Flood Recovery Task Force, Inc Flood Information
Special, 1972 August 31

Flood Recovery file

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News Special

August 31, 1972

FLOOD INFORMATION SPECIAL

SUPPLEMENT NO. 3

This Flood Information Special Issue provides information on governmental developments at the Federal and State levels of particular interest to voluntary agencies. It is one of a series of publications by Community Services of Pennsylvania related to the flood disaster.

I. Federal Legislation, Regulations and Decisions

The Agnes Recovery Act was signed into law by President Nixon on August 16, 1972. Many of the provisions of this legislation were supported by Community Services of Pennsylvania in its "Disaster Relief Policy Position" that was approved by the CSP Board of Directors in early August and forwarded to the Pennsylvania congressional delegation. In addition, federal regulations and decisions have provided new benefits for flood victims.

Principal new federal benefits are as follows:

1. The forgiveness feature of loans made because of disasters occurring between January 1, 1972 and July 1, 1973 is increased from $2,500 to $5,000. Interest rate on the remaining balance is reduced from 5 1/8% to 1%.

2. Principal payments may be suspended on home loans made to individuals who rely for support on retirement benefits, survivor benefits or disability benefits where their owned residences have sustained substantial (30% or more) damage and there would be substantial hardship in meeting the principal installments. Interest installments must be met. When such hardship exists and the applicant has the ability to repay the interest installments, he will be offered waiver of principal payments for a period of five years. Amortized payments will be scheduled to begin after that date unless a review shows that substantial hardship still exists. At that time, the waiver may be extended. Both the Loan Authorization and the Note will carry these requirements.

3. The Farmers Home Administration will be lending money on terms similar to the Small Business Administration.

4. Existing home mortgages may be refinanced when the damage exceeds 30% of the fair value of the residence. Repayments on the total loan (including those funds used to replace personal property) may not be less than the monthly

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payments on the mortgage that is refinanced. Maturities must be adjusted accordingly. This provision also applies to the loss of or damage to agricultural crops.

5. Nonprofit, voluntary agencies may apply for "Physical Disaster Loans". These loans may be used to repair or replace damaged or destroyed facilities and equipment as a result of the flood disaster. Application is made on a standard form available through the Small Business Administration. The loan period may extend up to 30 years. The loan cannot be used to cover the loss of working capital and operating expenses lost due to the disaster.

6. Another type of loan is the "Economic Injury Disaster Loan" (EIDL) for which only small businesses may qualify for loans to cover loss of working capital and operating expenses in addition to damage to facilities, equipment and machinery incurred as a result of the flood.

7. A provision of this Act will allow about $20 million in grants-in-aid to private, nonprofit educational institutions which are victims of disasters.

8. The President will make a thorough study of the existing disaster relief program and will report back to Congress with his recommendations for change.

II. State Legislation

SPECIAL SESSION OF THE GENERAL ASSEMBLY

The Governor called the Legislature to meet in Special Session on August 14 to consider a number of bills relating to flood relief.

(Note: Included in the call was consideration of the question of the increase in compensation of legislators and certain State officials recommended by the Commonwealth Compensation Commission. A second Special Session, primarily concerned with changes in election laws, was also called, and met concurrently with the session on flood relief.)

The Special Session met during the weeks of August 14 and August 21 and recessed August 24. It will reconvene on September 11. A number of bills not passed finally before the August 24 recess will undoubtedly be considered when the session reconvenes.

Bills Relating to Flood Relief

State Grants for Flood Relief

- Constitutional Amendments

H 4 Fineman (D) and others. Emergency Constitutional Amendment to authorize various types of assistance including direct grants of State funds to individuals and organizations, including nonprofit institutions, to alleviate hardship caused by floods. Passed House and Senate.

(Note: Because this amendment was introduced as an "emergency" amendment, under provisions of the Constitution it need only pass in one session of the Legislature, provided two-thirds of the elected members of each House vote affirmatively. However,

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before the amendment becomes effective, it must be submitted to and passed by the voters at the General Election to be held on November 7, 1972, after publication in at least two newspapers in every county. This means that no legislation to provide the various forms of aid set forth in the amendment can be passed until after approval of the amendment on November 7.

The 1971-1972 regular session of the General Assembly must end on November 30. The terms of all House members and half of the members of the Senate expire that day. Unless the enabling legislation is passed during the three weeks between November 7 and November 30, it will have to be delayed until the 1973 session.)

H 5 Irvis (D), Ustynoski (R) and others. Emergency Constitutional Amendment to authorize the General Assembly to make appropriations and pledge the credit of the State in order to give grants to and guarantee loans for individuals, including farmers, who suffered major loss as a result of the flood of June 1972. Recommitted on third consideration to House Rules Committee.

(Note: The same provisions that apply to H 4 would apply to H 5 if this bill should be passed by both Houses. However, since H 4 is more comprehensive in its coverage than H 5, it is possible that only this one amendment will pass and be submitted to the voters in November.)

