

INTRODUCTION

You have decided that property acquisition is the best mitigation alternative for your community. This phase supports your commitment to developing a sub-grant application that has the best possible chance of being approved and funded. Of course, whether or not your State recommends your application for funding depends on the amount of total funds it receives from the Federal Emergency Management Agency (FEMA), and how your community's project ranks among its mitigation priorities.

CONTENTS OF THIS PHASE

This phase comprises the chapters, tools, and forms identified below. Read all three chapters before you begin the activities.

- **Chapter 1 — First Things First.** Chapter 1 helps you to:
 - Submit a letter of intent or pre-application to your State
 - Conduct a town meeting to further prepare property owners and tenants for the property acquisition project, and to gather the information you will need for your application
 - Plan a project

- **Chapter 2 — Ready, Set, Apply!** Chapter 2 leads you through completing and submitting a property acquisition project application. A completed application requires detailed information about each property that your community might acquire. It also requires detailed information about the disaster itself, the history of disasters in your community, how this project will solve a disaster-related problem, and how your project might impact your community. (Use your Hazard Mitigation Project Strategy from Phase I to get started.) All of this information helps your State and FEMA determine whether your project is a cost-effective mitigation alternative and appropriate for funding under the Hazard Mitigation Grant Program (HMGP).

- ❑ **Chapter 3 — While You Wait.** Chapter 3 gives you a head start on Phase III, Implementation. It helps you use the time while your application is being reviewed to prepare yourself for implementing your project and managing government funds. Specifically, Chapter 3 discusses:
 - Preparing to administer a sub-grant and conduct a town meeting to initiate your project
 - Drafting contracts, policies, and procedures that you will need to conduct a project

- ❑ Part 1 of the **Toolkit** contains the following tools to help you work through this phase:
 - Tool II-1, Sample Pre-application
 - Tool II-2, Sample Letter of Notification (Property Owner)
 - Tool II-3, Sample Letter of Notification (Tenant)
 - Tool II-4, Sample Agenda
 - Tool II-5, Sample Presentation Notes
 - Tool II-6, Sample Application (Complex Project)
 - Tool II-7, Sample Application (Simple Project)
 - Tool II-8, Application Checklist
 - Tool II-9, Tips for Writing an Effective Press Release

- ❑ Part 2 of the **Toolkit** contains the following forms and fact sheets:
 - Form II-1, Pre-application
 - Form II-2, Duplication of Benefits (DOB) Fact Sheet
 - Form II-3, URA Relocation Assistance for Tenants Fact Sheet
 - Form II-4, Assistance for Mobile-Home Owners and Tenants Fact Sheet

- Form II-5, Property Owner Questionnaire II
- Form II-6, Tenant Questionnaire
- Form II-7, Application
- Form II-8, Offer Letter
- Form II-9, Statement of Voluntary Transaction
- Form II-10, Affidavit
- Form II-11, Exhibit A (Restrictive Covenants for a Deed)
- Form II-12, Exhibit B (Restrictive Covenants for an Easement)
- Form II-13, Tenant Relocation Assistance Application and Worksheet
- Form II-14, Hazardous Materials Property Survey/Individual Property Survey Form

CHAPTER 1 — FIRST THINGS FIRST

SUBMIT NOTICE OF PRE-APPLICATION

Let your State Hazard Mitigation Officer (SHMO) know that you are interested in applying for Hazard Mitigation Grant Program (HMGP) funds. If you have not completed your “SHMO Shopping List” (Tool I-2) from Phase I, do so now. Determine your State’s policy for pre-application and application, and obtain copies of its forms, if available.

Even if your State does not use a formal notice of intent or pre-application, call your SHMO and *follow-up* that telephone call with a letter. Your State must notify FEMA of its intent to participate in the HMGP within 60 days of the disaster declaration. Consequently, the State must know which of its communities are interested in property acquisition.

If your State does not have its own pre-application form and has not instructed you otherwise, you may use the template provided in the Toolkit (Form II-1). A sample completed pre-application is provided as Tool II-1.

Approximately one week after submitting your notice of intent or pre-application, contact your SHMO and ask if the State supports your intent to apply for HMGP funds. If the State does support your application, continue through this phase. If it does not support your application, consider other possible sources of assistance.



Form II-1 & Tool II-1

Special Note

If your State does not support your HMGP application, ask your SHMO about FEMA's Flood Mitigation Assistance (FMA) program. Also consider using U. S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds. Explore other public agencies and private organizations that acquire property for conservation, preservation, and recreation purposes. See Phase IV for a partial list of possible sources of assistance.



CONDUCT TOWN MEETING

■ Prepare to conduct a town meeting.

Refer to the Town Meeting Checklist (Tool I-4) to prepare for the town meeting. In addition to preparing letters of invitation to congressional representatives and state officials, also prepare individual notices to owners and tenants of every property targeted for acquisition. Use the notices to:

- Explain the project
- Inform property owners that they might be eligible for property acquisition
- Inform tenants that they reside in properties that might be acquired and advise them that they might be eligible for tenant relocation assistance (See Form II-3 for detailed information)
- Emphasize the voluntary nature of property acquisition to property owners
- Encourage attendance at the meeting

Sample letters of notification to property owners and tenants are provided in the Toolkit (Tools II-2 and Tool II-3).

