

House File 2406 - Introduced

HOUSE FILE 2406
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO HSB 619)

A BILL FOR

1 An Act relating to the establishment of a disaster recovery
2 homeowner assistance program and fund administered by the
3 Iowa finance authority, transfers of moneys to certain
4 funds, and including effective date provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 16.43 Use of revolving loan funds.

2 Notwithstanding any other provision of law to the contrary,
3 the authority may transfer any unobligated and unencumbered
4 moneys in any revolving loan program fund created pursuant to
5 section 16.46, 16.47, 16.48, or 16.49, for deposit in any other
6 fund created under this part.

7 Sec. 2. NEW SECTION. 16.44 Disaster recovery homeowner
8 assistance program and fund.

9 1. As used in this section, unless the context otherwise
10 requires:

11 a. *"Disaster-affected home"* means any of the following:

12 (1) A primary residence that is destroyed or damaged due to
13 a natural disaster that occurs on or after the effective date
14 of this Act, and is located in a county that due to the natural
15 disaster is the subject of a state of disaster emergency
16 proclamation by the governor that authorizes disaster recovery
17 homeowner assistance.

18 (2) A primary residence that is destroyed or damaged due to
19 a natural disaster that occurred on or after March 12, 2019,
20 but before the effective date of this Act, and is located in a
21 county that has been declared a major disaster by the president
22 of the United States on or after March 12, 2019, but before the
23 effective date of this Act, and that is also a county in which
24 individuals are eligible for federal individual assistance.

25 b. *"Fund"* means the disaster recovery homeowner assistance
26 fund.

27 c. *"Local program administrator"* means any of the following:

28 (1) The cities of Ames, Cedar Falls, Cedar Rapids, Council
29 Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo,
30 and West Des Moines.

31 (2) A council of governments whose territory includes at
32 least one county that is the subject of a state of disaster
33 emergency proclamation by the governor that authorizes disaster
34 recovery homeowner assistance on or after the effective date
35 of this Act.

1 (3) A qualified local organization or governmental entity
2 as determined by rules as adopted by the authority.

3 *d. "Program"* means the disaster recovery homeowner
4 assistance program.

5 *e. "Replacement housing"* means housing purchased by a
6 homeowner to replace a disaster-affected home that is destroyed
7 or damaged beyond reasonable repair as determined by a local
8 program administrator.

9 *f. "State of disaster emergency"* means the same as described
10 in section 29C.6, subsection 1.

11 2. *a.* A disaster recovery homeowner assistance fund
12 is created within the authority, and the authority shall
13 administer the fund in a manner to award forgivable loans to
14 eligible homeowners for purposes of this section.

15 *b.* The fund may consist of any moneys appropriated by the
16 general assembly for purposes of this section and any other
17 moneys that are lawfully available to the authority. The
18 authority shall use any moneys specifically appropriated for
19 purposes of this section only for the purposes of this section.
20 The authority may use all other moneys in the fund, including
21 interest, earnings, and recaptures, for purposes of this
22 section.

23 *c.* Notwithstanding section 8.39, subsections 1 and 3, and
24 notwithstanding any other law to the contrary, without the
25 prior written consent and approval of the governor and the
26 department of management, the executive director of the Iowa
27 finance authority may transfer any unobligated and unencumbered
28 moneys in any fund created pursuant to section 16.5, subsection
29 1, paragraph "s", for deposit in the disaster recovery homeowner
30 assistance fund.

31 *d.* Notwithstanding section 8.39, subsections 2 and 3,
32 and notwithstanding any other law to the contrary, with the
33 written approval of the director of the economic development
34 authority and without the approval of the governor, the
35 executive director of the Iowa finance authority may transfer

1 any unobligated and unencumbered moneys in any fund created
2 pursuant to section 15.106A, subsection 1, paragraph "o", for
3 deposit in the disaster recovery homeowner assistance fund.

4 e. Notwithstanding section 8.33, moneys in the fund at the
5 end of each fiscal year shall not revert to the general fund or
6 any other fund but shall remain in the fund for expenditure for
7 subsequent fiscal years.

8 f. The authority shall not use more than five percent of
9 the moneys in the fund at the beginning of a fiscal year for
10 purposes of administrative costs and other program support.

11 3. The authority shall establish and administer a disaster
12 recovery homeowner assistance program and shall use moneys in
13 the fund to award forgivable loans to eligible homeowners of
14 disaster-affected homes. Moneys in the fund may be expended
15 following a state of disaster emergency proclamation by
16 the governor that authorizes disaster recovery homeowner
17 assistance. The authority may enter into an agreement with one
18 or more local program administrators to administer the program.

