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## SENATE BILL NO. 320

Offered January 8, 2020

Prefiled January 6, 2020

A BILL to amend and reenact §§ 10.1-603.24 and 10.1-603.25 of the Code of Virginia, relating to Virginia Community Flood Preparedness Fund; loans to low-income areas; forgiveness.

Patrons—Lewis and Mason; Delegates: Askew and Mugler

Referred to Committee on Agriculture, Conservation and Natural Resources

**Be it enacted by the General Assembly of Virginia:**

1. That §§ 10.1-603.24 and 10.1-603.25 of the Code of Virginia are amended and reenacted as follows:

**§ 10.1-603.24. Definitions.**

As used in this article, unless the context requires a different meaning:

"Authority" means the Virginia Resources Authority.

"Cost," as applied to any project financed under the provisions of this article, means the total of all costs incurred by the local government as reasonable and necessary for carrying out all works and undertakings necessary or incident to the accomplishment of any project.

"Department" means the Virginia Department of Emergency Management.

"Fund" means the Virginia ~~Shoreline Resiliency~~ Community Flood Preparedness Fund.

"Local government" means any county, city, town, municipal corporation, authority, district, commission, or political subdivision created by the General Assembly or pursuant to the Constitution of Virginia or laws of the Commonwealth.

"Low-income geographic area" means any locality or area that has a median household income that is not greater than 80 percent of the statewide median household income.

"Nature-based solution" means an approach that reduces the effects of flood and storm events through the use of environmental processes and natural systems. A nature-based solution may provide additional benefits beyond flood control, including recreational opportunities and improved water quality.

**§ 10.1-603.25. Virginia Community Flood Preparedness Fund.**

A. There shall be set apart a permanent and perpetual fund, to be known as the Virginia ~~Shoreline Resiliency~~ Community Flood Preparedness Fund, consisting of such any sums that may be appropriated to the Fund by the General Assembly, all receipts by the Fund from loans made by it to local governments, all income from the investment of moneys held in the Fund, and any other sums designated for deposit to the Fund from any source, public or private. The Fund shall be administered by the Department as prescribed in this article. The Department shall establish guidelines regarding the distribution of loans from the Fund and the prioritization of such loans. The Authority shall manage the Fund and shall establish interest rates and repayment terms of such loans as provided in this article. The Authority may disburse from the Fund its reasonable costs and expenses incurred in the management of the Fund.

B. Localities shall use moneys from the Fund primarily for the purpose of creating a low-interest loan program to help residents and businesses inland and coastal communities across the Commonwealth that are subject to recurrent or repetitive flooding as confirmed by a locality-certified floodplain manager. Moneys in the Fund may be used to mitigate future flood damage, with priority given to projects that implement community-scale mitigation activities and use nature-based solutions to reduce flood risk.

C. Any locality is authorized to that operates a low-interest loan program may secure a loan made through such a low-interest loan program by placing a lien up to the value of the loan against any property that benefits from the loan. Such a lien shall be subordinate to each prior lien on such property, except prior liens for which the prior lienholder executes a written subordination agreement, in a form and substance acceptable to the prior lienholder in its sole and exclusive discretion, that is recorded in the land records where the property is located.

D. Any locality using moneys in the Fund to provide a loan for a project in a low-income geographic area is authorized to forgive the principal of such loan. The total amount of loans forgiven by all localities in a fiscal year shall not exceed 30 percent of the amount appropriated in such fiscal year to the Fund by the General Assembly.