUNTERPART SIGNATURE PAGE**

**NSP2 CONSORTIUM AGREEMENT**
**BY**
**OUR CITY READING, INC.**

IN WITNESS WHEREOF, the undersigned has duly executed this NSP2 Consortium Agreement, effective as of the day and year set forth below.

OUR CITY READING, INC.

By: _____