19 4. To be considered for a forgivable loan under the program,
20 a homeowner must register for the disaster case management
21 program established pursuant to section 29C.20B. The disaster
22 case manager may refer the homeowner to the appropriate local
23 program administrator.

24 5. To be eligible for a forgivable loan under the program a
25 homeowner must meet all of the following requirements:

26 a. The homeowner's disaster-affected home must have
27 sustained damage greater than the damage that is covered by the
28 homeowner's property and casualty insurance policy insuring the
29 home plus any other state or federal disaster-related financial
30 assistance that the homeowner is eligible to receive.

31 b. A local program administrator must deem the homeowner's
32 disaster-affected home suitable for rehabilitation or damaged
33 beyond reasonable repair.

34 c. If the homeowner is seeking a forgivable loan for the
35 repair or rehabilitation of the homeowner's disaster-affected

1 home, the homeowner's disaster-affected home cannot be proposed
2 for buyout by the county or city in which the disaster-affected
3 home is located.

4 6. *a.* If a homeowner is referred to the authority or to a
5 local program administrator by the homeowner's disaster case
6 manager, the authority may award a forgivable loan to the
7 eligible homeowner for any of the following purposes:

8 (1) Repair or rehabilitation of the homeowner's
9 disaster-affected home.

10 (2) Down payment assistance on the purchase of replacement
11 housing and the cost of reasonable repairs to be performed
12 on the replacement housing to render the replacement housing
13 decent, safe, sanitary, and in good repair. Replacement
14 housing purchased by a homeowner shall not be located
15 in a one-hundred-year floodplain. For purposes of this
16 subparagraph, "decent, safe, sanitary, and in good repair"
17 means the same as described in 24 C.F.R. §5.703.

18 *b.* The maximum forgivable loan that the authority may
19 award to any one eligible homeowner shall be determined by the
20 authority by rule.

21 *c.* All forgivable loans that are awarded to an eligible
22 homeowner shall have a five-year term and shall be
23 interest-free.

24 *d.* A forgivable loan awarded to an eligible homeowner shall
25 be forgiven by the authority by a uniform percentage on a
26 monthly basis as determined by rules adopted by the authority.

27 *e.* If a homeowner who has been awarded a forgivable loan
28 sells a disaster-affected home or replacement housing for which
29 the homeowner received the forgivable loan prior to the end
30 of the five-year loan term, the remaining principal on the
31 forgivable loan shall be due and payable pursuant to rules
32 adopted by the authority.

33 7. The authority shall adopt rules pursuant to chapter 17A
34 to implement and administer this section.

35 Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate

1 importance, takes effect upon enactment.

2 EXPLANATION

3 The inclusion of this explanation does not constitute agreement with
4 the explanation's substance by the members of the general assembly.

5 This bill relates to the establishment of a disaster
6 recovery homeowner assistance program and fund administered by
7 the Iowa finance authority, and transfers of moneys to certain
8 funds.

9 The bill creates a disaster recovery homeowner assistance
10 fund (fund) within the Iowa finance authority (authority). The
11 fund may consist of any moneys appropriated by the general
12 assembly and any other moneys that are lawfully available to
13 the authority. The authority may use all moneys in the fund,
14 including interest, earnings, and recaptures for the purposes
15 of the fund. Moneys in the fund at the end of each fiscal year
16 do not revert to any other fund but remain in the fund for
17 expenditure for subsequent fiscal years. The bill prohibits
18 the authority from using more than 5 percent of the moneys in
19 the fund at the beginning of a fiscal year for purposes of
20 administrative costs and other program support.

21 Notwithstanding any other law to the contrary, the bill
22 permits the authority to transfer any unobligated and
23 unencumbered moneys in the revolving loan program funds created
24 pursuant to Code sections 16.46, 16.47, 16.48, or 16.49, for
25 deposit in any other fund created under Code chapter 16,
26 part 4. Notwithstanding Code sections 8.39(1) and 8.39(3),
27 and notwithstanding any other law to the contrary, the bill
28 permits the executive director of the authority to transfer
29 any unobligated and unencumbered moneys in any fund created
30 pursuant to Code section 16.5(1)(s), for deposit in the
31 disaster recovery homeowner assistance fund without the prior
32 written consent and approval of the governor and the department
33 of management. Notwithstanding Code sections 8.39(2) and
34 8.39(3), and notwithstanding any other law to the contrary,
35 the bill permits the executive director of the Iowa finance

1 authority to transfer any unobligated and unencumbered moneys
2 in any fund created pursuant to Code section 15.106A(1)(o), for
3 deposit in the disaster recovery homeowner assistance fund,
4 with the written approval of the director of the economic
5 development authority and without the approval of the governor.