- State Grants to Elderly for Repair or Replacement of Property

S 8 Stauffer (R), Murray (D) and others. Provides that any resident of the State 65 years of age or over whose income is less than $5,000 shall be entitled to $3,000 for the repair or replacement of real or personal property damaged by the June 1972 storm and flood. Payments shall be made by the Department of Revenue from funds appropriated for disaster relief. In Senate Rules Committee.

Rehabilitation of Industrial, Commercial and Agricultural Enterprises and of Communities in the State Damaged by the Flood

H 7 Frank (D), Ustynoski (R) and others. Amends the "Industrial and Commercial Development Authority Law" of 1967 by authorizing such municipal authorities to sponsor disaster relief projects. Defines such projects to include reconstruction or rehabilitation of industrial, commercial, agricultural, utility, manufacturing or research and development enterprises, lost or damaged by the floods of September 1971 or June 1972. Passed House and Senate.

H 10 Bennett (D), Schulze (R) and others. Authorizes a $100 million bond issue for rehabilitation of areas affected by the June 1972 storm and flood. Passed House.

Real Estate Tax Abatement

The following bills authorize, but do not require, local governments to abate taxes on properties destroyed or seriously damaged by the flood:

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S 3 Murray (D), Wood (R) and others. Authorizes the abatement of local real estate taxes for 1972 by local taxing bodies, if the real property on which the tax was imposed was destroyed by flood, or where the property suffered damage amounting to 10 percent or more of the assessed value. Authorizes refunds or credit against future tax in event tax has been paid. Provides that the petition for such refund or credit must be filed prior to January 1, 1973. Passed Senate; in House Local Government Committee.

H 12 Fineman (D) and others. Similar to S 3, above, except provides that the petition for refund or credit must be filed prior to September 1, 1972. Passed House.

National Flood Insurance - Municipal Plans Required

H 3 Comer (D), Wright (R) and others. Amends the Act of 1968, known as the "Pennsylvania Municipalities Planning Code" by requiring that the comprehensive plans for such municipalities shall include - a plan for flood plain management as provided in the "National Flood Insurance Act of 1968." In Urban Affairs Committee.

Loans to Students Whose Families Suffered Flood Losses

H 16 Wilson (R), Gallagher (D) and others. "Flood Emergency Student Assistance Act of 1972." Provides for Commonwealth loans for students whose families suffered substantial flood losses and whose family financial condition has been changed due to the flood disaster. Provides that the loan program shall be administered by the Pennsylvania Higher Education Assistance Agency. In House Education Committee.

Bills Not Specifically Limited to Flood Relief

H 13 Fineman (D) and 4 others. Amends Housing Agency Law of 1959 to change the name of the state agency to "Pennsylvania Housing Finance Agency".

States that there has for some time existed in all parts of Pennsylvania a shortage of decent, safe, sanitary residential units, and that destruction of residential structures by the 1972 flood has left thousands of persons without suitable homes. Also that resources of municipal governments are inadequate to deal effectively with sound community development, and that these resources have been further limited in flood disaster areas. That private industry is unable to provide new residential and commercial facilities in new large scale developments because of difficulty in assembling land and of attracting private capital to finance residential development for families of low or moderate income. That there is insufficient opportunity for employment for large numbers of persons while at the same time the capacity of the construction industry must be increased to correct shortage of residential units and to provide other civic, commercial and public facilities needed in new projects, and that, therefore, concurrent efforts must be directed toward opportunities for employment, particularly in flood disaster areas.

Authorizes the agency to buy real or personal property, and to sell or rent such property to low and moderate income persons, including the elderly. Also authorizes the agency to make loans for construction or rehabilitation of housing units for sale to persons of low or moderate income. In House Committee on Business and Commerce.

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S 2 Murray (D), Wood (R) and others. Creates a Community Development and Recovery Agency as a public corporation with authority to issue bonds and to acquire, rehabilitate and improve residential and commercial facilities and public and private recreational facilities. Provides that the agency shall work with municipalities in development of such facilities. Recommitted to the Senate Rules Committee.

H 15 Fineman (D) and 4 others. Same as S 2 above. In House Committee on Business and Commerce.

III. Some State Programs Supported by Special $150,000,000 Flood Appropriation

Review of $150,000,000 Appropriation

The following is a status report on the distribution of the $150,000,000 appropriation voted by the General Assembly on July 7, 1972:

Section 1.	Allocated by Legislature	Authorized & Earmarked or Recommended To Be Spent	Still Available for Allocation
"For emergency use in the alleviation of human hardship and suffering and for the protection of property; for the reimbursement to various departments and agencies of the Commonwealth."	$113,000,000		
a. Authorized by Governor			
Military Affairs-Nat'l. Guard		$4,000,000	
Civil Defense		1,000,000	
Welfare-SBA Loan Guarantee.		2,000,000	
Community Affairs-Redevelopment		9,000,000	
		$16,000,000	
b. Office of the Budget Recommendations (Subject to Legislative Review - submitted to Legislature on August 17, 1972)			
Governor's Office (Human Relations Commission). . .		$ 374,000	
Agriculture		1,500,000	
Commerce.		51,800,000	
*Community Affairs		4,690,000	
Education		2,123,000	
Environmental Resources		4,800,000	
Historical and Museum Commission.		100,000	
Justice		100,000	
*Public Welfare.		5,135,000	
State Police.		2,100,000	
		$72,722,000	
Remaining balance for future allocations.			$24,278,000

*See pages 6 and 7 for breakdown of these amounts.