Tools II-2 & II-3

This second town meeting serves two purposes: it announces your community's firm intent to apply for a sub-grant to fund a property acquisition project, and continues to gather support from property owners. Property owners probably are tired of living through one disaster after another and are anxious to hear about the details of a potential solution. However, they also might be nervous about participating in a Federal grant program and unrealistic about the benefits it provides. For that reason, be sure to fully explain and *repeat* (as often as necessary) all benefit information, *especially possible benefit restrictions*. Try to make the meeting friendly, and as informative and supportive of the community as possible.

How One Community Did It: Fort Fairfield, Maine

Fort Fairfield, Maine hosted a town meeting that included a community supper, provided with the assistance of the Red Cross. They arranged separate breakout sessions for flood-affected residents and flood-affected businesses so that group-specific questions could be addressed. The community supper created a sense of camaraderie that might not have been achieved otherwise.

■ Conduct a town meeting.

During this town meeting:

- Introduce the point of contact (POC). The POC's job is to make sure no one falls through the cracks or has a question that goes unanswered. The POC can be the project team leader, or another project team member. Tell property owners and tenants who their POC is, how they may contact their POC (e.g., mailing address, email address, telephone number, etc.), and when their POC is available.
- Establish project office hours. Establish a regular project workplace and regular hours. Keep the office open at least one evening each week for the convenience of owners and tenants who might have other daytime commitments. On the back of the agenda, photocopy a map with the location of the office and its hours, address, and telephone number.
- Review the property acquisition process. Since property acquisition affects property owners, mobile-home dwellers, and tenants differently, consider using separate breakout sessions. Think about the number of people expected at the meeting, how many of them attended the first meeting (compare the sign-up sheet from the first meeting with the notices you prepared for this meeting), and how much they still want to learn. If many of those expected did not attend the first meeting, consider separate breakout sessions for those who attended the first meeting and those who did not. In any case, refer to your presentation notes from and issues raised during the first meeting to review property acquisition.
- Explain duplication of benefits (DOB) *in detail*. DOB is one of the most complex and least understood aspects of property acquisition. It is an issue that can cause confusion and anger if not properly understood. Therefore, be sure every property owner understands it. Photocopy Form II-2, Duplication of Benefits (DOB) Fact Sheet, and distribute copies to property owners. Consider asking your SHMO to provide an expert from outside your community (such as a FEMA staff member) to explain DOB at the meeting. DOB can be an unpleasant subject; having a neutral expert on hand to explain it can remove your project team members from any unpleasantness that could cause division between them and the property owners. Also, an expert can answer any questions the property owners might have.

Form II-2

Special Note

National Flood Insurance Program (NFIP) settlements for the repair or replacement of a structure are counted as DOB. As a result, many property owners who have purchased flood insurance through the NFIP and pay regular premiums might feel unfairly penalized. Therefore, FEMA offers States the option of providing a reimbursement to property owners with flood insurance whereby an eligible property owner can retain an amount from his or her flood insurance claim settlement equal to no more than five years of flood insurance premiums. Contact your SHMO to find out if your State provides this option. If it does, be sure to explain it when you explain DOB.

- ❑ Explain additional homeowner relocation assistance to property owners, if your community intends to offer it. Additional relocation assistance may be offered to low-to-moderate income (LMI) property owners to enable them to participate in the property acquisition project. Often, the fair market values (FMVs) and, therefore, the purchase prices of their properties, are not adequate for them to purchase properties in less hazardous areas. Additional homeowner relocation assistance helps them bridge the gaps between the amounts they are paid for their properties and the amounts they must pay for replacement housing. Check with your SHMO to determine if this assistance is available through a CDBG. This might be an Environmental Justice (Executive Order 12898) issue for which other funds might be available.
- ❑ Explain Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) to tenants (if applicable). If a property owner decides to sell his or her rental property to the community, tenants of that property are eligible for tenant relocation assistance under the URA. Photocopy Form II-3 and distribute copies to tenants. Use an easel and pad or chalkboard to go over the steps for calculating a rent increase. (See Form II-3 for the steps.)

Form II-3

- Explain assistance for mobile-home owners and tenants (if applicable). Generally, mobile-home dwellers tend to be grouped as follows:
 - Homeowners who own both the mobile home and homepad. Those mobile-home owners are considered to be property owners and are treated no differently.
 - Tenants who rent both the mobile home and homepad. Tenants of mobile homes are treated no differently than any other tenant. They are eligible for URA relocation assistance to tenants.
 - Homeowners who own the mobile home but rent the homepad. Those mobile-home dwellers are a hybrid of property owner and tenant. In this case, if the homepad, which the mobile-home owner rents, is acquired during a property acquisition project, that mobile-home owner is entitled to homepad rental assistance. Homepad rental assistance is comparable to URA tenant relocation assistance, and is calculated the same way. That same mobile-home owner also is considered involuntarily displaced from his or her homepad; and, therefore, also is entitled to replacement housing assistance. Replacement housing assistance is compensation for the difference between the value of the displacement mobile home and the cost of a replacement mobile home. Furthermore, mobile-home owners might be eligible to sell their mobile homes as part of the acquisition project.

