Resilient Virginia Revolving Loan Fund Fact Sheet

Overview

The Resilient Virginia Revolving Loan Fund (Loan Fund) was enacted during the 2022 General Assembly Session to provide funding, primarily via loans, to local governments to lend to property owners for flood resilience projects. The Loan Fund was capitalized with a $25 million diversion from the Community Flood Preparedness Fund (CFPF), a statewide grant and loan program financed by Virginia's participation in the Regional Greenhouse Gas Initiative. Governor Youngkin's proposed budget includes $100M additional investment in the Loan Fund.

Resilience Needs in Virginia

Virginia has the highest rate of relative sea level rise on the Atlantic Coast, while also experiencing an 18% increase in rainfall intensity over the last two decades.

Virginia needs tens of billions of dollars to tackle local flood risk. Local and regional governments requested nearly $137 million across 3 CFPF grant rounds, indicating the value and demand for consistent resilience funding in Virginia.

Many state regulatory and administrative programs require consideration of climate change, making the Commonwealth a "test bed' for resilience action nationally.

Loan Fund Limitations

Provisions	Community Flood Preparedness Fund	Revolving Loan Fund
Ability to Provide Loans	✓	✓
Equity Requirements	✓	✗
Natural Resource Protections	✓	✗
Community Scale Emphasis	✓	✗
Mitigation of Existing Structures	✗	✓

- Many low-resource localities do not have the capacity to issue and service loans, as required by Fund.
- These loans require collateral, usually equity in a the property being improved. This prohibits many low-income property owners and property owners with indebtedness, from applying.
- Many low-income property owners are averse to loans and taking on debt and additional expense. Loans can be "forgiven" and turned into grants, but there are no guidelines on this.
- Localities with high debt-to-equity ratios (issued a number of bonds and have high indebtedness or low revenue) will not take on additional debt for fear of lowering their bond rating.
- Without Fund guidelines it is unclear how and to what extent localities will be supported, which communities are prioritized, if equity, community scale, or natural approaches will be prioritized, etc.
- The Loan Fund should enhance, not replace, the CFPF or other resilience funding in Virginia. Budget diversions from RGGI to further fund the Loan Fund must be avoided until clear parameters are established and equity concerns addressed.

Environmental Defense Fund

Wetlands Watch