

110TH CONGRESS
1ST SESSION

S. 2328

To establish a homeowner mitigation loan program within the Federal Emergency Management Agency to promote pre-disaster property mitigation measures.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 8, 2007

Mr. REID (for Mr. DODD) introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

A BILL

To establish a homeowner mitigation loan program within the Federal Emergency Management Agency to promote pre-disaster property mitigation measures.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Property Mitigation
5 Assistance Act of 2007”.

6 **SEC. 2. HOMEOWNER MITIGATION LOAN PROGRAM.**

7 Section 203 of the Robert T. Stafford Disaster As-
8 sistance and Emergency Relief Act (42 U.S.C. 5133) is
9 amended—

1 (1) by redesignating subsection (m) as sub-
2 section (n); and

3 (2) by inserting after subsection (l) the fol-
4 lowing:

5 “(m) HOMEOWNER MITIGATION LOAN PROGRAM.—

6 “(1) ESTABLISHMENT.—The Administrator of
7 the Federal Emergency Management Agency shall
8 establish a grant program to provide assistance to
9 States to promote pre-disaster property mitigation
10 measures within the jurisdiction of the States.

11 “(2) APPLICATION.—A State desiring a grant
12 under this subsection shall submit an application as
13 required pursuant to regulations promulgated by the
14 Administrator under paragraph (7).

15 “(3) ELIGIBILITY REQUIREMENTS.—In order to
16 be eligible to receive a grant under paragraph (1) a
17 State shall have—

18 “(A) submitted a mitigation plan under
19 section 322(c);

20 “(B) established a process for accepting
21 and processing grant and loan applications
22 from individual homeowners and business own-
23 ers;

1 “(C) established a revolving loan fund to
2 which any grant amounts received under this
3 section shall be deposited; and

4 “(D) submitted a detailed plan for how
5 terms and conditions for loans and grants au-
6 thorized under paragraph (5) will be set.

7 “(4) FUNDING FORMULA.—

8 “(A) IN GENERAL.—The Administrator
9 shall allocate grant amounts to eligible States
10 under paragraph (1) according to a formula
11 based on the following factors:

12 “(i) The extent and nature of the po-
13 tential hazards to property in the State.

14 “(ii) The level and degree of risk of
15 potential hazards or natural disasters con-
16 fronted by the State.

17 “(iii) The number of properties at risk
18 in the event that a hazard or natural dis-
19 aster should occur in the State.

20 “(iv) The amount of prior property
21 damages incurred by the State during any
22 previous hazard or natural disaster.

23 “(v) Any available data on the future
24 risk of occurrence of any hazard or natural
25 disaster in a State.

1 “(B) BASELINE AMOUNT.—Any formula
2 developed by the Administrator under subpara-
3 graph (A), shall ensure that each eligible State
4 shall, at a minimum, receive an amount equal
5 to not less than \$500,000.

6 “(C) MATCHING REQUIREMENT.—To be el-
7 igible to receive any grant funds under this sub-
8 section, a State shall contribute matching non-
9 Federal funds in an amount equal to not less
10 than 10 percent of the total amount of the
11 grant.

12 “(5) ELIGIBLE ACTIVITIES.—

13 “(A) IN GENERAL.—A grant under this
14 subsection may be used by a State to carry out
15 grant and lending functions as authorized
16 under this paragraph.

17 “(B) REVOLVING LOANS AND GRANTS TO
18 HOMEOWNERS AND BUSINESSES.—

19 “(i) AUTHORITY OF STATES.—Each
20 State is authorized to make from any re-
21 volving loan fund established pursuant to
22 paragraph (3)(C) grants or loans from
23 such fund to assist individual homeowners
24 and businesses in undertaking pre-disaster
25 property mitigation measures.

1 “(ii) DETERMINATION OF THE
2 STATE.—No loans shall be provided under
3 this paragraph unless a State determines
4 that—

5 “(I) there is reasonable assur-
6 ance of repayment of the loan; and

7 “(II) the amount of the loan, to-
8 gether with other funds available to
9 the property owner, is adequate to as-
10 sure the purposes for which the loan
11 is made.