Each of those benefits is independent of the others, and any mobile-home owner who owns a mobile home but rents the pad and chooses to sell is still entitled to all of the above benefits. Photocopy Form II-4, Assistance for Mobile-Home Owners and Tenants Fact Sheet, and distribute copies to mobile-home owners.

Form II-4

Consider asking your SHMO to provide experts to discuss the various kinds of assistance. They can easily explain eligibility and procedures, and answer any questions the owners and tenants might have.

- ❑ Answer questions. Solicit questions and answer them as fully as you can. Follow-up on questions you cannot answer. Allow open discussion. (Review guidance on establishing your local buyout policy in Chapter 3 of this Phase in case any of those topics arise during the question-and-answer period.)
- ❑ Collect data. Distribute the property owner's and tenant's questionnaires (Forms II-5 and II-6) and self-addressed, stamped envelopes. These questionnaires are information-gathering tools for your project team. They solicit individual property owner and tenant data, which is required by FEMA on the application. The property owner questionnaire also begins to capture data regarding DOB and assistance eligibility. Review the questionnaires; explain why the information is important and how it will be used, clarify any unfamiliar terminology, and emphasize the date it is due. (Give them at least one week to complete and return the questionnaire.)
- ❑ Pass around a sign-up sheet (use two or more for large groups). Ask property owners and tenants to print their names and, if this is their first meeting, addresses and telephone numbers. This sign-up sheet will help maintain your mailing list. (You also can compare it with the questionnaires you receive to determine if any are missing.)
- ❑ Compile minutes. Designate a recorder to compile the minutes.

Forms II-5 & II-6

You will find a Sample Agenda (Tool II-4) and Sample Presentation Notes (Tool II-5) for this town meeting in the Toolkit.

Tools II-4 & II-5

START PROJECT PLANNING

Before you sit down to develop your application, start thinking about how your community will address some of the finer details of property acquisition. These details depend on the priorities you established in Phase I, and form your community's local buyout policy. Your buyout policy is the foundation of your property acquisition project; it must be understandable, defensible, and applied consistently to all participants. The following activities will get you started. Chapter 3 covers these details and your local buyout policy in more detail. For now, think about the following and how your decisions might affect development of your application.



■ How will your community establish property values?

FEMA Policy

FEMA policy states that communities acquiring properties with FEMA funds must “establish and document a fair market value. The value must be derived from a reasonable methodology that has been consistently applied throughout the community, such as independent appraisals, opinions of value, or a formula based on tax assessments.”

To comply with that FEMA policy:

- Determine whether to base the purchase offer on pre- or post-disaster value. Your choice affects DOB.
- Determine the means of establishing FMV. (Appraisals usually are the most accurate means. Appraisals must be conducted by State-licensed or certified appraiser.)
- Calculate the purchase offer consistently for all participating property owners.
- Determine a policy and process for property owners to appeal a determination of value.
- Distinguish between pre- and post-disaster ownership. (For properties purchased after the disaster declaration date, base offers on the price the post-disaster purchaser paid, plus the cost of repairs he or she has made that can be substantiated by receipts.)
- Adhere to your State’s laws and regulations.

■ What amount of acreage per property is your community willing to acquire?

Acquiring property can become cost prohibitive unless some limits are set. Even communities in predominantly rural areas have limited each individual property acquisition to the residential structure and the land on which it sits, not to exceed one acre. Use fee-simple acquisition to acquire land and structures, or conservation easements to acquire structures and restrict land use. A conservation easement allows farmers to sell their homes yet retain ownership of the surrounding land for the sole purpose of farming. Likewise, it allows owners of large multi-acre lots to sell their homes yet retain ownership of the land for private recreational activities such as hunting, fishing, and camping.

When deciding how much land your community will acquire from a single owner, take into consideration:

- Your community's specific geographical location
- Your community's plans for the acquired land
- The property owner's needs and wants
- FEMA's policy to encourage the acquisition of contiguous properties

■ Will your community demolish or relocate structures?

Basic acquisition involves acquiring land and structures, and clearing the land by demolishing its structures. Relocation involves acquiring land only and clearing it by relocating structures to another site. (Relocation is a good way to preserve historic structures.) Your community might decide to relocate some structures and demolish others.

Demolition requires a qualified contractor to:

- Remove aboveground structures (e.g., gasoline tanks)
- Remove site improvements (out buildings)
- Fill in basements (with or without removing foundation walls)
- Remove or cap utilities and septic tanks
- Remove and dispose of asbestos

Relocation requires a qualified engineer to carefully consider:

- Health concerns often associated with flood-damaged buildings. Homes that have been exposed to harmful contaminants (e.g., oil, sewage, and chemicals) found in the floodwaters or have intense mold growth (which can cause severe allergic reactions) are *not* good candidates for relocation.
- The condition of the structures. Substantially damaged and otherwise unsound structures are *not* good candidates.
- The type of structure. The least-expensive and most cost-effective structures to relocate are those:
 - Built on crawl space or basement foundations

- Made of wood frame, or masonry but are small and compact
- Less than three stories high

■ What is your community's policy toward mobile homes?

