Federal Emergency Management Agency

Washington, D.C. 20472

MEMORANDUM FOR: Regional Directors

Regions I-X

ATTENTION: Mitigation Division Directors

FROM: Richard W. Krimm

Executive Associate Director

Mitigation Directorate

DATE: 27-SEP-96

SUBJECT: Benefit/Cost Policy Guidance on the Purchase of Structures

Located in Regulatory Riverine Floodways and Floodplains

in the Hazard Mitigation Grant Program

This memorandum provides benefit/cost guidance for purchasing structures located in floodways and floodplains with grants administered by the Hazard Mitigation Grant Program (HMGP). Structures in floodways and floodplains are strong candidates for HMGP grants, particularly if the cost of restoring a damaged structure equals or exceeds 50 percent of the market value of the structure. Moreover, structures in floodways not meeting the 50 percent damage threshold are candidates for purchase if the cost of restoration is more than the market value of the structure.

The criteria for approving grants to purchase structures in floodways or floodplains are as follows:

The structure under consideration must be:

- located in a FEMA identified regulatory floodway or floodplain; and,
- be declared substantially damaged by local authority having such jurisdiction, in accordance with criteria promulgated by the National Flood Insurance Program.

Structures meeting these criteria are eligible for a grant under the HMPG without further benefit/cost review. The floodway or floodplain must be a FEMA recognized floodway or floodplain. (Note that coastal areas do not have floodways and this memorandum does not apply to structures in coastal areas. In those areas, we will use the standard benefit/cost approach.)

Questions should be directed to Robert F. Shea, Jr., Director, Program Implementation Division, at (202) 646-3619.

cc: Response and Recovery, Headquarters
Regional Response and Recovery Division Directors