12 “(iii) GRANT AND LOAN REQUIRE-
13 MENTS.—

14 “(I) GRANTS.—A State may
15 make grants for elevation and other
16 pre-disaster property mitigation meas-
17 ures to homeowners with household
18 incomes of less than 50 percent of
19 area median income.

20 “(II) LOANS.—A State may
21 make—

22 “(aa) low-interest loans for
23 elevation and other pre-disaster
24 property mitigation measures to
25 homeowners with household in-

1 comes of less than 120 percent of
 2 area median income; and

3 “(bb) loans for elevation and
 4 other pre-disaster property miti-
 5 gation measures to homeowners
 6 with household incomes of great-
 7 er than 120 percent of area me-
 8 dian income or any other prop-
 9 erty owner, including business
 10 owners.

11 “(III) MAXIMUM GRANT AND
 12 LOAN AMOUNTS.—

13 “(aa) IN GENERAL.—Each
 14 State shall establish maximum
 15 grant and loan amounts for ele-
 16 vation and other pre-disaster
 17 property mitigation measures
 18 under subclause (II).

19 “(bb) CONSIDERATIONS.—In
 20 establishing the grant and loan
 21 amounts under item (aa), each
 22 State shall consider the following:

23 “(AA) The degree to
 24 which such amounts will
 25 maximize mitigation efforts.

1 “(BB) The ability of
2 such amounts to allow a
3 homeowner to properly and
4 effectively undertake mitiga-
5 tion activities.

6 “(IV) INTEREST RATE.—For
7 purposes of this paragraph, each
8 State shall develop a sliding scale
9 mechanism for determining the rate of
10 interest to charge homeowners who
11 apply for loans under this program
12 based on their income level.

13 “(V) NO COMPOUNDING.—Inter-
14 est on the outstanding principal bal-
15 ance of any loan under this paragraph
16 shall not compound.

17 “(VI) BALANCE DUE.—

18 “(aa) IN GENERAL.—The
19 principal of any loan made under
20 this paragraph, including any in-
21 terest accrued on such principal,
22 shall not be due and payable be-
23 fore the period set forth in sub-
24 clause (VII)(bb) unless the real

1 property securing such loan is
2 sold or transferred.

3 “(bb) DEPOSIT OF BALANCE
4 DUE.—If the event described in
5 item (aa) occurs, the principal of
6 any loan made under this para-
7 graph, including any interest ac-
8 crued on such principal, shall im-
9 mediately become due and pay-
10 able to the State.

11 “(VII) REPAYMENT PERIOD.—All
12 loans made under this paragraph shall
13 be repayable—

14 “(aa) on a monthly basis;
15 and

16 “(bb) within a period of not
17 more than 15 years.

18 “(VIII) NO PENALTY FOR PRE-
19 PAYMENT.—Any homeowner or other
20 property owner who receives a loan
21 under this section may repay the loan
22 in full, without penalty, by lump sum
23 or by installment payments, at any
24 time prior to the loan becoming due
25 and payable.

1 “(IX) CREDITS.—The interest
2 on, and the proceeds from the collec-
3 tion or redemption of, any loan obliga-
4 tions held by the revolving loan fund
5 of a State shall be credited to and
6 form a part of such fund.

7 “(X) SUBORDINATION PER-
8 MITTED.—Any loan made under this
9 section will be subordinated to any re-
10 financing of the first mortgage, any
11 preexisting subordinate financing, any
12 purchase money mortgage, or subordi-
13 nated for any other reason, as deter-
14 mined by the State.

15 “(C) APPLICATION PROCESS.—

16 “(i) IN GENERAL.—An individual
17 homeowner or business desiring a loan or
18 grant under this paragraph shall submit
19 an application at such time, in such man-
20 ner, and accompanied by such information
21 as the State may reasonably require.

22 “(ii) REQUIRED SHOWING BY HOME-
23 OWNERS.—An individual homeowner desir-
24 ing a loan or grant under this paragraph
25 shall submit to the State proof that such

1 homeowner has insured the property on
2 which any funds awarded under this para-
3 graph will be used to undertake pre-dis-
4 aster property mitigation measures, includ-
5 ing proving that such homeowner has flood
6 insurance on such property if the pre-dis-
7 aster mitigation measure to be undertaken
8 are being done to lower the risk of loss
9 from a flood.