Structure your policy in a way that makes sense for your community and its mobile-home population. Keep in mind:

- A tenant who rents a mobile home and the pad it rests on, and meets other tenant eligibility requirements, is entitled to relocation assistance under the URA
- A tenant who owns a mobile home but rents the pad it rests on, and meets other tenant eligibility requirements, is entitled to relocation assistance under the URA, even if the mobile home is acquired

■ Is your community committed to keeping property owners inside the community?

Your community may choose to implement a basic acquisition without thought to where property owners move. However, you might consider actively encouraging property owners to resettle in existing or emerging areas within the community by offering some type of incentive. Considerations include the effect of property acquisition on your community's tax base; the availability of resources, vacant lots, and housing; and both public and private development plans.

How One Community Did It: Grand Forks, North Dakota

In an effort to restore its tax base, Grand Forks, North Dakota used HUD CDBG funds to initiate a voucher program as an incentive to residents to resettle within the city. Under the program, residents who sell their homes to the city receive a \$15,000 voucher if they build or purchase a new home within Grand Forks, and a \$10,000 voucher if they purchase an existing home within Grand Forks. (HMGP funds cannot be used for such financial incentives.)

CHAPTER 2 — READY, SET, APPLY!

Regardless of any State's forms and specific requirements, a property acquisition application typically addresses five general areas:

- Applicant data
- Explanation of the problem and alternative solutions
- Budget
- Property inventory
- Environmental and sociological considerations

An application also has a number of attachments and enclosures.

This chapter assists you in one of two ways. On one hand, if your State has supplied you with a standard application form, this chapter provides guidance for completing that application as thoroughly as possible. On the other hand, if your State does not have a standard application form, you are welcome to use the model application found among the reproducible forms (Form II-7). The numbered items and explanations in the next section correspond to the model application.

Form II-7

Two examples of a completed model application are provided in the ToolKit (Tools II-6 and II-7). Tool II-6 is an example of a complex project that requires the highest level of detail. Tool II-7 is an example of a simpler project that requires a lower level of detail.

Tools II-6 & II-7

COMPLETE PROJECT APPLICATION

When completing the project application, remember that the most useful thing you can provide for application reviewers is complete and accurate information. If you are asked to explain or describe something, offer as much detail as possible. Use simple, concise, and complete



sentences to avoid confusion. Keep in mind that the application reviewers are not as knowledgeable of your community and its acquisition project as you are. The application is your only means for expressing your community's needs and objectives. Include and accurately label all attachments requested and any others that you think might be useful to the application reviewers.

■ Part 1: Applicant Data

- 1. FEMA ___-DR-___:** This is the disaster identification assigned by FEMA.
- 2. Applicant Name:** An applicant must be a county, city or town government; an eligible, private nonprofit organization or institution; or a recognized Native American Indian tribe or organization. Use your community's official name.
- 3. TIN:** This is your Taxpayer Identification Number. If you do not know your TIN, ask your community's financial officer.
- 4. County Name:** Use the official name of the county in which your community is located.
- 5. County Code:** If you do not know your county's code, ask your State Hazard Mitigation Officer (SHMO).
- 6. State Code:** Use your State's two-letter abbreviation.
- 7. State Legislative District:** Identify the State legislative district in which your community is located. If you do not know your district, ask your community's voter registrar.
- 8. U.S. Congressional District:** Identify the U. S. congressional district in which your community is located. If you do not know your district, ask you community's voter registrar.
- 9. FIPS Code:** The Federal Information Processing Standards Code is an identification number used to identify applicants for the Public Assistance portion of the Federal Disaster Assistance Program under Public Law 93-288. If you do not know this number, the State will complete this information for you.

- 10. Public Entity ID:** This is your community's public entity identification number, if it has one. If necessary, the State will complete this information for you.
- 11. CID:** This is your community's Community Identification Number, if it has one. If necessary, the State will complete this information for you.
- 12. Primary Point of Contact (POC):** Provide all pertinent information requested, including the POC's full name, nickname, job title, and organization (employer). List the address, telephone number, fax number and email address where the POC can be reached during normal business hours (approximately 8:30 a.m. through 5:30 p.m.). Also include directions to the POC's place of business.
- 13. Alternate POC:** Provide all pertinent information requested, including the alternate POC's full name, nickname, job title, and organization (employer). List the address, telephone number, fax number and email address where the alternate POC can be reached during normal business hours (approximately 8:30 a.m. through 5:30 p.m.).
- 14. Application Preparer:** If the person completing the application is different than the primary or alternate POC, provide requested information about the application preparer. If the person completing the application is either the primary or alternate POC, write the appropriate name in the name field and write "See Above" in the other fields.
- 15–18.** Answer these questions regarding your community's participation in the National Flood Insurance Program (NFIP).
- 19–20.** Only particular types of organizations are eligible to apply for a Hazard Mitigation Grant Program (HMGP) grant. Check the appropriate box to further identify your community.
- 21. Assurances:** This list of assurances comprises the policies an applicant should be aware of before submitting an application. All projects funded by FEMA must comply with these policies in order to maintain project funding and avoid legal prosecution. A representative of the applicant organization should initial each assurance to satisfy the State and FEMA that the community is aware of the policies and will follow them if their application is approved.

