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# OHIO LEGISLATIVE SERVICE COMMISSION

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H.B. 694  
133<sup>rd</sup> General Assembly

## Bill Analysis

**Version:** As Introduced

**Primary Sponsors:** Reps. Perales and T. Smith

Carla Napolitano, Attorney

### SUMMARY

- Creates the Permanent Replacement Housing Program to support the construction or rehabilitation of housing following natural disasters and to assist displaced residents until they can obtain permanent replacement housing.
- Creates the Permanent Replacement Housing Fund to support the program and makes a \$20 million appropriation to the fund.
- Permits the Treasurer to use the money in the fund for purposes of the program only after (1) the Governor declares a state of emergency and (2) the Treasurer of State determines that the emergency has substantially damaged or destroyed housing in the area of the emergency.
- Requires the Treasurer to set standards, in rules, for qualified housing, qualified housing providers, qualified residents, and participation in the program.
- Requires the Treasurer to identify any private, federal, state, and local funding that is available to support the program and seek to obtain such funding for addition to the fund.
- Specifies how much the Treasurer can pay for housing for each participant in the program.
- Permits the Treasurer to allocate up to 25% of the housing assistance provided each year, to qualified residents for temporary housing rental assistance while the resident waits for qualified housing to become available under the program.

### DETAILED ANALYSIS

#### General summary

The bill creates the Permanent Replacement Housing Program (program) and the Permanent Replacement Housing Fund (fund) to support the construction or rehabilitation of

housing following natural disasters and to assist displaced residents until they can obtain permanent replacement housing.<sup>1</sup> The bill requires the Treasurer of State (Treasurer) to administer the program. An appropriation of \$20 million will be transferred into the fund. The funds will be available to the Treasurer for the program, if both of the following apply:

1. The Governor declares, due to a natural disaster, that a state of emergency exists with respect to an Ohio county, region, or political subdivision.
2. The Treasurer determines that the disaster underlying the emergency has substantially damaged or destroyed housing in the area of the emergency.<sup>2</sup>

The bill requires the Treasurer to set standards, in rules, for qualified housing, qualified housing providers, qualified residents, and participation in the program. The Treasurer must also identify any private, federal, state, and local funding that is available to support the program and seek to obtain such funding for addition to the fund.<sup>3</sup>

## **Qualified housing**

The rules for the program must include standards to prioritize construction or rehabilitation of housing in communities directly affected by natural disasters as well as standards for selecting locations in the event housing cannot be constructed or rehabilitated in the affected communities. The Treasurer must also set standards for establishing the market rent of qualified housing. “Market rent” means the monthly rent payment that qualified housing would command if offered on the open market as determined by the Treasurer. The market rent may be updated once every three years upon the qualified provider’s request. The housing proposed for rehabilitation must be uninhabitable at the time the potential provider applies to be a qualified provider. The Treasurer can adopt any other standards the Treasurer considers appropriate to affect the program’s purposes.<sup>4</sup>

## **Qualified housing providers**

The bill specifies that the rules establishing standards for the qualification of housing providers must include all of the following:

1. A requirement that applicants possess the demonstrated ability to rehabilitate or construct residential housing in 18 months or less;
2. A requirement that applicants agree that all work necessary to rehabilitate or construct residential housing under the program will be performed by persons who possess all necessary state and local licenses;

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<sup>1</sup> R.C. 113.42(B)(1).

<sup>2</sup> R.C. 113.42(B)(2) and (C); Sections 2 and 3.

<sup>3</sup> R.C. 113.42(D) and (K).

<sup>4</sup> R.C. 113.42(A)(1) and (D).

3. A requirement that housing that will require a certificate of occupancy under the state Residential Building Code may only be provided under the program in an area where a building department has been certified by the state Board of Building Standards to enforce the state Residential Building Code;
4. A requirement that applicants agree to procure a certificate of occupancy for the qualified housing within 18 months after the Treasurer issues the qualified provider certificate;
5. A requirement that applicants identify one or more locations suitable for the rehabilitation or construction of permanent replacement housing and reasonably demonstrate the ability to obtain all necessary zoning and permit approvals;
6. Standards for the selection of qualified providers for certification in the event that suitable applications representing more housing than sufficient funds are available to rehabilitate or construct are submitted;
7. A requirement that applicants execute an agreement to provide qualified housing pursuant to the program as a condition on the opportunity to present housing opportunities to qualified residents and receiving funds pursuant to the program;
8. Any other requirements the Treasurer considers necessary to ensure the timely provision of safe, sanitary, and permanent replacement housing to qualified residents.<sup>5</sup>

