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[H.R. 208, Superstorm Sandy Relief and Disaster Loan Program Improvement Act of 2015](#)

FLOOR SITUATION

On Monday, July 13, 2015, the House will consider [H.R. 208](#), *the Superstorm Sandy Relief and Disaster Loan Program Improvement Act of 2015*, under suspension of the rules. H.R. 208 was introduced on January 8, 2015, by Rep. Nydia Velázquez (D-NY) and was referred to the Committee on Small Business, which ordered the bill reported, as amended, by voice vote on June 10, 2015.

SUMMARY

H.R. 208 amends the [Small Business Act](#) so that individuals and businesses adversely impacted by Superstorm Sandy (which made landfall in October 2012) and were denied the ability to file due to administrative backlogs created by the Small Business Administration (SBA) can file applications for disaster loans. The bill also makes technical corrections and modernizations to SBA's Disaster Loan program to ensure SBA is more effective in helping disaster victims obtain loans.¹

Specifically, the bill:

- Reopens the application process for disaster loans to those who were located in an area for which the President declared a major disaster as a result of Superstorm Sandy. Permissible loans in this context would include physical disaster loans and economic injury disaster loans. The bill requires the Administrator to make loans available for a period of not less than one year after the date on which the Administrator carries out such authority.
- Allows homeowners to build "safe rooms" following a disaster utilizing SBA disaster loans.
- Prohibits the Administrator from requiring that a personal residence be used as collateral for loans to small businesses of less than \$250,000 if the applicant has sufficient other collateral that covers the value of the loan.

¹ [House Report 114-186](#) at 4.

- Adds a new requirement that the SBA inform applicants that they may (and if such information is available should) file all necessary documentation at the time of application or the processing and disbursement of the loan may be delayed.
- Requires the Administrator to establish and implement clear written policies and procedures for analyzing the ability to repay.
- Requires that economic injury disaster loan applicants file all necessary paperwork prior to approval thereby ensuring that the agency will have all necessary information to determine eligibility, including whether the business is small or suffered damages as a result of the natural disaster.
- Requires SBA to report sufficiently disaggregated data so that the agency's managers, applicants, and Congress obtain complete information on the processing and disbursement of disaster loans.
- Requires that the SBA update its disaster response plan to specify how the agency will address a disaster where it can be expected to receive a large volume of applications in both written form and electronically.
- Requires the SBA to provide Congress a report on the implementation and status of the private disaster loan program, the immediate disaster assistance program, and the expedited disaster assistance business loan program. The report is required not later than 30 days after enactment.

BACKGROUND

On October 29, 2012, a Category 1 hurricane, commonly referred to as Superstorm Sandy, made landfall near Atlantic City, New Jersey. The storm caused “damage to hundreds of thousands of homes, forced tens of thousands of survivors into shelters and caused billions of dollars in damage to vital infrastructure systems. . .”² Estimates to rebuild the infrastructure, homes and businesses in New York and New Jersey alone totaled nearly \$80 billion.³

In response, President Obama declared a major disaster under the Stafford Act, which allows SBA to offer loans to homeowners and businesses. There are two types of such loans: physical disaster loans that enable reconstruction of residential and commercial property for damages not covered by insurance; and, economic injury disaster loans for small businesses that suffered monetary harm (but not physical damage) as a result of diminished commerce in the disaster area.⁴

The Government Accountability Office (GAO) found that, despite previous improvements made by Congress to the agency’s disaster loan programs, SBA was ill-prepared to deal with the 15,745 disaster loan applications from small businesses, most of which were filed by entities in the New York and New Jersey metropolitan area. GAO found that SBA did not meet its own processing deadlines and that the backlog on decisions whether to issue a loan “grew rapidly.” SBA worsened problems by the manner in which applications were handled, failing to have sufficient computer capabilities to handle the influx of applications, and not having sufficiently-trained personnel to review applications.⁵

H.R, 208 is designed to help those who were harmed by SBA’s insufficient response to Superstorm Sandy and prevent similar problems from occurring in the future.

² Id.

³ Id.

⁴ Id. at 5.

⁵ Id.

COST

A Congressional Budget Office (CBO) cost estimate is currently unavailable.

STAFF CONTACT

For questions or further information please contact [Jerry White](#) with the House Republican Policy Committee by email or at 5-0190.