- ❑ **22. Authorized Signature:** The Chief Executive Officer (CEO) or another official representative of the community (e.g., mayor, city manager, county administrator, etc.) must acknowledge understanding and acceptance of all initialed assurances. The person who initialed the assurances can sign here.

■ Part 2: Problems and Solutions

- ❑ **23. Project Location:** This is your opportunity to explain the hazardous location of the properties the community wishes to acquire. Be sure to provide enough detail to show why these properties are in the path of damage and danger. Offer facts that support your claim, such as the Flood Zone Code, and the first floor and base flood elevations. Provide street names and the exact number and locations of the properties so reviewers can locate them on the map. Explain the terrain surrounding the project area so that the reviewers understand your project site even if they have never seen it. If possible, attach aerial photographs to illustrate your narrative.
- ❑ **24. Explanation of the Problem/Event:** Describe the most recent disaster. Clearly describe the damage caused by the disaster, citing specific facts such as the number of homes substantially damaged, the number of vehicles destroyed, the number of people injured or killed, etc. Provide a brief history of the past 25 years, citing dates of previous events and briefly describing the damage each caused. If your community has a history of natural disasters, describe any previous hazard mitigation measures. Also, attach the most recent Flood Insurance Study (FIS) of your community if one is available. If one is not available, provide documented data of damages caused by each previous event. For example, if your community suffers from flooding, include a table showing the date of each flood, the measured peak of the floodwaters at some locally documented point, and the estimated cost of damages from each event. (Tool II-6 assumes no FIS is available, and, therefore, provides a greater level of detail than is necessary if a FIS is available.)
- ❑ **25. Solutions to the Problem:** FEMA requires that you consider various mitigation alternatives and choose the best one for your community. Describe your proposed project (property acquisition) as your first alternative. Then, describe another alternative and the “no-

action” alternative. You may describe more than three if you choose. Simply photocopy and attach additional alternative pages.

For each alternative, provide a full description and cost estimate. (Include materials, labor, and equipment cost; fees; and other expenses associated with the project.) Estimate the cost of implementing and maintaining each alternative, as well as the potential future losses expected after the project is completed.

- **26. Proposed Solution:** Identify the preferred alternative (property acquisition) and explain how it benefits the declared area. Cite data provided in the description. Also explain why it is preferred over the other two alternatives. Discuss issues such as feasibility, benefits, present and future costs, and environmental effects. Describe the process you used for selecting the best solution. Identify the specialists you consulted and summarize their credentials and describe the meetings you held, the roles of local officials, and how the public was involved or showed their interest.

■ Part 3: Estimated Budget

- **27. Budget Worksheet:** Use this matrix to add all relevant estimated expenses and calculate the total estimated cost of the proposed project. If any expenses listed in the matrix do not apply to your project, leave those lines blank or use “NA” for not applicable. If you expect an expense that is not listed in the matrix, specify the expense by name and estimated cost in one of the “Other” rows (e.g., NFIP reimbursements). The matrix contains the following:
 - **Fair Market Value (FMV).** When estimating the FMV of each property proposed for acquisition, consider using its tax assessment plus 25 percent. Since most tax assessment records are not updated yearly and are not always accurate, adding an additional 25 percent gives you a more accurate estimate of the FMV. However, when determining the actual purchase price, FEMA recommends using an appraisal conducted by a professional State-certified or -licensed appraiser.

- **Appraisal.** Determine the average cost of conducting one appraisal and use it to estimate the total cost of appraising all properties being considered for acquisition. Contact two or three appraisers for verbal estimates.
- **Property Survey.** Due to environmental considerations, some properties will require historical, environmental, or hazardous materials surveys. Depending on the previous land use and history of your community, the number of properties requiring surveys will vary. Determine the average cost of a property survey. Also estimate the number of properties likely to require surveys. Then estimate the total cost of completing surveys. Contact your State's environmental agencies for help.
- **Closing.** As with any real-estate transaction, closing costs are necessary expenses. Estimate the costs of one closing and multiply it by the number of properties proposed for acquisition. Contact two or three title companies or real-estate attorneys for verbal estimates.
- **Structure Demolition.** Contact two or three contractors to determine an average demolition cost, plus debris removal, to allot for each structure. Also, estimate the number of structures you expect to demolish. Then estimate the total cost of demolition and disposal. Include cost of asbestos abatement if that hazard might exist. If your community does not plan to demolish any structures, leave this row blank.
- **Structure Relocation.** Estimate the number and average size of the structures you expect to relocate. Contact two or three contractors to determine an average relocation cost to allot for each structure. Then estimate the total cost of relocation. If your community does not plan to relocate any structures, leave this row blank.
- **Tenant relocation assistance.** Determine the average rental assistance allocation and moving expense allocation that each tenant will be entitled to. Then estimate the total amount required for tenant relocation assistance. (If necessary, use the maximum amount allotted per Form II-3.)

- **Legal fees.** Determine any legal fees that the community will incur. Will the attorney for the city or county be responsible for this project as part of his or her normal responsibilities? If not, you probably will need to hire an attorney who specializes in real-estate transactions. Contact two or three local real-estate attorneys to estimate the cost of legal fees.

