

NORTH CAROLINA GENERAL ASSEMBLY
1981 SESSION

CHAPTER 748
HOUSE BILL 1302

AN ACT TO ALLOW THE TOWN OF TARBORO TO APPROVE WITHOUT INCURRING ANY OBLIGATION THEREFOR THE FORMATION OF A NONPROFIT CORPORATION THAT MAY ISSUE BONDS AND LEND THE PROCEEDS TO A DEVELOPER FOR USE IN FURTHERANCE OF THE PROVISIONS OF AN URBAN DEVELOPMENT ACTION GRANT.

Whereas, the Congress of the United States enacted the Housing and Community Development Act of 1977 (Public Law 95-128) which as amended authorized the Secretary of Housing and Urban Development (HUD) to make Urban Development Action Grants to severely distressed cities and towns which require increased public assistance and private investment to alleviate physical and economic deterioration; and

Whereas, assistance is being made available under this federal program for economic revitalization in competing communities throughout the nation with population out-migration or stagnating or declining tax base, and for reclamation of neighborhoods, having excessive housing abandonment or deterioration; and

Whereas, the Town of Tarboro (the Town) filed an application with the Department of Housing and Urban Development (HUD) and has received approval of said application for an Urban Development Action Grant (UDAG) and has executed a UDAG Grant Agreement with HUD; and

Whereas, the agreement with HUD calls for the acquisition of a site within the redevelopment area and the construction and equipment of a retirement home for the elderly thereon (the Project); and

Whereas, prevailing high interest rates make the financing of the project difficult and impractical, but, with the approval of the Town of Tarboro, a nonprofit corporation may be formed that will be able to issue bonds, with no obligation or liability of the Town for the payment thereof or interest thereon, the interest on which bonds will be exempt from federal income taxes, but not from income taxes of the State of North Carolina, making the financing of the project easier and practical, and the proceeds from the sale of said bonds may be loaned to a developer for the completion of the project in accordance with the said agreement with HUD; the reduction of interest costs will reduce the cost of the project and will reduce the cost to the residents of the retirement home; and the project will be subject to town and county ad valorem taxes; and

Whereas, the following is enacted for the purpose of insuring that the Town can legally give the approvals set forth therein, and can accept title to the project property upon the retirement of the bonds; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. Section 1 of Chapter 1115 of the 1979 Session (2nd Session, 1980) is amended by deleting the word "and" at the end of subdivision (4), by changing the period at the end of subdivision (5) to a comma and by adding the word "and" at the end of subdivision (5), and by adding the following new subdivision at the end of subdivision (5) to read:

"(6) to approve the formation, organization and selection of directors of a nonprofit corporation to acquire title to properties within a redevelopment area, and to approve, without incurring any obligation therefor, the issuance of bonds by such nonprofit corporation and the lending of the bond proceeds to a developer for use in furtherance of the purposes of urban development action grants authorized by the Housing and Community Development Act of 1977, and to accept title to the land and facilities acquired or constructed with the bond proceeds upon the retirement of the bonds and any other indebtedness with respect thereto.

The Town shall not be liable for the payment of said bonds or the interest or premiums thereon, and neither the officers, agents or employees of the Town nor of the nonprofit corporation shall be subject to any personal liability or accountability by reason of the issuance of or execution of the bonds."

Sec. 2. If any provision of this act is for any reason held to be unconstitutional or otherwise invalid, such decision shall not affect the validity of the remainder of this act.

Sec. 3. This act shall apply only to the Town of Tarboro.

Sec. 4. This act is effective upon ratification.

In the General Assembly read three times and ratified, this the 30th day of June, 1981.