## Qualified residents

The bill requires the Treasurer to qualify residents for participation in the program and to adopt rules establishing standards for qualification. The rules must include a requirement that each applicant affirm all of the following:

1. That the applicant resided in a region of Ohio where the Governor has declared, due to a natural disaster, that a state of emergency exists and did so at the time of the natural disaster;
2. That the natural disaster that caused the state of emergency rendered the applicant's residence uninhabitable;
3. That the applicant has not and will not receive, from any commercial or governmental entity, payment or reimbursement for the loss of, or damage to, real property caused by the natural disaster;
4. The amount of the applicant's prior rent.

The Treasurer must adopt standards for verifying the information required above and any other standards the Treasurer deems appropriate for verifying a resident's eligibility to participate in the program.<sup>6</sup>

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<sup>5</sup> R.C. 113.42(E).

<sup>6</sup> R.C. 113.42(F).

## Participation in the program

Once the Treasurer certifies one or more qualified providers, the Treasurer must allow qualified residents to review the qualified housing that is being made available through rehabilitation or construction. Upon review, qualified residents may choose whether or not to participate in the program. Those who choose to participate become *resident participants* and must (1) agree to enter into a rental agreement with at least a one-year term with a qualified provider at a specified location and price, if the provider makes the housing available within 18 months after the Treasurer certifies the qualified housing provider, and (2) agree to pay the penalty established by the Treasurer if the qualified resident does not enter into a rental agreement as agreed to (and if the Treasurer does not waive the penalty).<sup>7</sup>

To that end, the Treasurer must adopt, in rules, standards for the penalties the participating residents must agree to, which must take into account the costs incurred by qualified providers as a result of a participating resident's failure to enter into a rental agreement at the agreed upon location and price. The Treasurer must also set standards for the waiver of the penalties participating residents agree to, for good cause shown. Good cause shown must include instances in which an applicant or a member of an applicant's household relocated out of the area of declared emergency for employment or business opportunities. If the Treasurer waives the penalty agreed to by participating residents, the Treasurer must pay the amount of the penalty directly to the qualified provider.<sup>8</sup>

### Rental agreement

When a resident participant takes possession of residential premises pursuant to a rental agreement with a qualified provider, the qualified provider must submit a copy of the rental agreement to the Treasurer. Upon receipt of the rental agreement, the Treasurer must remit rental assistance to the qualified provider for the term of the rental agreement in the following amounts:

- For the first six months of the rental agreement's term, a sum in the amount of the approved market rent for the residential premises occupied by the resident participant less one-half of the amount of the qualified participant's prior rent;
- For the remainder of the rental agreement's term, including any renewals, or for 114 months, whichever is less, a sum in the amount of the approved market rent for the residential premises occupied by the resident participant less the amount of the qualified participant's prior rent.<sup>9</sup>

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<sup>7</sup> R.C. 113.42(G).

<sup>8</sup> R.C. 113.42(J).

<sup>9</sup> R.C. 113.42(I).

## Rental assistance for temporary housing

The Treasurer may provide rental assistance to offset the cost of temporary housing occupied by a resident participant until the resident participant takes possession of qualified housing pursuant to a rental agreement with a qualified provider. Not more than 25% of the assistance provided each year under the program can be allocated for this temporary housing rental assistance. If the Treasurer makes the rental assistance available, the resident participant may request rental assistance for the temporary housing by submitting a copy of the rental agreement covering the temporary housing, or other evidence of the temporary housing's monthly cost that is acceptable to the Treasurer. If the Treasurer approves the request, the Treasurer must remit rental assistance to the resident participant in the following amounts:

- For the first six months of the resident participant's use of the temporary housing, a sum equal to the approved market rent for the temporary residential premises occupied by the resident participant less one-half of the amount of the qualified participant's prior rent;
- For the remainder of the rental agreement's term, including any renewals, or eight months, whichever is less, a sum equal to the approved market rent for the temporary residential premises occupied by the resident participant less the amount of the qualified participant's prior rent.<sup>10</sup>

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## HISTORY

Action	Date
Introduced	06-08-20

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<sup>10</sup> R.C. 113.42(H).