- **28. Basis for FMV:** Explain the methodology that your community intends to use to determine a FMV of participating properties.
- **29. Projected source of funds:** The HMGP will cover no more than 75 percent of the cost of your project. Your community must generate the remaining funds necessary to carry out your project. Document the source(s) of those funds. Your State might contribute a portion of them.
- **30. Work schedule:** Include an estimated work schedule or project time line with your application. Provide the anticipated starting date and completion date, as well as important milestones or phases of implementation for the course of the proposed project. Include a general maintenance schedule for the open space area once the land is cleared.

■ Part 4: Property Inventory

Summarize all properties eligible for acquisition. Use this section to guide your data gathering.

- **31. Property Inventory — Summary:** List property owners' names, lot or parcel numbers, addresses, and estimated FMV. Use a numbering system to tie the summary inventory in with the individual inventory described below.
- **32. Property Inventory — Individual:** An individual property inventory must be completed for each property eligible for acquisition. You can complete much of this report using information provided by the property owner in the Property Owner Questionnaire I (Form I-2). As these reports are collected, number them (1, 2, 3...) and record them on the Property Inventory — Summary sheet. Decide if you prefer to number the reports in the order they are received or wait until all reports are received and number them in an order based on owners' names or properties' street addresses.

FEMA will use this inventory in addition to other data to calculate the benefit cost ratio (BCR) for each property. Therefore, be sure to explain all relevant information that has led the community to decide that this property should be acquired. Attach at least two color photographs (showing two different sides) of the main structure.

- ❑ **33. Property Inventory — Tenant Data:** If a property owner wants to sell a rental property, all tenants of the property must be included in the individual property inventory. If the building has only one tenant or one tenant family, record that tenant's name in the appropriate space on the individual property inventory. If the building has more than one tenant or tenant family, leave the space on the individual property inventory blank and, instead, record all tenants on this Property Inventory — Tenant Data summary.

■ Part 5: Environmental and Sociological Considerations

- ❑ **34. Matrix of Environmental and Sociological Effects:** Use this matrix to summarize the environmental and sociological concerns of each alternative your community is considering.
- ❑ **35. Agency Contacts:** Identify all State and Federal agencies that you have contacted to seek approval for your property acquisition project. At a minimum, contact your State's historic preservation office to gather information on your project area. Compose a letter to each relevant agency requesting a reply on letterhead stationery that states its official position on your proposed project. Your State might allow you to submit your application pending receipt of those letters. Check with your SHMO. If you may submit your application pending receipt of the letters, attach a photocopy of each request to your application.
- ❑ **36. Sociological Questions:** Answer each question as clearly as possible. Provide more detailed answers about issues that your community is facing. If the issue does not impact project development, explain briefly and move on.

■ Part 6: Authorized Signatures

37. Authorized Signatures: Have the project official (e.g., project team leader or sub-grant administrator) and CEO of the community sign the application.

■ Part 7: Attachments and Enclosures

38. Attachments: Clearly identify all attachments and enclosures that you send with your application. Assign numbers and titles to them, arrange them in numerical order, and create an inventory listing them by number and title. If some attachments are less than 8½" x 11" (standard paper size), securely attach them to 8½" x 11" paper to ensure nothing is lost. Neatly fold attachments larger than 8½" x 11" to about that size.

SUBMIT APPLICATION TO STATE

■ Complete application checklist.

Use the Application Checklist (Tool II-8) to complete a final internal review. Double-check to make sure you have included all attachments, enclosures, and property inventories and clearly labeled them. If you have questions or need clarification on any application requirement, check with your SHMO ***before you submit your application.***



Tool II-8

Good Idea

Before sending your application to the State, make a copy of the entire document to keep in the project office. You can use it for future reference when calling your SHMO or administering your sub-grant.

- **Submit the completed application to your State.**

Deliver your application to the State before the deadline. Try not to wait until the date of the deadline to submit your application. A few days after the official deadline, call your SHMO to ask how many applications were received and to estimate the timeframe during which applications will be reviewed and decisions made.

Good Idea

If you can, deliver your application personally. If that is unreasonable, use a mail or delivery service that “tracks” its packages. Obtain a receipt. With such an important document, the peace of mind that comes with knowing the application was received by the deadline can make it worth the extra money.

CHAPTER 3 — WHILE YOU WAIT

FOLLOW UP

A few days after the review period has ended, contact your State Hazard Mitigation Officer (SHMO). Ask him or her if your sub-grant application has been received, if it will be included in the State's grant application, and where your application ranks among other sub-grant applicants. Also, ask your SHMO whether he or she is confident about the State receiving funds from FEMA. While your State's grant application is being reviewed by FEMA, your community can take advantage of this time to prepare for receipt of funds. However, carefully determine how much preparation you do. If, after talking to your SHMO, you determine your community has a high probability of receiving funds, you may want to complete most or all the activities in this chapter. However, if your community has a low probability, you may prefer to do only some or none of them. Your decision whether to do any preparation, and how much, depends on how confident you and your SHMO are about receiving funds, the availability of your project team members, and the systems your community already has in place.



PREPARE TO RECEIVE A SUB-GRANT

■ Explore open space options.