10 “(iii) STATE RESPONSIBILITY.—Each
11 State receiving a grant under this sub-
12 section shall establish a process wherein
13 not later than 60 days after the receipt of
14 an application for a loan or grant sub-
15 mitted by a homeowner or business under
16 clause (i), the State issues a determination
17 as to whether or not such application is
18 approved. In making such determination
19 that State shall examine if the proposed
20 mitigation project in the application satis-
21 fies the requirements of this paragraph, in-
22 cluding whether—

23 “(I) the homeowner or business
24 is located in an area at risk of hazard
25 or natural disaster;

1 “(II) the mitigation project is an
2 eligible activity for purposes of such
3 loan or grant; and

4 “(III) the cost of the mitigation
5 project is reasonable.

6 “(D) CONSULTATION WITH LOCALITIES.—
7 Each State receiving a grant under this sub-
8 section shall develop a process by which such
9 State will consult with local and municipal gov-
10 ernments as to each project proposed to be
11 funded by a loan or grant under this para-
12 graph.

13 “(6) PROHIBITION ON USE OF FUNDS FOR COM-
14 MUNITY WIDE MITIGATION ACTIVITIES.—None of the
15 amounts made available under this subsection may
16 be used for community wide mitigation activities.

17 “(7) PERMISSIBLE DESIGNEES.—A State re-
18 ceiving a grant under this subsection may designate
19 a State housing finance agency or any other State
20 agency, office, or entity with experience in maintain-
21 ing grant and loan programs to—

22 “(A) apply for a grant under this sub-
23 section;

1 “(B) receive and distribute grant funds
2 awarded under this subsection in accordance
3 with the requirements of this subsection; and

4 “(C) perform any other administrative du-
5 ties related to the activities authorized by this
6 subsection.

7 “(8) RULEMAKING.—Not later than 6 months
8 after the date of enactment of the Property Mitiga-
9 tion Assistance Act of 2007, the Administrator shall
10 promulgate regulations implementing the provisions
11 of this subsection.

12 “(9) REPORT TO CONGRESS.—The Adminis-
13 trator shall, on annual basis, report to Congress on
14 the activities authorized by this subsection.

15 “(10) DEFINITIONS.—As used in this sub-
16 section:

17 “(A) LOW-INTEREST LOAN.—The term
18 ‘low-interest loan’ means a loan that carries a
19 simple annual percentage rate that shall be de-
20 termined in the discretion of the State, but that
21 shall, at minimum, be less than the prime rate
22 of interest.

23 “(B) MEDIAN INCOME.—The term ‘median
24 income’ means, with respect to an area, the
25 unadjusted median family income for the area,

1 as determined and published annually by the
2 Secretary of Housing and Urban Development.

3 “(C) OTHER PRE-DISASTER PROPERTY
4 MITIGATION MEASURES.—The term ‘other pre-
5 disaster property mitigation measures’ in-
6 cludes—

7 “(i) activities such as the addition of
8 storm shutters, hurricane clips, and safe
9 rooms;

10 “(ii) small elevation projects, such as
11 the elevation of an electrical or heating
12 system; and

13 “(iii) any other activity the Adminis-
14 trator, State, or local government believes
15 will mitigate the risks of future hazards
16 and natural disasters.

17 “(D) PRIME RATE OF INTEREST.—The
18 term ‘prime rate of interest’ means the target
19 federal funds rate as determined by the Federal
20 Open Markets Committee of the Federal Re-
21 serve System plus 300 basis points.

22 “(E) PROPERTY MITIGATION MEASURES
23 RELATED TO ELEVATION.—The term ‘property
24 mitigation measures related to elevation’ means
25 the elevation of a home.

1 “(F) STATE.—The term ‘State’ means any
2 State of the United States, the District of Co-
3 lumbia, the Commonwealth of Puerto Rico, the
4 Commonwealth of the Northern Mariana Is-
5 lands, American Samoa, Guam, each of the
6 United States Virgin Islands, and any territory
7 or possession of the United States.

8 “(11) AUTHORIZATION OF APPROPRIATIONS.—
9 There are authorized to be appropriated to carry out
10 this subsection \$200,000,000 for each of fiscal years
11 2008 through 2013.”.

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