

## 1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend and reenact § 10.1-603.25 of the Code of Virginia, relating to Virginia Community Flood*  
 3 *Preparedness Fund; loan and grant program; deferment of interest accrual and repayment obligations.*

4 [S 197]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**7 **1. That § 10.1-603.25 of the Code of Virginia is amended and reenacted as follows:**8 **§ 10.1-603.25. Virginia Community Flood Preparedness Fund; loan and grant program.**

9 A. The Virginia Community Flood Preparedness Fund is hereby established as a permanent and perpetual  
 10 fund. All sums that are designated for deposit in the Fund from revenue generated by the sale of emissions  
 11 allowances pursuant to subdivision C 1 of § 10.1-1330, all sums that may be appropriated to the Fund by the  
 12 General Assembly, all receipts by the Fund from the repayment of loans made by it to local governments,  
 13 federally recognized tribes, and Virginia recognized tribes, all income from the investment of moneys held in  
 14 the Fund, and any other sums designated for deposit to the Fund from any source, public or private, including  
 15 any federal grants and awards or other forms of assistance received by the Commonwealth that are eligible  
 16 for deposit in the Fund under federal law, shall be designated for deposit to the Fund. Interest earned on  
 17 moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund,  
 18 including any appropriated funds and all principal, interest accrued, and payments, at the end of each fiscal  
 19 year shall not revert to the general fund but shall remain in the Fund. All loans and grants provided under this  
 20 article shall be deemed to promote the public purposes of enhancing flood prevention or protection and  
 21 coastal resilience.

22 B. Moneys in the Fund shall be used solely for the purposes of enhancing flood prevention or protection  
 23 and coastal resilience as required by this article. The Authority shall manage the Fund and shall establish  
 24 interest rates and repayment terms of such loans as provided in this article in accordance with a memorandum  
 25 of agreement with the Department. *For funds disbursed under subsection E, interest on loans shall not*  
 26 *accrue and repayment obligations shall not come into effect for loans or grants until completion of the*  
 27 *project or study for which such funds are disbursed.* The Authority may disburse from the Fund its  
 28 reasonable costs and expenses incurred in the management of the Fund. The Department shall direct  
 29 distribution of loans and grants from the Fund in accordance with the provisions of subsection D.

30 C. The Authority is authorized at any time and from time to time to pledge, assign, or transfer from the  
 31 Fund or any bank or trust company designated by the Authority any or all of the assets of the Fund to be held  
 32 in trust as security for the payment of principal of, premium, if any, and interest on any and all bonds, as  
 33 defined in § 62.1-199, issued to finance any flood prevention or protection project undertaken pursuant to the  
 34 provisions of this article. In addition, the Authority is authorized at any time and from time to time to sell  
 35 upon such terms and conditions as the Authority deems appropriate any loan or interest thereon made  
 36 pursuant to this article. The net proceeds of the sale remaining after payment of costs and expenses shall be  
 37 designated for deposit to, and become part of, the Fund.

38 D. 1. The Fund shall be administered by the Department as prescribed in this article. The Department, in  
 39 consultation with the Secretary of Natural and Historic Resources and the Chief Resilience Officer of the  
 40 Commonwealth, shall establish guidelines regarding the distribution and prioritization of loans and grants,  
 41 including loans and grants that support flood prevention or protection studies of statewide or regional  
 42 significance. The Department shall develop and provide an opportunity for a 30-day public comment period  
 43 prior to each new grant or loan offering to solicit feedback on proposed revisions to the Virginia Community  
 44 Flood Preparedness Manual. A record of each application for a grant or loan and the action taken thereon  
 45 shall be available for public inspection at the office of the Department and on a publicly accessible website.

46 2. The Director shall convene an Advisory Review Committee (the Committee) to assist in the distribution  
 47 of loans and grants from the Fund. The Committee shall review applications to the Fund and make  
 48 recommendations on the disbursement of moneys from the Fund and any other appropriate issues to the  
 49 Department, the Secretary of Natural and Historic Resources, and the Chief Resilience Officer of the  
 50 Commonwealth. The Committee shall include representatives from the Department of Emergency  
 51 Management, the Department of Environmental Quality, the Department of Housing and Community  
 52 Development, a nonprofit group engaged in resilience efforts, the agriculture industry, the manufacturing  
 53 industry, and the business community, the Virginia Director of the Chesapeake Bay Commission, and others  
 54 as the Director deems appropriate. Appointed members of the Committee shall serve without compensation.

55 E. Localities, federally recognized tribes, and Virginia recognized tribes shall use moneys from the Fund  
 56 primarily for the purpose of implementing flood prevention and protection projects and studies in areas that

ENROLLED

SB197ER

57 are subject to recurrent flooding as confirmed by a locality-certified floodplain manager. Moneys in the Fund  
58 may be used to mitigate future flood damage and to assist inland and coastal communities across the  
59 Commonwealth that are subject to recurrent or repetitive flooding. No less than 25 percent of the moneys  
60 disbursed from the Fund each year shall be used for projects in low-income geographic areas. Priority shall  
61 be given to projects that implement community-scale hazard mitigation activities that use nature-based  
62 solutions to reduce flood risk.

63 F. Any locality, federally recognized tribe, or Virginia recognized tribe is authorized to secure a loan  
64 made pursuant to this section by placing a lien up to the value of the loan against any property that benefits  
65 from the loan. Such a lien shall be subordinate to each prior lien on such property, except prior liens for  
66 which the prior lienholder executes a written subordination agreement, in a form and substance acceptable to  
67 the prior lienholder in its sole and exclusive discretion, that is recorded in the land records where the property  
68 is located.

69 G. Any locality, federally recognized tribe, or Virginia recognized tribe using moneys in the Fund to  
70 provide a loan for a project in a low-income geographic area is authorized to forgive the principal of such  
71 loan. If a locality, federally recognized tribe, or Virginia recognized tribe forgives the principal of any such  
72 loan, any obligation of the locality, federally recognized tribe, or Virginia recognized tribe to repay that  
73 principal to the Commonwealth shall not be forgiven and such obligation shall remain in full force and effect.  
74 The total amount of loans forgiven by all localities, federally recognized tribes, and Virginia recognized  
75 tribes in a fiscal year shall not exceed 30 percent of the amount appropriated in such fiscal year to the Fund  
76 by the General Assembly.