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	Allocated by Legislature	Authorized & Earmarked or Recommended To Be Spent	Still Available for Allocation
Section 2.			
"By the Department of Public Welfare for assistance payments and county administration of the public assistance programs and medical assistance..."	$25,000,000	$25,000,000	
Section 3.			
"By the Department of Health for any and all health services..."	$10,000,000	$10,000,000	
Section 5.			
"By the Department of Environmental Resources for general government operations..."	$ 2,000,000	$ 2,000,000	
		$37,000,000	
Total Amount Appropriated.	$150,000,000		
Less Amount Specifically Allocated		$125,722,000	
Remaining Balance for Future Allocations			$24,278,000

The following is a summary description of the $4,690,000 (as noted on page 5) that the Office of the Budget has recommended be allocated to the Department of Community Affairs:

Proposal Title:	Budget Recommended
General Government Operations Funds are provided for administration of a major flood relief redevelopment effort and a substantial permanent housing program. Technical assistance will be provided to communities to prepare and implement both programs.	$ 500,000
Disaster Redevelopment Assistance It is now anticipated that between $300 and $350 million in Federal Urban Renewal funds will be available for flood relief projects. State funds will be used to provide 100% of the local match for these Federal dollars.	Bond Financing
Permanent Housing Funds will provide an average subsidy of $1,230 per unit for 3,000 units of low and moderate income housing to provide permanent replacement housing for some of the units lost in the flood.	$3,690,000

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Proposal Title:	Budget Recommended
Planning Assistance	$ 500,000

Assistance will be provided to communities for land use planning in flood prone areas and for comprehensive planning of areas which must be rebuilt as a result of the flood.

Total Recommended Budget for Department of Community Affairs:	$4,690,000

The following is a summary description of the $5,135,000 (as noted on page 5) that the Office of the Budget has recommended be allocated to the Department of Public Welfare:

Proposal Title:	Budget Recommended
Mobile Service Unit - Central Region	$ 265,000

This proposal would provide for the recruitment, training, and dispersal of 60 staff people (primarily case workers and human service aides) to flood affected areas to maintain contact, i.e., insure services are readily available to flood victims.

Commonwealth Provision of Local Matching Share of Federal Programs for the Aged	800,000

Some counties will be unable to continue to provide the 10% local matching share required by the Federal Older Americans Act (90% Federal) because of increased financial demands brought on by the flood. This proposal would provide State funds to replace the withdrawn local funds. Approximately $7.2 million Federal funds would be involved.

Coordination of ACTION Agency Flood Emergency Programs	(All Federal Money)

This proposal will provide for supervision and coordination for post-emergency operations of Federal programs such as VISTA, National Student Volunteer Program and other such programs. Approximately $200,000 Federal funds are involved. Supervision is to be placed in the Bureau of the Aging, Office of Adult Programs.

Special Services for the Aged	$ 1,000,000

The proposal will give special emphasis towards relocating elderly victims of the flood and make sure they receive available services, e.g., meals-on-wheels, homemaker services and counseling. Approximately $4.0 million Federal funds are available.

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Proposal Title:	Budget Recommended
Day Care for Children of Flood Victims	$ 1,500,000

This proposal will provide day care services in centers and family day care homes for children ages 0-16 in flood affected counties. State funds would be used in contracts for purchase of day care services which are ongoing. These funds would replace county funds now used to provide the local match for 75-25 day care contracts. Due to the flood, counties are being forced to withdraw their funds because of other demands for their money.

Additional Staff Complement Needed to Increase State School and Hospital Occupancy Due to Flood Conditions — $ 420,000

Retreat State Hospital, located in Wilkes-Barre, will house persons displaced by the flood. To accommodate these individuals, 80 Retreat patients will be transferred to a new ward at the White Haven State School and Hospital in Luzerne County.

United Service Agencies Flood Relief Recovery Program — $ 1,000,000

This proposal seeks to coordinate and integrate all social services in the Wyoming Valley. The Unified Service Agency would delivery Welfare Department services, including mental health and mental retardation, and child welfare and other social services

Mental Health Flood Relief Recovery Program — $ 150,000

Provide crisis intervention services through the Community Mental Health program to persons who are having difficulty in adjusting psychologically to the flood disaster.

Total Recommended Budget for Department of Public Welfare: $5,135,000

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