Put together an open space workgroup and think about how your community might best benefit from the open space your property acquisition project will create. Refer to Phase IV, Open Space Management. Your workgroup can start to research your community's floodplain ordinances and land-use plans; and describe the project and surrounding areas in terms of their topography, resources, infrastructure, and development.





■ Identify a local sub-grant administrator.

Preferably the sub-grant administrator will be the project team leader. In any case, the sub-grant administrator should have experience administering federal grants or sub-grants, and if possible, be familiar with pertinent sections of the Code of Federal Regulations (CFR). If you need to hire a grant administrator, develop a job description (see Tool I-3), advertise your need, and interview candidates. Make clear to candidates that employment depends on receipt of the sub-grant.



■ Prepare for town meeting & prepare press release.

If you are awarded a sub-grant, hold a town meeting to initiate your project and issue a press release announcing the award. Take this time to complete as much of the Town Meeting Checklist (Tool I-4) as possible. You can easily begin to look for a place to hold the meeting (choose a couple in case your first choice is not available once you determine the date and time of the meeting), identify possible speakers, and prepare an agenda and presentation notes (see Phase III, Implementation, for the purpose and detailed topics of this town meeting.) See Tool II-9, *Tips for Writing an Effective Press Release*, to help you prepare a press release announcing your award and project.

Tool II-9



■ Draft contracts, policies, & procedures.

You probably will need to hire contractors for some services, such as title examinations and demolitions. You must follow federal procurement procedures, which require you to solicit competitive bids. Contact your local procurement office or, in the absence of a procurement office, financial office for guidance. Your community probably has local procurement policies already in place that you can follow. If your community does not have procurement policies in place, contact your State's procurement office for guidance.

Until your community is awarded a sub-grant, you cannot solicit bids. However, you can begin drafting bid specifications for all services your community intends to procure from consultants or contractors. To draft a bid specification:

- ❑ Identify the type of bid (e.g., cost-plus fixed-fee, fixed-unit-price, total-fixed-price, etc.). The type of bid determines the manner in which the selected contractor will be paid. Cost-plus means your community bears most of the financial risk associated with completion of services. Fixed-price means the contractor bears most of the risk. Which type you choose depends on your community's local policy.
 - ❑ Develop a scope of work. A good scope of work fully explains the bidder's responsibilities, and the standards and specifications against which the bidder's performance will be measured.
 - ❑ Identify any and all bonding, permit, and certification requirements the bidder must have.
 - ❑ Compile documentation that might be useful to bidders (e.g., maps, photographs, etc.) All documentation should be readily available to all potential bidders on an equal basis.
 - ❑ Draft general contract terms and conditions. If your community has procurement policies in place, these general terms and conditions probably exist in template form. If your community does not have terms and conditions in place, contact your State's procurement office and request examples.
 - ❑ Advertise your intent to procure services pending receipt of a sub-grant. Even though you cannot solicit bids yet, you can advertise your intent. This gives contractors an opportunity to consider whether or not they want to bid, and, if they do, plan their bids. Ensure your advertisement clearly states that you have not yet received a sub-grant.
- **Establish your community's local buyout policy by drafting policies, procedures, and ordinances regarding:**

Property acquisition criteria

In Phase I you identified criteria for choosing the properties you will acquire. Identify and explain those criteria in a way that can sustain a challenge from property owners, your State, and FEMA. They are an important foundation of your local buyout policy.

Fair market value (FMV) of property

Determine whether to base FMV on pre- or post-disaster ownership. If a property owner purchased flood-damaged property after the disaster declaration, the community cannot offer the post-disaster purchaser any more than the current fair market value of the property, even if the community plans to offer pre-disaster FMV to other owners.

Which basis you choose directly impacts the calculation of duplication of benefits (DOB). If the community chooses to offer post-disaster property value, the offers will be lower, but the community will not deduct DOB from the appraised value. Therefore, consider the effect each option will have on final settlements before determining the method that your community will use.

In communities that have suffered multiple disasters in a short time span, property owners might have had difficulty completing repairs before suffering further damage. In those cases, consider offering the FMV of the properties at the time that their values would be highest. For example, if the property has been damaged by two events and no repairs have been made, consider offering the FMV prior to the first disaster. But if the property was repaired and improved after the first disaster, consider offering the FMV from after the first disaster but before the second.

The two most accepted means of determining FMV are by independent appraisal or by tax assessment. Since tax assessments are not completed every year, they usually are lower than the true value. Appraisals are more accurate and factually based. A licensed or certified appraisal reviewer should review all appraisals to ensure they comply with the Uniform Standards for Appraisals.

Appraisals

Professional appraisers can estimate the FMV of a damaged property by inspecting the property, viewing similar properties in similar neighborhoods, checking building permit data, and reviewing receipts for recent improvements. Some property owners might disagree with the first appraisal and want a second opinion or opportunity to challenge the appraisal. If your community chooses to accept second appraisals, establish a policy and timeframe for their conduct. Most communities

require property owners to pay for a second appraisal and second appraisals to meet the same guidelines as the first. Some communities require property owners to choose from a list of pre-selected appraisers in the area, or have identified qualifications a selected appraiser must meet, such as being licensed or certified by the State.

