

**House Study Bill 619 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED IOWA FINANCE  
AUTHORITY BILL)

**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  
20 program, a homeowner must register for the disaster case  
21 management program established pursuant to section 29C.20B.  
22 The homeowner's disaster case manager shall determine the  
23 homeowner's eligibility for the disaster recovery homeowner  
24 assistance program. If the homeowner's disaster case manager  
25 confirms the homeowner's eligibility, the disaster case manager  
26 shall refer the homeowner to the appropriate local program  
27 administrator.

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

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

35 b. A local program administrator must deem the homeowner's

1 disaster-affected home suitable for rehabilitation or damaged  
2 beyond reasonable repair.

3 *c.* If the homeowner is seeking a forgivable loan for the  
4 repair or rehabilitation of the homeowner's disaster-affected  
5 home, the homeowner's disaster-affected home cannot be proposed  
6 for buyout by the county or city in which the disaster-affected  
7 home is located.

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

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

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

22 *b.* The maximum forgivable loan that the authority may  
23 award to any one eligible homeowner shall be determined by the  
24 authority by rule.

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

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

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

1 adopted by the authority.

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

4 Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate  
5 importance, takes effect upon enactment.

6 EXPLANATION

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

9 This bill relates to the establishment of a disaster  
10 recovery homeowner assistance program and fund administered by  
11 the Iowa finance authority, and transfers of moneys to certain  
12 funds.

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

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

1 written consent and approval of the governor and the department  
2 of management. Notwithstanding Code sections 8.39(2) and  
3 8.39(3), and notwithstanding any other law to the contrary,  
4 the bill permits the executive director of the Iowa finance  
5 authority to transfer any unobligated and unencumbered moneys  
6 in any fund created pursuant to Code section 15.106A(1)(o), for  
7 deposit in the disaster recovery homeowner assistance fund,  
8 with the written approval of the director of the economic  
9 development authority and without the approval of the governor.

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

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

1 county that is the subject of the state of disaster emergency  
2 proclamation by the governor that authorizes disaster recovery  
3 homeowner assistance; or a qualified local organization or  
4 governmental entity as determined by rules as adopted by the  
5 authority.

6 To be considered for a forgivable loan under the program,  
7 a homeowner must register for the disaster case management  
8 program established pursuant to Code section 29C.20B. The  
9 homeowner's disaster case manager (manager) is required to  
10 determine the homeowner's eligibility for the program. If  
11 the homeowner's manager confirms the homeowner's eligibility,  
12 the manager must refer the homeowner to the appropriate  
13 administrator.

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

28 If a homeowner is referred to an administrator by the  
29 homeowner's manager, the bill allows the authority to award  
30 a forgivable loan to the eligible homeowner for repair or  
31 rehabilitation of the disaster-affected home, or for down  
32 payment assistance on the purchase of replacement housing,  
33 and the cost of reasonable repairs to be performed on the  
34 replacement housing to render it decent, safe, sanitary, and  
35 in good repair. Replacement housing purchased by a homeowner



1 cannot be located in a 100-year floodplain. All awarded  
2 forgivable loans must be interest-free and have a five-year  
3 term. The maximum forgivable loan that may be awarded to any  
4 one eligible homeowner shall be determined by the authority  
5 by rule. "Decent, safe, sanitary, and in good repair" is  
6 defined in the bill to mean the same as described in 24 C.F.R.  
7 §5.703. "Replacement housing" is defined in the bill as  
8 housing purchased by a homeowner to replace a disaster-affected  
9 home that is destroyed or damaged beyond reasonable repair as  
10 determined by a local program administrator.

11 A uniform percentage of a forgivable loan awarded to a  
12 homeowner must be forgiven by the authority on a monthly  
13 basis as determined by rules adopted by the authority. If  
14 a homeowner who has been awarded a forgivable loan sells a  
15 disaster-affected home or replacement housing for which the  
16 homeowner received the forgivable loan prior to the end of  
17 the five-year term, the remaining principal on the forgivable  
18 loan becomes due and payable pursuant to rules adopted by the  
19 authority.

20 The authority is required to adopt rules to implement and  
21 administer the fund and the program.

22 The bill takes effect upon enactment.