6 The bill directs the authority to establish and administer a
7 disaster recovery homeowner assistance program (program) and to
8 use moneys in the fund to provide forgivable loans to eligible
9 homeowners of disaster-affected homes. "Disaster-affected
10 home" is defined in the bill as a primary residence that is
11 destroyed or damaged due to a natural disaster that occurs on
12 or after the effective date of the bill, and that is located
13 in a county that due to the natural disaster is the subject
14 of a state of disaster emergency proclamation by the governor
15 that authorizes disaster recovery homeowners assistance; or a
16 primary residence that is destroyed or damaged due to a natural
17 disaster that occurred on or after March 12, 2019, but before
18 the effective date of the bill, and is located in a county that
19 has been declared a major disaster by the president of the
20 United States on or after March 12, 2019, and that is also a
21 county in which individuals are eligible for federal individual
22 assistance.

23 The authority may enter into an agreement with one or more
24 local program administrators (administrator) to administer the
25 program, and moneys in the fund may be expended following a
26 state of disaster emergency proclamation by the governor that
27 authorizes disaster recovery homeowner assistance. "Local
28 program administrator" is defined in the bill as the cities of
29 Ames, Cedar Falls, Cedar Rapids, Council Bluffs, Davenport, Des
30 Moines, Dubuque, Iowa City, Waterloo, and West Des Moines; and
31 a council of governments whose territory includes at least one
32 county that is the subject of the state of disaster emergency
33 proclamation by the governor that authorizes disaster recovery
34 homeowner assistance; or a qualified local organization or
35 governmental entity as determined by rules as adopted by the

1 authority.

2 To be considered for a forgivable loan under the program,
3 a homeowner must register for the disaster case management
4 program established pursuant to Code section 29C.20B. The
5 homeowner's disaster case manager may refer the homeowner to
6 the appropriate local program administrator.

7 To be eligible for a forgivable loan under the program,
8 the bill requires a homeowner to own a disaster-affected home
9 (home) located in a county that has been proclaimed a state
10 of disaster emergency by the governor; the home must have
11 sustained damage greater than the damage that is covered by the
12 homeowner's property and casualty insurance policy insuring
13 the home plus any other state or federal disaster-related
14 financial assistance that the homeowner is eligible to receive;
15 an administrator must deem the home suitable for rehabilitation
16 or damaged beyond reasonable repair; and if the homeowner is
17 seeking a forgivable loan for the repair or rehabilitation of
18 the homeowner's disaster-affected home, the home cannot be
19 proposed for buyout by the county or city in which the home is
20 located.

21 If a homeowner is referred to an administrator by the
22 homeowner's manager, the bill allows the authority to award
23 a forgivable loan to the eligible homeowner for repair or
24 rehabilitation of the disaster-affected home, or for down
25 payment assistance on the purchase of replacement housing,
26 and the cost of reasonable repairs to be performed on the
27 replacement housing to render it decent, safe, sanitary, and
28 in good repair. Replacement housing purchased by a homeowner
29 cannot be located in a 100-year floodplain. All awarded
30 forgivable loans must be interest-free and have a five-year
31 term. The maximum forgivable loan that may be awarded to any
32 one eligible homeowner shall be determined by the authority
33 by rule. "Decent, safe, sanitary, and in good repair" is
34 defined in the bill to mean the same as described in 24 C.F.R.
35 §5.703. "Replacement housing" is defined in the bill as

1 housing purchased by a homeowner to replace a disaster-affected
2 home that is destroyed or damaged beyond reasonable repair as
3 determined by a local program administrator.

4 A uniform percentage of a forgivable loan awarded to a
5 homeowner must be forgiven by the authority on a monthly
6 basis as determined by rules adopted by the authority. If
7 a homeowner who has been awarded a forgivable loan sells a
8 disaster-affected home or replacement housing for which the
9 homeowner received the forgivable loan prior to the end of
10 the five-year term, the remaining principal on the forgivable
11 loan becomes due and payable pursuant to rules adopted by the
12 authority.

13 The authority is required to adopt rules to implement and
14 administer the fund and the program.

15 The bill takes effect upon enactment.