Appeals process

Determine procedures for resolving conflicts that might arise between property owners and the community. Design an appeals process whereby property owners can challenge the FMVs of their properties, DOB or other deductions, and the amounts of reimbursements for repairs. Your procedures should address how the appeals must be submitted, who will receive them, who will evaluate them, and what criteria will be used to evaluate them.

Property taxes

Determine when the community will assume responsibility for property taxes. Some communities require the property owner to pay property taxes through the closing date on the sale of the property. Other communities only require property owners to pay through the date of the disaster event or declaration. Reimburse property owners on a prorated basis for taxes already paid. When determining your policy, consider how much your community can afford to lose from that year's taxes.

Amount of acreage per property to be acquired

Determine the average amount of money your project can afford to spend for each property in order to purchase a residence or business at a FMV and still acquire the maximum number of eligible properties. Consider the acreage that amount of money is likely to buy. Also consider whether eligible properties can be purchased as contiguous lots. Avoid overspending on land that is already being used in compliance with open-space regulations. Consider acquiring a conservation easement instead of a deed to the property.

Relocation

Describe your criteria for relocating structures (e.g., the types and condition of structures). Also describe any incentive you might offer to owners who relocate within the community.

Good Idea

If the property owner who voluntarily sold his or her property does not want to relocate a suitable structure, offer it to a charity (e.g., Habitat for Humanity or a local group fighting domestic violence that can use it for a shelter) or use it as a local government building (e.g., a library or visitors center). Negotiate relocation responsibilities and costs on a case-by-case basis. Remember, the structure must be relocated outside the hazard area.

Demolition

Define requirements for demolition contractors regarding the removal and disposal of structures and hazardous materials, such as asbestos, lead paint, and utility and septic tanks.

Salvaging (what may and may not be removed from property)

Salvaging is another somewhat controversial issue because communities and property owners often disagree on what affects the FMV of the property, and thus is included in the final sale. Therefore, develop a salvage policy that addresses removable and potentially salvageable fixtures, such as doors, windows, lighting units, and trimming. Communities often use the conduct of the appraisal as a benchmark for the removal of any fixture from a property. Some do not allow the removal of any fixture in place during the appraisal. Others allow the removal of fixtures, but deduct from the offer the appraised value of each fixture removed. Before determining your policy, consider how the property will be used after it is acquired. If it simply will be destroyed, consider that property owners might want salvaging rights. Even if the community plans to resell any of the structures, it might smooth negotiations if property owners can salvage before the appraisal so that no items of value that they plan to remove would be in question. Also consider possible health concerns related to salvaged materials, and who will be responsible for removal of debris.

Date the property must be vacated

Residents should vacate the property on or before the date of closing. Be as precise as possible when stating when residents must vacate. If your community intends to give property owners some degree of flexibility, establish specific conditions. Remember, as a rule, the property must be cleared within 90 days of closing, so your policy must be contained within that timeframe.

Mobile homes

Determine whether your community will acquire mobile homes, and if so, what restrictions will exist. In making your decision, consider how mobile homes in your area are generally taxed, and whether most mobile-home owners also own their homepad. Also determine whether mobile homes will be considered an acceptable replacement housing option.

Decent, safe, and sanitary

Determine what major systems or conditions will satisfy the community's determination of decent, safe, and sanitary replacement housing.

■ Draft documents requiring the property owner's signature.

These documents are necessary for implementation of a property acquisition project. Your State probably has templates or examples of many of these. Ask your SHMO. If no templates are available, samples of each of the following are included among the reproducible forms.

- ❑ **Offer letter** (Form II-8). The offer letter contains specific instructions to the property owner for participation in the project, and two enclosures. The enclosures are a statement of determination of fair compensation, which states the FMV of the property less any DOB; and an Offer to Sell Real Property, which is the legal offer from the property owner to the community to sell the property for an agreed-on price.

Form II-8

Form II-9

- ❑ **Statement of Voluntary Participation** (Form II-9). This statement documents the property owner's understanding of the voluntary nature of property acquisition.

Form II-10

- ❑ **Affidavit** (receipt of structural repair assistance) (Form II-10). The affidavit captures DOB-related data.

Form II-11

- ❑ **Exhibit A (Restrictive Covenants)** (Form II-11). This exhibit is the restrictive covenants that must be attached to the deed to every property acquired.

Form II-12

- ❑ **Exhibit B (Restrictive Covenants)** (Form II-12). This exhibit is the restrictive covenants that must be attached to every easement acquired.

Form II-13

- ❑ **Tenant Relocation Assistance Application and Worksheet** (Form II-13). This worksheet helps you determine a tenant's eligibility for assistance.

Form II-14

- ❑ **Hazardous Materials Property Survey/Individual Property Survey Form** (Form II-14). Hazardous materials liability is a concern in any real-estate transaction. This survey provides assurance to the community and protection to both the community and the property owner that any hazardous materials issues have been addressed.



- **Periodically follow up with State until a decision regarding funding is made.**

If your community's acquisition project has been approved and funded, continue to Phase III.

If your project has not been approved and funded, consider other possible sources of assistance and/or appeal the decision.

