Senate File 2406 - Introduced

SENATE FILE 2406
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 2314)
(SUCCESSOR TO SSB 3092)

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:
Section 1. NEW SECTION. 16.43 Use of revolving loan funds. Notwithstanding any other provision of law to the contrary, the authority may transfer any unobligated and unencumbered moneys in any revolving loan program fund created pursuant to section 16.46, 16.47, 16.48, or 16.49, for deposit in any other fund created under this part.

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

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

a. "Disaster-affected home" means any of the following:
   (1) A primary residence that is destroyed or damaged due to a natural disaster that occurs on or after the effective date of this Act, and is located in a county that due to the natural disaster is the subject of a state of disaster emergency proclamation by the governor that authorizes disaster recovery homeowner assistance.
   (2) A primary residence that is destroyed or damaged due to a natural disaster that occurred on or after March 12, 2019, but before the effective date of this Act, and is located in a county that has been declared a major disaster by the president of the United States on or after March 12, 2019, but before the effective date of this Act, and that is also a county in which individuals are eligible for federal individual assistance.

b. "Fund" means the disaster recovery homeowner assistance fund.

c. "Local program administrator" means any of the following:
   (1) The cities of Ames, Cedar Falls, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo, and West Des Moines.
   (2) A council of governments whose territory includes at least one county that is the subject of a state of disaster emergency proclamation by the governor that authorizes disaster recovery homeowner assistance on or after the effective date of this Act.
(3) A qualified local organization or governmental entity as determined by rules as adopted by the authority.

d. "Program" means the disaster recovery homeowner assistance program.

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

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

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

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

c. Notwithstanding section 8.39, subsections 1 and 3, and notwithstanding any other law to the contrary, with the prior written consent and approval of the governor, the executive director of the Iowa finance authority may transfer any unobligated and unencumbered moneys in any fund created pursuant to section 16.5, subsection 1, paragraph "s", for deposit in the disaster recovery homeowner assistance fund.

The prior written consent and approval of the director of the department of management shall not be required to transfer the unobligated and unencumbered moneys.

d. Notwithstanding section 8.39, subsections 2 and 3, and notwithstanding any other law to the contrary, with the prior written approval of the director of the economic development
authority and the prior written approval of the governor, the executive director of the Iowa finance authority may transfer any unobligated and unencumbered moneys in any fund created pursuant to section 15.106A, subsection 1, paragraph "o", for deposit in the disaster recovery homeowner assistance fund.

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

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

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

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

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

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

b. A local program administrator must deem the homeowner's disaster-affected home suitable for rehabilitation or damaged beyond reasonable repair.
If the homeowner is seeking a forgivable loan for the repair or rehabilitation of the homeowner’s disaster-affected home, the homeowner’s disaster-affected home cannot be proposed for buyout by the county or city in which the disaster-affected home is located.

If a homeowner is referred to the authority or to a local program administrator by the homeowner’s disaster case manager, the authority may award a forgivable loan to the eligible homeowner for any of the following purposes:

(1) Repair or rehabilitation of the homeowner’s disaster-affected home.

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

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

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

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

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

The authority shall adopt rules pursuant to chapter 17A...
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to implement and administer this section.
Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate
importance, takes effect upon enactment.

EXPLANATION

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

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

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

Notwithstanding any other law to the contrary, the bill
permits the authority to transfer any unobligated and
unencumbered moneys in the revolving loan program funds
created pursuant to Code sections 16.46, 16.47, 16.48, or
16.49, for deposit in any other fund created under Code
chapter 16, part 4. Notwithstanding Code sections 8.39(1)
and 8.39(3), and notwithstanding any other law to the
contrary, the bill permits the executive director of the
authority to transfer any unobligated and unencumbered moneys
in any fund created pursuant to Code section 16.5(1)(s),
for deposit in the disaster recovery homeowner assistance
fund with the prior written consent and approval of the
governor. The prior consent and approval of the director of
the department of management is not required to transfer the funds. Notwithstanding Code sections 8.39(2) and 8.39(3), and notwithstanding any other law to the contrary, the bill permits the executive director of the Iowa finance authority to transfer any unobligated and unencumbered moneys in any fund created pursuant to Code section 15.106A(1)(o), for deposit in the disaster recovery homeowner assistance fund, with the prior written approval of the director of the economic development authority and the prior written approval of the governor.

The bill directs the authority to establish and administer a disaster recovery homeowner assistance program and to use moneys in the fund to provide forgivable loans to eligible homeowners of disaster-affected homes. “Disaster-affected home” is defined in the bill as a primary residence that is destroyed or damaged due to a natural disaster that occurs on or after the effective date of the bill, and that is located in a county that due to the natural disaster is the subject of a state of disaster emergency proclamation by the governor that authorizes disaster recovery homeowners assistance; or a primary residence that is destroyed or damaged due to a natural disaster that occurred on or after March 12, 2019, but before the effective date of the bill, and is located in a county that has been declared a major disaster by the president of the United States on or after March 12, 2019, and that is also a county in which individuals are eligible for federal individual assistance.

The authority may enter into an agreement with one or more local program administrators to administer the program, and moneys in the fund may be expended following a state of disaster emergency proclamation by the governor that authorizes disaster recovery homeowner assistance. “Local program administrator” is defined in the bill as the cities of Ames, Cedar Falls, Cedar Rapids, Council Bluffs, Davenport, Des Moines, Dubuque, Iowa City, Waterloo, and West Des Moines; and a council of governments whose territory includes at least one.
count that is the subject of the state of disaster emergency proclamation by the governor that authorizes disaster recovery homeowner assistance; or a qualified local organization or governmental entity as determined by rules as adopted by the authority.

To be considered for a forgivable loan under the program, a homeowner must register for the disaster case management program established pursuant to Code section 29C.20B.

The disaster case manager may refer the homeowner to the appropriate administrator.

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

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

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

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

The bill takes effect upon enactment.